

PUBLIC- SECTOR GOVT.

STATE INTERPRISE

FEB 1975 - 1977 OCT.

2608

**Board of Control of South African Broadcasting Corporation/Bantu Programme**

\*6 Mr R M DE VILLIERS asked the Minister of National Education

- (1) What are the (a) names, (b) qualifications (c) professions or occupations and (d) emoluments and allowances of the (i) chairman, (ii) vice-chairman and (iii) other members of the Board of Control of the South African Broadcasting Corporation, and of the Bantu Programme of the Corporation, respectively,
- (2) whether benefits other than emoluments are provided in respect of any chairman or member of these Boards, if so, (a) what benefits and (b) under what conditions are they granted

The DEPUTY MINISTER OF SOCIAL WELFARE AND PENSIONS (for the Minister of National Education) (Reply laid upon Table with leave of House)

Control Board

- (a) S J Ferreblanche  
(b) BA (Law) MA (Economics), DPhil  
(c) Professor in economics  
(d) R2 400 per annum as salary  
(a) A R Williams

(b) B.A., UED, B.Ed., M.Sc., Ph.D.; National Teachers Certificate in Technology

- (c) Pensioner  
(d) R2 400 per annum as salary  
(a) P W. van Rooyen  
(b) Agriculture diploma.  
(c) Farmer.  
(d) R2 400 per annum as salary.

- (a) D J Viljoen  
(b) BA, BEd, MA  
(c) Director, Bureau for Development and Public Affairs of the UOFS  
(d) R2 400 per annum as salary

- (a) W A Maree  
(b) BA  
(c) Businessman.  
(d) R2 400 per annum as salary.

**Bantu Programme Control Board**

- (1) (i) (a) P J Meyer  
(b) As in (1) (i) (b)  
(c) As in (1) (i) (c)  
(d) R2 000 per annum as salary.

(ii) Not applicable

- (iii) (a) P A W Cook  
(b) BEd., MA., Ph D.  
(c) Pensioner.  
(d) R2 000 per annum as salary.

A A Odendaal

Th. Drs

FEBRUARY 1975

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- (1) (i) (a) P. J. Meyer.  
(b) BA, HED, MA (Philosophy), MEd, MA (Psychology), DPhil et Litt (Amsterdam), DPhil (SA), DLitt (Honns Causa—UP) and DLitt (Honns Causa—UOFS)  
(c) Chairman of the Control Board of the SABC and chairman of the Bantu Programme Control Board of the SABC  
(d) R16 800 per annum as salary plus R2 400 per annum as entertainment allowance  
(ii) (a) E V Williams  
(b) Schoolleaving Certificate  
(c) Retired businessman  
(d) R3 600 per annum as salary  
(iii) (a) J P Yeats  
(b) BA (Law) LLB, LLD  
(c) Company director  
(d) 2 400 per annum as salary  
(a) B Bradshaw  
(b) "ARCA, ARE, ATD Rome Scholar—Prix De Rome in Fitching"  
(c) Professor in fine arts  
(d) R2 400 per annum as salary

(c) Rector, Dutch Reformed Theological School, Wierhoek.

(d) R2 000 per annum as salary

(a) E. F. Potgieter.

(b) BA, MA, D.Phil.

(c) Commissioner General.

(d) R2 000 per annum as salary

(a) G. J. Rousseau.

(b) BA.; HED.

(c) Secretary for Bantu Education

(d) R2 000 per annum as salary.

- (2) No, not in terms of the Broadcasting Act.  
(a) and (b) fall away

**Furtherance of sport among Coloured people**

\*7. Mr. G. H. WADDELL asked the Minister of Coloured, Rehoboth and Nama Relations

What amounts were paid from public funds in each of the past five financial years to further sport amongst the Coloured people

**The MINISTER OF COLOURED, REHOBOTH AND NAMA RELATIONS**

Financial Year	Amount
1970-'71	R50 675-00
1971-'72	R39 410-00
1972-'73	R82 904-00
1973-'74	R137 209-00
1974-'75 (to date)	R313 792-00
	<hr/>
	R623 990-00

**Furtherance of sport among Indian population**

\*8 Mr G H WADDELL asked the Minister of Indian Affairs:

HANSARD 2 Q. column 138-139

14 February 1975

Planning of second Sasol

\*39 Mr. T ARONSON asked the Minister of Economic Affairs

- (1) (a) On what date is it anticipated that (i) the planning of the second Sasol will be completed and (ii) building operations (aa) will commence and (bb) be concluded and (b) what is the anticipated cost of the project,
- (2) whether it has finally been decided where the project is to be located, if so, by what method will the properties be acquired,
- (3) whether any properties have been acquired; if so, (a) by what method were they acquired, (b) what is their area and (c) what is the total purchase price

The MINISTER OF ECONOMIC AFFAIRS

- (1) (a) (i) In view of the manifold facets of the project and the fact that the planning in some cases will continue until long after a start has been made with actual construction, it is hardly possible to furnish a specific date.  
(ii) (aa) The preparatory work on the site towards the middle of 1976 and the foundations and civil engineering work towards April 1977.  
(bb) According to expectations the project may be put into operation early in 1981, although certain construction work will not yet be completed by then.  
(b) Based on the cost levels during May 1974 it is estimated at R1 021 million, excluding working capital, interest during construction, townships and housing
- (2) No, the rest of the question falls away.
- (3) No, the rest of the question falls away

① Energy  
② 260 B

HANSARD 4

Q. column 288

25 February 1975.

260 B

**Intention of Iscor to establish new steel works**

121 Mr T ARONSON asked the Minister of Economic Affairs

- (1) Whether Iscor intends to establish new steel works other than those at Newcastle and Saldanha Bay, if so, where
- (2) whether the precise location has been determined, if so by what method will the land be acquired

The MINISTER OF ECONOMIC AFFAIRS

- (1) No decision on this matter has been taken
- (2) Falls away



HANSARD 5

Q. column 418

7 March 1975

Iscor: Loss/profit

143 Mr T ARONSON asked the Minister of Economic Affairs

- (1) What (a) was Iscor's anticipated loss for the financial year 1974-'75 and (b) is its anticipated loss or profit for the financial year 1975-'76,
- (2) when is it anticipated that the Government will receive a return on its capital investment in Iscor

The MINISTER OF ECONOMIC AFFAIRS

(1) (a) and (b) I am not prepared to furnish information of projections in regard to Iscor's current and future trading operations. The Corporation is an autonomous undertaking which is controlled and managed by a board of directors according to normal business practices in the spirit of Act 11 of 1928. It is the prerogative of any board of directors to decide from time to time which unpublished information in regard to a company's trading results may be publicized in advance, and this is also the case with Iscor. In terms of the Iscor's annual reports with all the relative information will be tabled in any event.

(2) At this stage the Government does not regard the payment of dividends or the receipt of a return on investment by Iscor as of primary importance. Particularly during this period of high inflation it is considered more appropriate to keep steel price increases at a relatively low level than to obtain an attractive return on capital employed.

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# Iscor's lifeline

F.M. 14/3/75

**The Sishen-Saldanha ore scheme has progressed too far to turn back. But from where will the extra millions come?**

Iscor's mammoth Sishen-Saldanha iron ore export project has passed the point of no return.

Costs may have soared far beyond the estimated R460m, as almost everyone anticipated, contracts may not have been signed for ore exports, the semis plant may be in cold storage through lack of long-term loans (*FM* January 17).

But work on the new mine at Sishen, the up-grading plant, and the new Kathu township is well advanced. Earthworks and bridges snake across the sandy 860km from Sishen to Saldanha Bay, some 80km of line has already been laid, plus the network of huge marshalling yards at Saldanha.

The harbour itself, despite Salcon's setbacks (*FM* January 17) is bustling with activity. The foundations for the 3km long causeway reach out towards the first giant concrete caisson base for the double-berth ore-loading jetty. Tugs dart busily around ponderous dredgers in the vast harbour. A new Coloured township springs up for Iscor workers in nearby Vredenburg.

Already, Iscor has spent R195m on work completed. Too much, surely, to turn back now.

Yet when Minister of Economic

**Iscor's Hans Coetzee . . . looking ahead of ore exports**

Affairs Chris Heunis discloses the revised estimates to Parliament this session, Opposition pundits will be crying for just that. Even MD Hans Coetzee admitted to journalists last week that he was unable to say whether rising costs might put paid to the scheme — though his reply rings more politic than practical.

What the new figure will be is anyone's guess. And whether the revised estimate will in the long run bear any relationship to the end-cost is also questionable. One hint is Coetzee's disclosure that engineering plant costs have increased 38%-42% between June 1973 and June 1975. If that's an oblique reference to the cost escalation problems Iscor is facing, that updated bill could be nearer R700m.

That's one helluva price to pay for selling 18m tons of iron ore a year (the target by 1978, although the project has a potential of more than double this figure). In defence, Coetzee points out that while his costs are soaring, world prices for iron ore are also rising. On current trends, the Corporation could earn an extra \$54m a year on exports of 18m tpa. The price may go even higher.

Nevertheless, there's more to the project than iron ore. Coetzee is something of a visionary. He has never seen the scheme solely as an ore export exercise. Saldanha itself he views as the greatest harbour in Africa with vast potential for industrial growth. He still

hopes the IDC will build a dry-dock there. He's already mapped out areas of economic development — around the harbour for dock-based industries; in the railhead region for heavy industry (some overseas applications have already reached government), further inland for light industry, served by road transport.

The harbour and the ore-berth will be the catalyst.

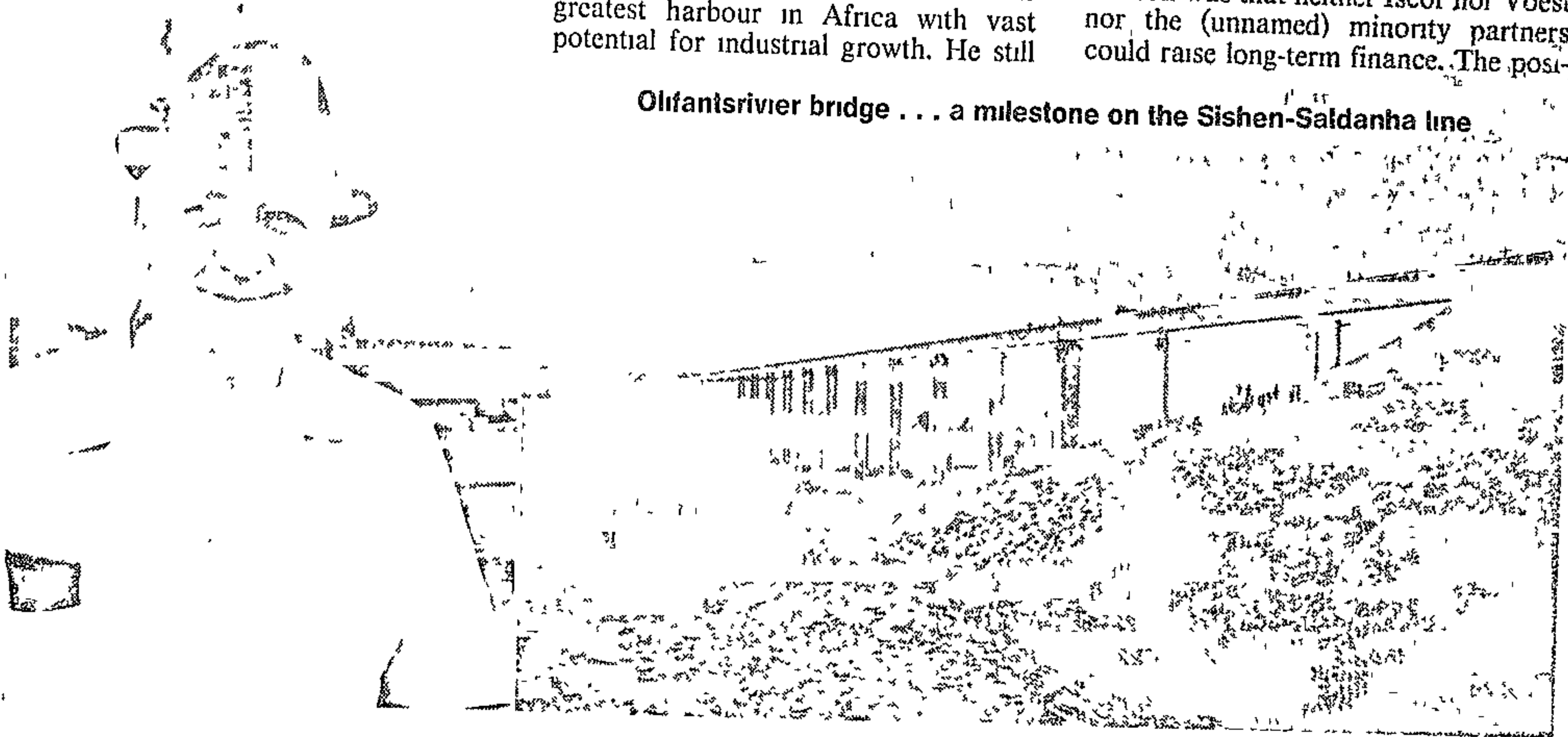
Unfortunately, the best laid plans of mice and men often go awry. The IDC has just about shelved permanently the dry-dock plan, having failed to bring its local partners in the ship-repairing industry to any sort of agreement.

And the semis plant at Saldanha, which was to be built by Iscor and Austrian partner Voest-Alpine to produce 3m tons of steel semis a year, is hanging by a thread. Here again costs have gone haywire. Original estimate was R700m. Now it's R1 000m and could be R1 500m.

It's also reported that the Austrian government has ordered Voest not to go ahead with the venture, although Iscor says it has had no official notification. A Voest delegation is, however, due in a few days and Iscor men expect to hear the worst.

Coetzee did tell the *FM* some months ago that the semis plant was doubtful. Reason was that neither Iscor nor Voest nor the (unnamed) minority partners could raise long-term finance. The posi-

**Olifantsrivier bridge . . . a milestone on the Sishen-Saldanha line**



HANSARDS. 7. Q. columns. 529-30.  
18 March. 1975.

High-grade coal used by Iscor

\*28 Mr L F WOOD asked the Minister of Economic Affairs

- (1) Whether there is an imminent shortage of high-grade coal used by Iscor, if so, what is the cause of the shortage,
- (2) whether it will be necessary to import high-grade coal, if so, (a) what quantity, (b) from which countries and (c) at what additional cost

The MINISTER OF ECONOMIC AFFAIRS

- (1) Yes, the varying quality of high-grade South African coal necessitates that the coal mines concerned must

produce at maximum capacity at all times in order to supply the rapidly increasing demand for metallurgical coal. Labour shortages and the recent riots at certain Natal coal mines made it impossible for the mines to keep up with the demand and the position has been aggravated by transport problems despite the excellent co-operation on the part of the South African Railways. There are also unforeseen delays in the delivery of high-grade coal from Mozambique

- (2) Yes
  - (a) Between 0.50 and 1.00 million tons per annum
  - (b) and (c) Offers on inquiries sent out recently have not yet been received and accordingly particulars cannot as yet be furnished

1. 260 B

~~2. 189~~

~~3. 276~~



ISCOR - 2 F.M. 21/3/75 (260B)

## Bigger orders, please

Iscor intends to increase minimum tonnages for orders which steel users place directly with the Corporation, particularly for flat products from the Vanderbijlpark works.

Users and steel merchants will hear from Iscor soon, but it's unlikely that the new tonnages will be brought into effect before July.

It's certainly not before time. By steel industry standards the minimum orders, both for production and for delivery, which Iscor accepts are ridiculously small and are a contributing factor to the Corporation's lack of profitability.

Anybody can ring up and order the following minimum loads, for example:

- Beams, channels and angles — 3 tons per item;
- Flats and rounds — 10 tons per item;
- Reinforcing steel — 3 tons,
- Wire — 2 tons per item (but minimum order must be 10 tons of wire),
- Fencing posts — 2 tons (minimum load must be 10 tons),
- Heavy plate — 2 tons for normal commercial quality;
- Hot rolled sheet, cold rolled sheet and galvanised sheet — one ton per item for cut length, 5 tons per item for coil and strip,
- Corrugated sheet — 2 tons per item in lengths up to 3,3m and 5 tons for longer lengths.

The loads are either railed or delivered by road (by Bagley & Steventon) for Iscor and must be collected from depots — not from Iscor works

It's painfully obvious that current minimum orders are small and uneconomical and the increase is long overdue. Why, one wonders, does Iscor bother to make small "special" orders at all? Private steel-makers won't

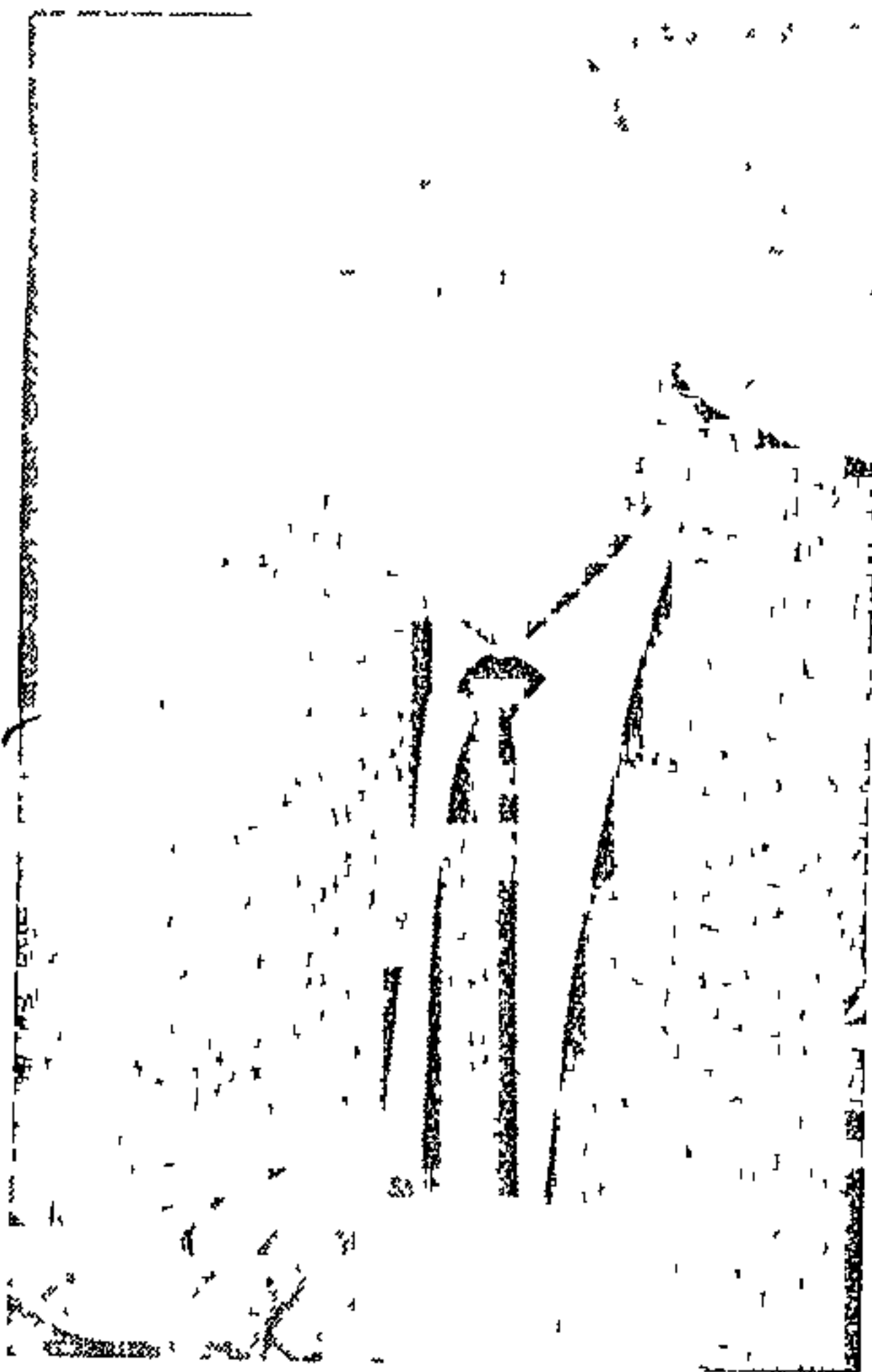


the basis for participation in the company which will build and run the semis plant is that each partner puts up cash proportionate to its ore stake and also takes off a *pro rata* share of the tonnage produced (3m tpa to begin with)

There are others, however, who might step in. Coetzee says that Iscor has had requests before for a slice of Voest's

to have much of the processing done by the raw material suppliers

However, should Voest pull out, Coetzee insists that Iscor has made no alternative plans whatsoever. It'll be interesting to see whether the unnamed partners with the remaining 23% will want more or whether the earlier suitors for the Voest 26% will come awooing again.



**Iscor's Coetzee We don't want to drop a faithful friend**

cake. The giant US steel group Armco was definitely interested at one stage.

But Coetzee is concerned that Voest remains. "I'll do everything in my power to help them stay with us," he says. "They've stood strongly by us and we don't want to drop a faithful friend."

Meanwhile, the Iscor chief doesn't seem all that concerned over the semis hiatus. "If it fails to come off now it'll come about at a later stage," he muses philosophically.

And Coetzee takes pains to point out that the semis plant is not part of the original Sishen-Saldanha iron ore export scheme (*Inside Industry* last week). "Expenditure will be justified by ore sales, not by the semis plant," he declares.

Nevertheless, Iscor's long-range plan is to be selling an appreciable percentage of semi-processed steel abroad, rather than iron ore, by 1990 — leaving the harbour ore berth facilities to private enterprise mining in the northwestern Cape. It is, of course, hoped says Coetzee, that they will also succeed in establishing semis plants in the long run rather than export the ore.

The way thinking is developing in steel-producing countries, particularly those troubled by industrial pollution, is

VOEST-ISCOR F.M 21/3/75  
semis-retirement (260 B)

or MD Hans Coetzee tells the *FM* that Austrian steelmaker Voest-Alpine will be in touch with him by today about practical developments over Voest's participation in the proposed steel semis plant at Saldanha Bay.

This follows reports that the Austrian Chancellor, Bruno Kreisky, has postponed for six weeks the Austrian government decision on whether Voest should take up its 26% stake in the Saldanha scheme. Dr Kreisky is reported to feel that Austria's participation should be less conspicuous.

There are, however, some doubts in steel circles outside Iscor as to whether the Voest issue is quite as politically-inspired as it appears. For the high is that Voest can't raise its share of money for the R1 000m-R1 500m venture. Neither can Iscor, which will take 51%. Neither can the other partners, thought by the *FM* to be German and Japanese.

And even if Voest could raise long-term money — which Iscor's Coetzee says is impossible at the moment — Chancellor Kreisky may consider that Austria's state-controlled steel company should put the cash to better use at home. At present almost the entire world steel industry is in the same boat — no money for expansion. An exception is Iran, which has a Russian-built steel plant coming on stream at the moment at Isfahan and another direct reduction plant being built at Ahwaz.

It's for this reason that Coetzee doesn't think that Iran would be a likely alternative partner in the semis plant should Voest drop out. It's got the money, but doesn't need the steel for its own consumption in the long run. And

# Railmen go to PM over Iscor line

262  
243  
3 260 B

Staff Reporter

THE Federal Consultative Council of Railway Staff Associations has gone over the head of the Minister of Transport to the Prime Minister in a final attempt to wrest control of the Sishen-Saldanha railway line from Iscor.

The council decided at a special meeting in Johannesburg last week to seek an interview with Mr Vorster before the end of

the parliamentary session. And among railway trade union leaders has mounted since last year's futile approach to the Minister of Transport, Mr S. L. Muller, who was asked to persuade the Cabinet to reverse its decision on control of the line.

The union leaders claim there are three Acts of Parliament which give the SAR and a virtually a monopoly in the administration of railways in South Africa.

They also claim that the Strasacker Commission, which investigated the Saldanha project, completed a second report which has never been tabled in Parliament and which, probably, has been seen by only the Cabinet.

They are convinced the commission never recommended that Iscor should have control of a multipurpose line.

But the two strongest objections to giving Iscor control of the line are the heavy and unnecessary costs involved in setting up what will be virtually a duplicated railways infrastructure.

The president of the Arts and Staff Association, Mr Jimmy Zurich, said yesterday the only source of workers for the new line would be the SA Railways.

Already our workers are being lured away by better pay and working conditions in spite of an undertaking given us by the Minister that Iscor would pay the same as the railways.

In the Rand Daily Mail last week Iscor advertised for fitters at R178 a week - substantially more than an SAR fitter earns.

We feel that against the background of the current struggle against inflation and appeals to avoid unnecessary expenditure, it would be strongly in the national interest if the line was controlled by South African Railways.

R.D.M.  
3/4/75



HANSARD 9

Q. column 681-682

11 April 1975.

**Standing Advisory Committee on State Competition**

**The MINISTER OF ECONOMIC AFFAIRS**

\*17 Mr G H WADDELL asked the Minister of Economic Affairs

(a) and (c) The chairman of the Committee is the Secretary for Industries, Mr P F Theron or, in his absence, Mr A J Myburgh, Chief Industrial Adviser (Development) of the Department of Industries. The other members, who have been designated by the interests concerned on my request are as follows

(a) What are the names of the members of the Standing Advisory Committee on State Competition, (b) what are their qualifications and (c) what interests does each member represent

Member	Representing
Dr J Jones	The Economic Advisor to the Prime Minister
Mr A Hammond-Tooke	South African Federated Chamber of Industries
Mr R W K Parsons	Association of Chambers of Commerce of South Africa.
Dr M van den Berg	Die Afrikaanse Handelsinstituut
Mr E P Drummond	Steel and Engineering Industries Federation of South Africa.
Mr T R N Main	Chamber of Mines of South Africa

State Corporations and Departments whose activities may be discussed by the Committee will also be afforded the opportunity of being represented at meetings of the Committee

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(b) The academic qualifications of the members are not known to me

\*18 Dr A L BORAINÉ --Withdrawn

~~Deaths from tuberculosis~~

\*19 Dr A L BORAINÉ asked the Minister of Statistics

How many deaths from tuberculosis occurred in respect of each race group in 1974

†The MINISTER OF COMMUNITY DEVELOPMENT (for the Minister of Statistics)

Data for 1974 are being processed and statistics are not available yet

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15 April 1975.

Ministerial Statement

Explosion at Sasol on 14 April 1975

The Minister of National Education (for the Minister of Economic Affairs), with leave made a statement on the explosion at Sasol

2 39 THE MINISTER OF NATIONAL EDUCATION (for the Minister of Economic Affairs) Mr President with leave of the House I wish to make a short statement in connection with the explosion which occurred at the Sasol plant yesterday morning

We already know that seven Whites were fatally injured and on behalf of the Government and this House I should like to express sincere sympathy with the relatives of the deceased

Seven non-White workmen have also been injured. Two of them have probably already been discharged after treatment, while the condition of the other five can be described as not very serious. We wish them all a speedy recovery.

The gas reforming plant in which the explosion and fire occurred is a plant that was established to optimize the plant's production. This plant was damaged extensively but Sasol's fuel and petrochemical production will shortly be proceeding at its originally planned capacity. Without all the facts available at this stage it is difficult to predict when the damaged plant will come into operation

260B

Despite the tragic loss of life during this incident it pleases me on the other hand, Mr President, to be able to say that the morale of Sasol's employees is exceptionally high. Numerous off-duty shift-workers and others away on leave, even as far afield as Cape Town, already reported voluntarily for duty yesterday or offered to help out during their leave. This is sincerely appreciated.

It is fitting on this occasion to make mention of Sasol's accident free record. Since 1959 the Corporation received 45 awards from the National Occupational Safety Organization. Amongst these was a merit award for 3,29 million accident-free working hours and in both 1973 and

again. The petro-chemical and fuel plant, in other words the oil-from-coal plant, may possibly be in operation again within the next 14 days. This estimate is however, subject to review.

In this connection I should like to mention that Sasol's oil-from-coal plant for fuel production at Sasolburg is relatively small in view thereof that most liquid fuel is being produced at present in the Natref and Sasol Naphta cracker installations. These plants have not been affected by the explosion and there is accordingly no reason for concern as far as the fuel supply position is concerned.

Sasol's most urgent problem is to resume the supply of gas to Gaskor for distribution to Johannesburg and the East Rand.

The progress made last night in this regard indicates that the Corporation's aim to resume delivery at 06h00 on Wednesday 16 April 1975, that is to-morrow morning, will be achieved. There is still gas in Gaskor's pipeline and consequently hospitals and restaurants which draw their supplies from Gaskor direct continue to do so and no break in their supply is expected. Sasol is in any case of the opinion that the longest break in the case of industrial users of gas will not exceed 40 hours.

1974 the Nascar trophy was won by Sasol.

Mr President, I am convinced that under the capable leadership of Sasol's management the whole plant will again be in full operation shortly and that a minimum of disruption will be experienced in the meantime.



# Germans may get uranium from SA

STAR 23/4/75

1 200  
2 220  
3 240  
4 260

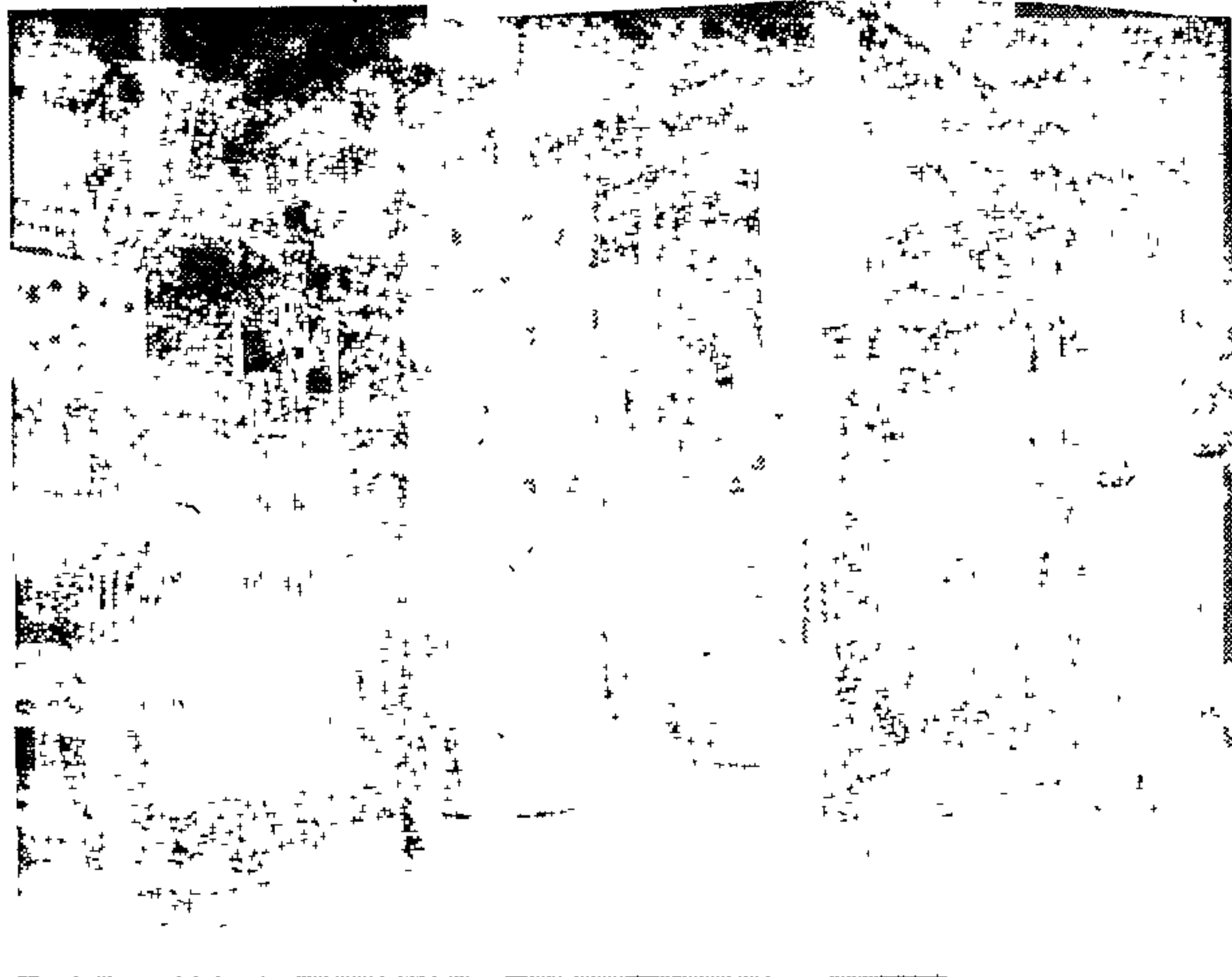
## Own Correspondent

**HAMBURG** — South Africa has offered West Germany supplies of uranium to help the Germans over any shortage that may arise in their stocks of fissile material.

The Minister of Mines, Dr Koornhof, in talks with West German Economic Affairs Minister, Mr Hans Friderichs at the Hanover Fair, discussed South Africa's new uranium enrichment process.

Dr Koornhof stressed the importance of South Africa as a future exporter of fissile material in an interview with the West German Press in Hanover.

There were no legal restrictions on foreign participation in prospecting for uranium and mining of it in South Africa, Dr Koornhof emphasised, and no protectionist trade barriers were planned by the Government.



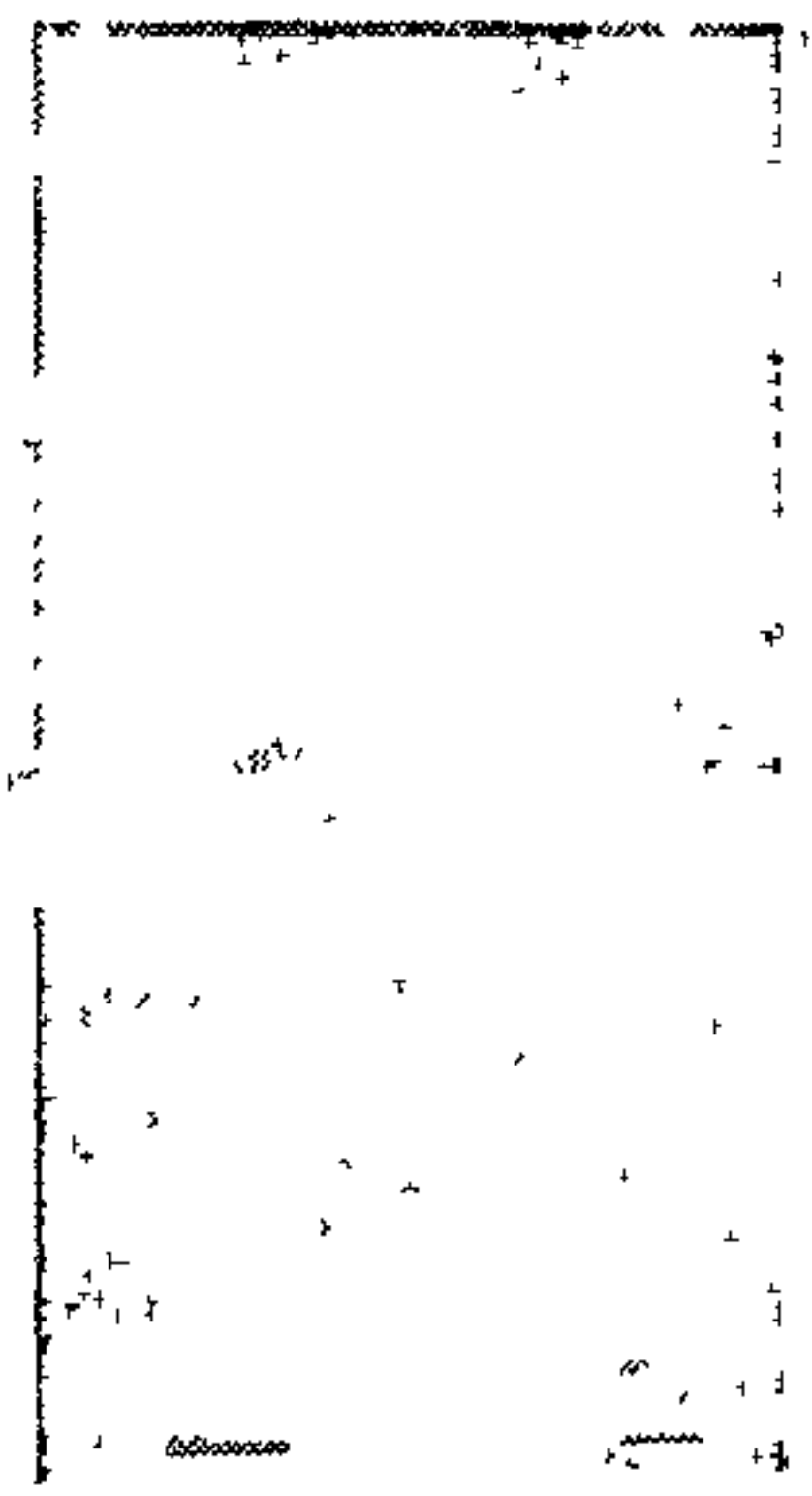
A view of part of the interior of the pilot plant — one of the cascade blocks in operation.

## Big nuclear plant is planned

**PARIS** — The South African Government will shortly announce plans to build a 5 000-ton uranium enrichment plant for nuclear fuel manufacture at an estimated cost of R910-million (at October 1974 prices), Dr A J Roux, chairman of the Uranium Enrichment Corporation of South Africa (UCOR), disclosed here.

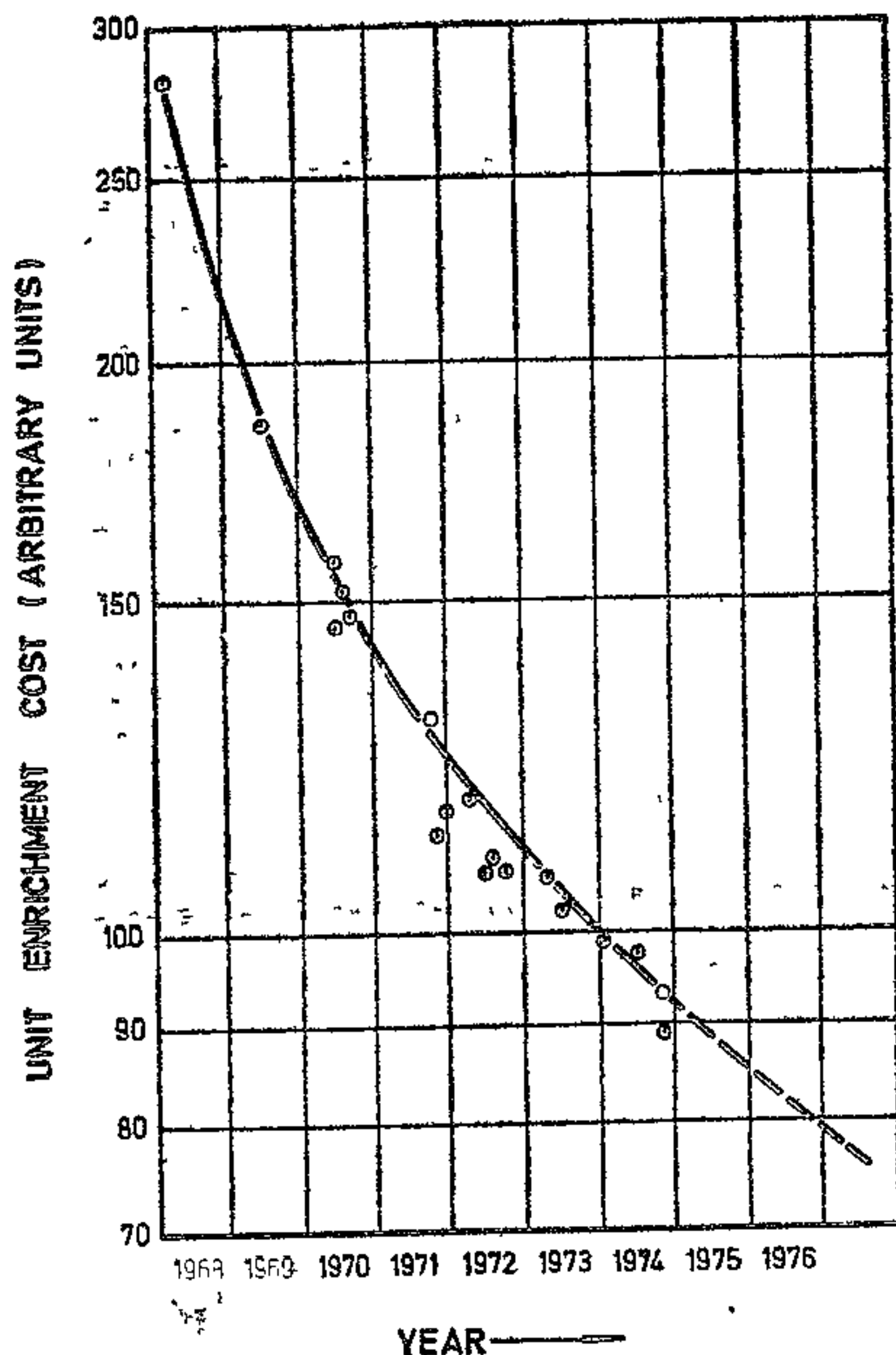
He also revealed that the process was an aerodynamic one, of the same basic type as the jet-nozzle process under development in West Germany. It uses uranium hexafluoride gas as its feedstock.

Commercial-scale uranium enrichment could put South Africa — with some 25 percent of the world's



DR A J ROUX

successful. This plant would have development potential of up to 10 000 tons of capacity.



Improvement of unit enrichment cost with passing of time, as a result of development of the separating element.

Star

23/4/75

high grade resources, of uranium — into the world market as a nuclear fuel supplier by the mid-1980s.

The process, developed by the Atomic Energy Board of South Africa over the past 14 years, although energy-intensive, had the advantage of operating at low temperatures and pressures, said Dr Roux.

#### ADVANTAGE

It could thus take advantage, not only of relatively low electricity costs in South Africa, but also of materials that were relatively cheap there, such as steel.

Dr Roux also claimed that it was "perhaps the least exacting of the enrichment processes so far developed."

Although prepared to remove some of the secrecy that has surrounded its "unique" process since it was first disclosed by Prime Minister Mr Vorster in 1970, the South African Government was not yet prepared to discuss the exact nature of the separative element or its technology.

This decision was based on consideration of South Africa's commercial interest as well as the terms of the non-proliferation treaty. But some of the compressor technology was to be patented.

It was prepared to share its enrichment technology provided the objective was nuclear fuel, and not nuclear explosives, and there were negotiations with "foreign partners" which the Government expected to conclude in the next few months.

But Dr Roux stressed that the Government planned to go ahead with a 5 000-ton commercial plant for commissioning in 1984 and full operation by 1986, whether or not those negotiations were

UCOR had reached a stage in the development programme where it could confidently build a big plant, he said, and make it pay at a selling price of 74 dollars (about R52) per kg. This price was believed to be up to 25 percent lower than the price now being discussed for enrichment contracts for the mid-1980s.

#### ANNOUNCED

Earlier this month, UCOR announced that the first stage of a pilot plant it had been building at Valindaba had come into operation.

"The performance of the system has, in all respects, come up to theoretical predictions," said Dr Roux.

The state-owned company now has a large-scale component development programme under way for the design and testing of a prototype of enrichment units destined for the commercial plant. — Financial Times News Service



# Order, please

**In their desperate scramble for foreign funds, public corporations are damaging their own interests. Only a list of economic priorities is likely to improve matters**

On Tuesday, public corporation financial managers got together with the Department of Finance to thrash out a problem that is causing some painful headaches both here and abroad. The problem is the corporations' increasingly un-co-ordinated approaches to international capital markets.

The meeting came not a moment too soon. A sizeable chunk of the cash needed to finance projects like Sasol 2, Sishen-Saldanha, Escom's Matla, Duvha and Koeberg power stations, Railways' expansion programme and SABC-TV (to name only a few) will have to be raised abroad. But, in their eagerness to find funds, the corporations are falling over each other's feet.

The present impasse has several causes

- Lack of co-ordination in the corporations' borrowing schedules. The latest incident occurred a month or two ago. At the same time as Iscor's bankers were canvassing subscribers, who should pop up without warning in the same market but the SAR&H

Railways had pitched its margin higher than Iscor with the result that Iscor had to raise its price and lose face. Clearly it was more difficult for both organisations to raise their money simultaneously than it would have been if one had waited a while,

- The current over-exposure of South African borrowers in overseas markets, particularly in the Eurocurrency sector. American banks, for instance, have statutory limits beyond which they may not lend to any one foreign borrower. Several are close to these limits in respect of loans to SA bodies

- Some foreign bankers complain that certain public corporations are in the habit of approaching several banks simultaneously to manage their loans. It is usually not long before a bank gets to hear that it is not the only one competing for the borrower's favours,

- Political factors do not help matters. SA's borrowing potential must inevitably be smaller than that of countries which are more widely acceptable politically. While it is true that one or two recent loans saw the first participation of several American banks in loans to

SA institutions, some of them asked for their identities to be kept secret. And, at the request of foreign banks, Iscor refuses to divulge the extent of its foreign borrowings last year.

The parties and amounts involved in foreign borrowing give some idea of the importance to SA of foreign sources of capital. Largest borrowers to date have been Iscor, Escom, SAR&H, the Post Office, IDC, SABC and of course, the central government, which borrows both for itself and on behalf of several other bodies including the Uranium Enrichment Corporation, as well as the Railways and Post Office.

Johannesburg is so far the only municipality to have gone abroad for funds, though others such as Cape Town and Pretoria would like to if government would let them.

Several companies, including Anglo American, SA Breweries and De Beers have floated foreign loans but the sum of their borrowings has been relatively small in comparison with those of the public sector.

The extent of SA's forays into foreign capital markets can be judged from the record R459m of long-term loans raised abroad last year by public corporations and from the estimate that about R500m will be raised by all SA borrowers this year.

We rank among the top ten borrowers in the world's capital markets and in some of them among the top five.

Iscor (which places a loan almost every month) is the largest borrower and is expected to raise around R150m this

year

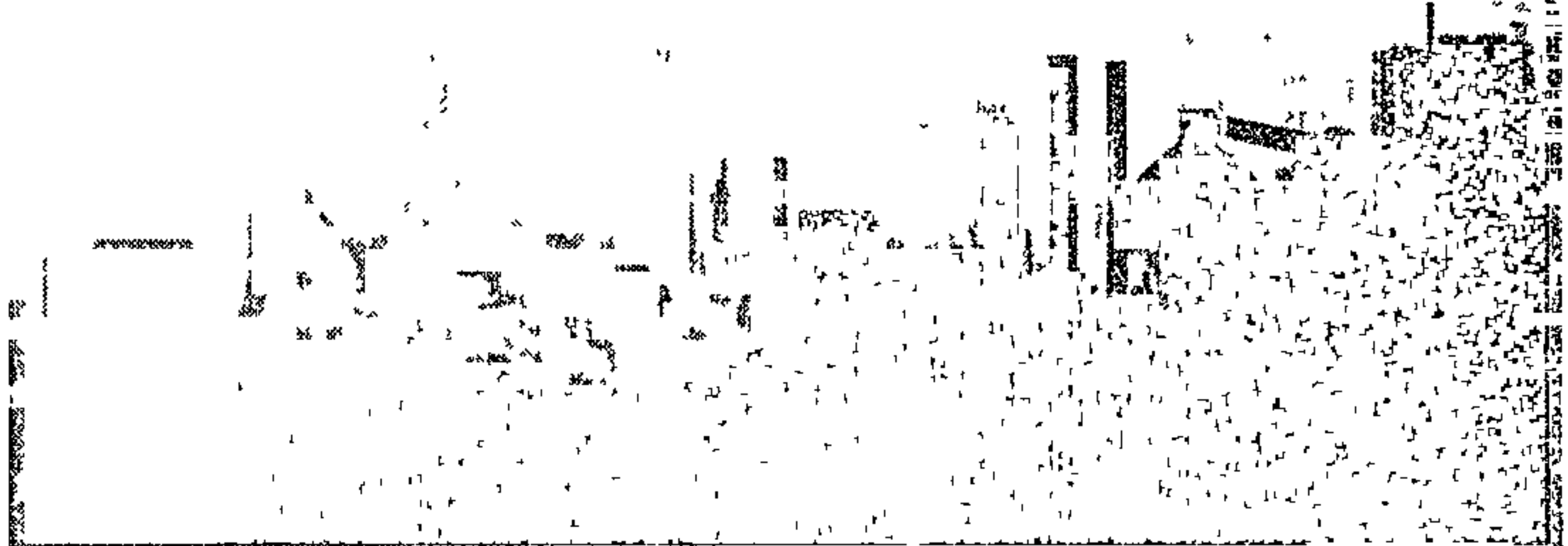
An example of the steep jump in foreign borrowing requirements is Railways' record. In the year ended March 31, despite the virtual collapse of capital markets last year, it borrowed R108m abroad as against R82m the previous year and R58m in 1972-73. This year, Railways hopes to find R157m, excluding credits for aircraft purchases.

Despite all this activity (or perhaps because of it), co-ordination of foreign borrowing operations is haphazard. Once a year, corporations notify the Department of Finance of their approximate requirements during the next 12 months, but after that it is a case of each man for himself. The result: snarl-ups similar to the recent Iscor/SAR incident.

Some borrowers are more careful than others to ensure that the market will be receptive to their approaches. Escom for one always checks with Finance to make sure no other SA borrower is likely to tread on its toes.

Two years ago, Pretoria tried to form a "queue" of borrowers for foreign loans. The idea was to compile a loan programme similar to that for the local capital market where prospective borrowers looking for more than R1m come to the market in an order determined by the Department of Finance.

Problems arose almost immediately with the queue for foreign loans, mainly because of sharper and more frequent fluctuations in foreign market conditions. The first borrower in the queue, Iscor, took a full three months to raise its money, thereby disrupting the others'



**Whose project comes first?**



## GAS EXPLOSION <sup>F.M. 18/4/75</sup> When the tap turns off <sup>260B</sup>

Industrial users of Sasol gas are mostly waiting until supplies return to normal before assessing what the explosion at Sasolburg is likely to cost them. Early indications are that it's unlikely the disruption will be extensive or prolonged.

Luckily this optimism does appear to square with the facts. The basic function of the demolished unit was to produce spare gases by converting methane to carbon dioxide and hydrogen. It was not in the general line of production and never in continuous operation.

Once the dust has settled, the rest of the plant can be run effectively without it.

Sasol MD Dawid de Villiers was optimistic that Gaskor's full needs could be met by noon Wednesday. In the meantime, he says, a priority system will operate. "There should be no interruption in supplies to consumers such as hospitals."

This does not mean the shut off which followed the explosion caused no interruption or inconvenience. Much has depended on whether industrial users have had alternative sources.

Iscor, for instance, claims not to be affected at all despite being a major user of Sasol gas at Vanderbijlpark. Iscor produces gas from its own coke ovens, and says it has enough capacity to cope with the emergency. Prompt resort to alternative sources prevented any interruption in operations.

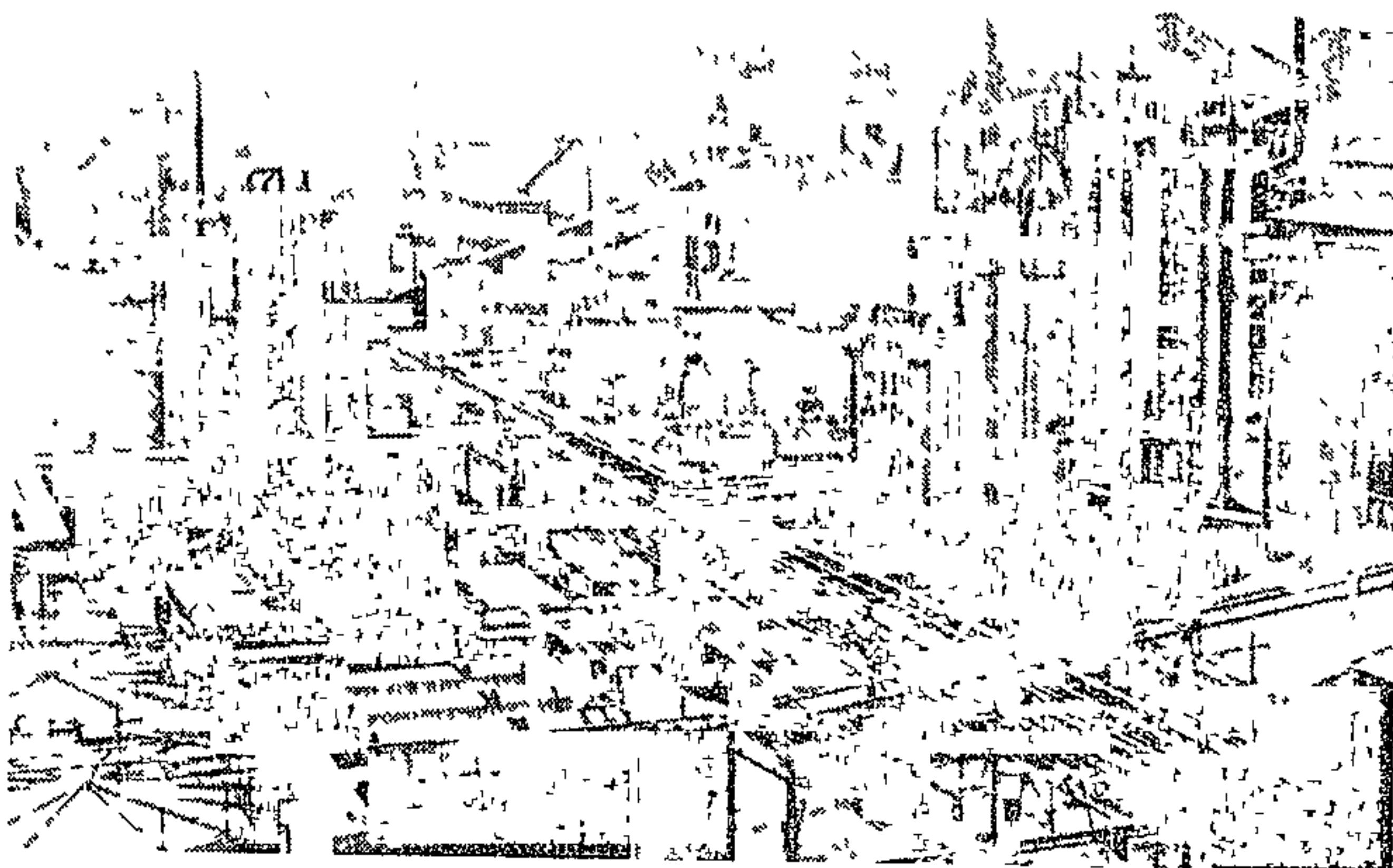
Other large consumers were also able to switch to existing backup supplies. Example is Pilkington Bros, Springs, which has not yet completely converted to Sasol gas. Gaskor co-operated in a smooth changeover to oil-firing by notifying the expected drop in pressure.

Less fortunate was Consolidated Glass Works, where two of the three furnaces at the Wadeville plant have been affected. The third continued working normally. Best indications are that total time lost will not exceed 60 hours, says Jan Robbertze, GM glass division, and the disruption is small in terms of group output. Wadeville is only one of four Consol plants scattered throughout the country.

Major Sasol customer McKechnie Bros, non-ferrous metal producers also located at Wadeville, report losing output, but not to any serious extent. Emergency measures have proved effective and it's hoped full production can be resumed before the weekend.

Experience elsewhere among industrial users follows a similar pattern, with emergency sources, where available, helping to cushion what it's hoped will be a short-lived interruption in supply.

Not so fortunate are Johannesburg's domestic gas users, although only 60% to 65% of the city's gas is supplied from Sasolburg. Faced on Tuesday with the prospect that supplies would not last out



It should be back to normal soon



the day, first priority was to stop people using gas.

Says Johannesburg Municipal Gas GM Malcolm Woodrow: "We hope to maintain supplies to our priority users

But others may face a whole week without a hot meal." Adds Woodrow sadly: "It's the first time in our history this has happened."

Trouble is once the pressure goes it takes

time to get everything working safely again. All installations have to be checked separately. It could take a few days after full supplies are restored before everything is back to normal.

De

re

# INFLASIE - STAAT

Deur DR. A. J. NORVAL

**WAAR** die staat veronderstel is om die groot beskermer van die volkswese in sy verskillende vertakkinge te wees, is hy dikwels in werklikheid 'n vermomde dwingelandy deur die wyse waarop hy hiet en gebied sonder inagneming van die gevolge van sy optrede deurdat sy steeds toenemende getal amptenare nie altyd behoorlik opgelei en toegerus is nie.

Kort ná my aftrede as voorsitter van die Raad van Handel en Nywerheid is ek versoek deur die Vereniging van Kamers van Koophandel by geleentheid van sy 60ste jaarkongres om hom toe te spreek By dié geleentheid het ek die aandag gevestig op 'n uiters gevaarlike ontwikkeling in die staat se hantering van ekonomiese situasies.

Ek het sodanige hantearings bestempel as 'besluite in isolasie' Ek het daarop gewys dat dit byna 'n obsesie geword het in die naoorlogse jare om ekonomiese en finansiële probleme in isolasie te behandel en daardeur in die strik te val om met simptome te doen te kry hewer as met die onderliggende oorsake

Die kumulatiewe gevolge van sulke ondeurdagte besluite, in isolasie geneem, veroorsaak onsekerheid en dwarsstrome in staatsbeleid Daardeur word verhinder dat die ekonomiese hulpbronne van die land tot die grootste voordeel ontplooi Dit is te wyte aan 'n gebrek aan behoorlike vooruitbeplanning en aan 'n goed deurdagte en gekoördineerde beleid

## Verhoog

Sodanige geïsoleerde besluit, sonder die minste inagneming van die inslag daarvan elders in die volkshuishouding, was dié van die Suid-Afrikaanse Spoorwee in die sestigerjare om lone te verhoog wat moontlik gemaak is deur kort daarna die spoorwegtariewe te verhoog.

Daardeur is 'n katalitiese proses ontketen in alle rigtinge van die ekonomie wat nie alleen nog nie tot bedarring gekom het nie maar wat steeds in intensiteit toeneem, soos blyk uit

die versoeke om loonsverhogings en hals-oor-kop prysverhogings van als en nog wat

'n Erger mate van besluite in isolasie kan mens jou moeilik voorstel dan dié in die landbousektor van die Suid-Afrikaanse ekonomie Daar is 'n menigte landbou-rade, iets glo in die twintig, wat onafhanklik van mekaar en in isolasie optree slegs met 'n nie veelseggende koördinering deur die Departement van Landbou-Ekonomie en -Bemaking

## Mielies

Pryse van landbouprodukte word van tyd tot tyd vasgestel op aandrang van produsente, gebaseer op veronderstelde kostestygings sonder die minste sweem van enige sistematiese wetenskaplike koste-onderzoek ter plaatse

Dit blyk nou weer duidelik die geval te wees met die vasstelling van die pryse van mielies vir die 1975-seisoen Verskillende voorstelle is gemaak Eerstens is daar die voorstel van die SA Landbou-unie om die vorige jaar se pryse met minstens 20 persent te verhoog Dan is daar die voorstel van SAMPI (SA Mielieprodusente-Instituut) dat die pryse tot R66 per ton verhoog word Die SAL se voorstel beteken 'n verhoging van R50 tot R60

per ton.

Hierop volg dan die samevattende voorlegging van die Departement van Landbou-Ekonomie en -Bemaking wat sy weg moet baan tussen Charybdis en Scylla onder begeleiding van 'n onseker en koerslose loods bestaande uit 'n koste-opname gebaseer op 'n willekeurige monster met wye tussenpose geneem van oorwegende grensprodusente se produkieskoste.

Uiteindelik word die pryse deur die betrokke Minister en die Kabinet vasgestel, natuurlik steeds gedagtig aan wat in Standerton in 1948 gebeur het, m a w die pryse word deur politieke in teenstelling met ekonomiese oorweginge bepaal

Deur na te laat om te sorg vir deurlopende, deurtastende wetenskaplike koste-onderzoek van landbouprodukte bly die Departement van Landbou-Ekonomie en -Bemaking op tweërlei wyse in gebreke in die nakoming van sy daargestelde ekonomiese funksie Deur 'n gebrek aan beskikking oor behoorlike kostebestudies kan hy geen eerlike voorleggings maak in die belang van die land se ekonomie in sy geheel nie

Nie alleen bly die Departement in hierdie opsig in gebreke in die nakoming van sy statutêre funksie nie, maar hy bly ook in getreke deur nie toe te sien dat die landbouhulpbronne ten beste aangewend word nie Alleen deur lopende sistematiese kostevastellings van landbouproduksie kan gesien word of die besondere hulpbronne op doeltreffende manier aangewend word en of die pryse deur die Departement aanbeveel, regverdig en in belang van beide pro-

ducent en verbruiker is

1973 R7

1974 R19

Wat die Departement dringend nodig het, is 'n deskundige oorkoepelende raad wat goed toegerus is met deskundig goed opgeleide landbouaadviseurs, sowel as met insiggewende ekonome en kostedeskundiges om die plek van die menigte rade te neem Hierdeur kan daar enorme besparings plaasvind in kantoorruimtes, personeel en duplikasie van werksaamhede tans waargeneem deur die verskillende rade

Dit sou veel vir Suid-Afrika as die hantearing hoer vasgestel deur verhinder tekorte ontstaskeidelik was Afrikaanse kort van 1974 deur invoer pryse en daarby laat vir die 1974

## Besparing

So 'n besparing sal dit moontlik maak vir die vasstelling van die allerbeste deskundige kragte. So 'n deskundige raad sal 'n besondere rol kan vervul deur toe te sien dat die landbouhulpbronne ten beste bestee word met die geringste offering

Ook is die staat deur die toedoen van die pryskontroleur aandadig. Deur 'n verkeerde toepassing van sy prioriteite word aandag geskenk aan hase opgeja deur oningeligde ou dames pleks van aandag te skenk aan die kostestruktuur van basiese nywerhede van nasionale belang.

Deur 'n gebrek aan tydige besteding van aandag aan die regstelling van gekontroleerde pryse van dergelyke nywerhede word tydige aanpassing van die produksie-toerusting vertraag of selfs geheel-en-al verhinder met noodsaaklike kostestygings ten nadele van die volkshuishouding in sy geheel.

Voorbeelde hiervan is die sementbedryf, chemiese mistowwe en brandstof

Die sementbedryf is 'n basiese bedryf van nasionale omvang Dit raak elke sektor van die volkshuishouding en elke persoon met 'n dak oor sy kop. Daar is 'n tiental produksie-eenhede betrokke by hierdie bedryf, versprei dwarsdeur die land. Die geïnvesteerde kapitaal, bestaande in hoofsaak uit aandelebeleggings, word geraam op R250 miljoen.

Sedert die vroeë veertigerjare is pogings aangewend om die bedryf te rationaliseer In 1971 is dit verder op 'n meer doelgerigte manier gedoen. Sodoende is daar deur die uitkakeling van kruis- en dwarsvervoer groot besparings aangebring

## Brand

Ons vind dit van vasstellings buite markte dinge in die brandstof, waar weer 'n aansoek verhoging van rede is winsgrens te laag wel die geval vraag is egter winsgrense te reken word in kostebesteding?

Is dit nie te veel dat daar vulstasies is nie dat die omset renderend te by dat die vulstasie duur persele word? In oorsese die pompe in plekke gevind spogterreine soos Suid-Afrika nie

Het die hierdie aspekte beskou hy alleen grens in verband belegde kapitaal bedryfskoste bepaal of sodanige investering en geregverdig is en nie veels te veel is nie en dit op persele?

Die duur persel menigte pompe dlik as voordelige vensters vir die skappye, en die moet die gelag het

Die gevaar van prysbeslissings partementele 'n gelyke aard geneem word buite markverder om die min

SAKE - RAPPORT

27/4/75

J. Cupp

White State Enterprises



# IE GROOT SONDAAR

## Groter koördinasie nou broodnodig

Met die uitsluiting van konstruksie is die persentasietoename in die staatsdiens die hoogste, wat sekerlik nie toegeskryf kan word aan 'n persentsgewyse toename in die werksaamhede van die staat nie, maar veel eer aan die wyse waarop dit verrig word en beslis ook aan die toedoen van Parkinson se wet.

Gebrek aan koördinasie, oorvleueling, duplikasie, ondeurdagte vooruitbeplanning, is sonder twyfel die hoofrede vir die groot toename in die staatsdiens. Daar bestaan ongetwyfeld 'n groot behoefte aan koördinasie en belyning van die staatsdiens.

Soos in 1948 aangetoon kan dit alleen geskied deur 'n gekoördineerde beleidssametrekking op 'n bepaalde punt en wel in 'n departement onder die direkte leiding van die Eerste Minister. Hoe so 'n departement presies sal saamgestel word en funksioneer, kan alleen deskundig vasgestel word.

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voel om so 'n departement onder hom te neem nie. Onder geen ander minister kan so 'n departement ressorteer nie, en daar het die saak gerus

dige styging in die staatsdiens wat gepaard gegaan het met uitbreidings en onderverdelings van departemente

aan die blanke werkverskaffing tussen 1946 en 1970 deur die verskillende bedryfsgroepe, die Suid-Afrikaanse Spoorweë en die staatsdiens, sentrale regering en die provinsiale administrasies.

### Hoogste

Die volgende syfers toon

	1946	1970	Persentasie Toename
Mynwese	51 300	62 600	22
Fabriekswese	119 000	277 000	133
Konstruksie	10 200	59 800	486
SA Spoorweë	91 500	111 000	21
Staatsdiens	73 900	191 700	159

As daar in 1948 'n gebrek aan samewerking tussen die verskeie staatsdepartemente was en 'n behoefte aan koördinasie dan is dit seker nie minder die geval nou nie — eerder die teengestelde, gesien die gewel-

Mededinging is ook as gevolg daarvan grootliks uitgeskakel. Rasionalisasie met gebiedsonderverdeling van die mark en behoud van mededinging is 'n ekonomiese teenstrydigheid — iets wat die pryskontroleur skynbaar nie besef nie. Vandaar die vaspens van die prys van sement op 'n te lae winsvlak

So 'n prys verhoed die aantrek van kapitaal vir verandering en uitbreiding, veral met die kapitaalerosie voortspruitende uit die heersende inflasionêre toestande. Deur 'n gebrek aan voldoende kapitaalfondse is tydige uitbreiding van produksie vertraag met die gevolg dat daar tye was van ernstige tekorte aan sement soos bv. in 1971 en 1973.

Die sementbedryf beskik oor 'n groot uitvoerpotensiaal, veral na die Afrika-gebiede. Al die nodige grondstowwe is aanwesig. Slegs die nodige kapitaal om so 'n bedryf in te rig, ontbreek. Die winsmarge deur die pryskontroleur oor die jare toegelaat is onvoldoende om die nodige kapitaal na die bedryf aan te trek en uit sy winste kan die bedryf dit nie opbou nie.

Hier weer kan gesien word hoe die prys van sement vasgestel is buite markverbandverhoudinge tot groot nadeel van die land se ekonomie, veral as dit gesien word in die noodsaaklikheid om nywerhede te ontwikkel ten opsigte waarvan die land vergelykende kostevoordeel geniet.

op verskillende sektore van die volkshuishouding het in ag te neem. Die verklaring hiervoor is dat daar geen behoorlike koördinasie van die verskillende staatsdepartemente bestaan nie.

In 1948 het ek as voorsitter van die Raad van Handel en Nywerheid 'n vertroulike verslag opgestel vir die Kabinet op versoek van die destydse Minister van Ekonomiese Sake oor na-oorlogse heraanpassing met besondere betrekking tot die staatsdiens. In die verslag is daarop gewys dat daar 'n algehele gebrek aan koördinasie in die staatsdiens bestaan het wat gebyk het uit die groot mate van oorvleueling.

Die verskillende departemente beskou hulself as losstaande eenhede sonder enige onderlinge samehörigheid. Die gevolg is dat in baie opsigte die werksaamhede en besluite van die een departement dié van die ander deurmekaar en soms dwarsst.

### Saamtrek

Dit is daarop gewys dat sonder om die selfstandigheid van individuele departemente te raak, dit van die allergrootste belang is dat 'n groter mate van samewerking tussen departemente bewerkstellig word en dat ingrypende voorleggings aan ministers deur hoofde van departemente op 'n bepaalde punt saamgetrek moet word. In die Departement van die Eerste Minister word dit veronderstel dat die beleid van die land gekoördineer word.

### Misgetas

Met die vasstelling van die prys van chemiese misstowwe het die pryskontroleur ook goed misgetas. Die vasstelling van die prys van misstowwe is gedoen geheel en al buite markverbandverhoudinge, met die gevolg dat grootskaalse uitvoer plaasgevind het ten einde voordeel te trek uit die meer gunstige pryse in die buiteland, soos sal blyk uit die volgende uitvoersyfers:

1973	R11 837 000
1974	R12 454 000

Onder die uitgevoerde misstowwe was daar verskeie hoogs noodsaaklike soorte benodig vir die plaaslike landbou, soos bv. ammoniumnitraat, kalksteen-ammoniumnitraat, fosfaat, ureum en ander. As gevolg van sodanige uitvoer het daar 'n groot tekort ontstaan, en om hierdie tekort aan te vul, moes Suid-Afrika op sy beurt weer invoer en teen veel hoer prys.

Daar is toe as volg ingevoer.

Dit volg dan dat indien koördinasie noodsaaklik is, dit op die hoogste vlak behoort te geskied. Dit behoort dus in 'n departement te wees wat direk onder die Eerste Minister ressorteer en wat terselfdertyd daarop toegespits is om as same-trekkingspunt te dien.

Weens die hoë ouderdom van dr. Malan as Eerste Minister destyds het hy homself nie daartoe in staat ge-

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# Iscor scour Europe for steel technicians

Daily Disp.  
30/4/75

PRETORIA — Iscor is scouring Europe for technical personnel in a bid to solve the chronic and serious shortage of skilled steel workers.

A spokesman at Iscor headquarters in Pretoria said there was a shortage of several thousand technical workers at Iscor's three steel works and seven mines.

The need for skilled workers was continually increasing because of the dynamic expansion programmes throughout the Iscor empire.

Earlier this month an advertisement for workers inserted in a national British newspaper drew 3 000 replies. A similar advertisement in a German daily resulted in 1 300 inquiries.

These, the Iscor official said, would be processed at Iscor's permanent London recruiting headquarters.

Iscor's need for technical staff is symptomatic of the acute shortage of skilled white workers throughout the economy, trade union executives commented.

All skilled trades — electricians, plumbers, building trade artisans — were seriously undermanned.

Local recruits from the white section to these trades were totally inadequate to meet the need.

The only solution, they stated, was an acceleration of the training programme for blacks, and in the disappearance of work apartheid and the barriers which held blacks back from advancing to more highly skilled and better paid occupations.

Currently Iscor has 266 students at SA Universities on corporation bursaries; last year 2 808 apprentices were in Iscor training schools; and 495 completed

their courses. Since the beginning of this year 363 skilled immigrant workers have joined Iscor's technical staff. — DDC.

- 1) manpower - shortage
- 2) training
- 3) recruitment
- 4) shortage



STAR 12/16/75

# Foreign firms can invest in uranium plant

**John Patten,**  
**Political Correspondent**  
**CAPE TOWN** — The Government has opened the way for overseas and private enterprise participation in South Africa's planned new uranium enrichment plant.

In a statement in the Assembly yesterday afternoon and a subsequent interview, the Minister of Mines, Dr Koornhof, gave details of the decision of the Uranium Enrichment Corporation to establish a subsidiary company in which potential shareholders from private enterprise will be invited to participate, and which will have a stake in the new plant.

Negotiations with unnamed organisations over foreign participation were in progress.

## SUBSIDIARY

If successful, a locally registered company with international shareholding would be established to build and run the enrichment plant.

The Ucor subsidiary, named ISASA (Pty) Ltd, would be the South Afri-

can shareholder in the company.

At present ISASA had Ucor and the Industrial Development Corporation as shareholders, but Dr Koornhof said "I trust that organisations from the private sector will grasp this opportunity to undertake uranium enrichment on a large scale together with the state."

The Minister indicated that feasibility studies for the plant were complete.

These studies, in conjunction with expert opinion from other industrial countries, gave confidence that the full-scale enrich-

ment plant was not only feasible, but was justifiable on purely economic grounds.

South Africa was always willing to share its knowledge on uranium enrichment with friendly countries and to tackle uranium enrichment as an international undertaking.

Dealing with the significance of the large-scale uranium enrichment plant, he said its initial capacity would be about 5 000 tons a year. At R50 a kg, the plant would earn about R250-million a year in foreign exchange.

# SA steel output well up

STAR 12/5/75

Industrial Editor

Though steel production in South Africa has shown a sharp upward move in recent months, raw steel output on a world scale remained in a steep slide.

Statistics just published by the International Iron and Steel Institute (IISI) show that in the first three months of this year production in member countries, at 113 633m was 6,6 percent less than the 121 605m tons in the first three months of 1974.

The Iron Curtain countries and China are not included.

March production showed the biggest drop yet since the downward curve started and, at 38 560 000 tons, was 8,2 percent below the 42 006 000 tons in March 1974

Significant is the 18,3 percent drop in production by the original Community of Six in March. Their production dropped by 12 percent in the first quarter of the year.

UK production is improving after previous setbacks

and is now about 17 percent above that of last year. But Japanese output is falling faster, and production levels are now more than 10 percent below those of last year.

Production in West Germany has dropped by a quarter since last year in March, France by 17 percent and Belgium by 16,5 percent.

South African production however, according to the IISI figures, shows a healthy increase of 15,7 percent in March and 21,3 percent in the first three months of this year.

This reflects the commissioning of more production facilities, particularly by Iscor at Vanderbijlpark and Newcastle.

In a review of total world steel production, including that of the USSR, the Iron Curtain countries and Red China, the IISI says there has been a 5,5 percent a year growth since 1961.

Western Europe just maintained first place in 1974 with 26,3 percent share in production, followed closely by Eastern Europe and the USSR with 26,1 percent. Asia, mainly Japan, took third place with a 22,3 percent share in production while North America produced 20,5 percent.

State Capital

(2) Manufacturing - Iron

STALE LITERATURE

# Canadian coal men to visit SA

Business Reporter

<sup>STAR</sup>  
<sup>12/5/56</sup>  
A top-level 16-man coal technology mission, organised by the Canadian Government, will visit the Transvaal from today, until May 21.

The mission will include representatives from Government, provinces and

from private firms interested in coal, oil and gas, pipelines and engineering.

Mr P J Read, Chief Marketing and Transportation, Coal, in the Department of Energy, Mines and Resources in Ottawa, Ontario will convene the mission

The mission will hold

discussions with the Transvaal Coal Owners' Association and visit Sasol, coal gasification plants, steelworks, coal mines, the Fuel Research Institute and the Council for Scientific and Industrial Research.

Among discussion subjects will be conversion of coal to liquid or gaseous

hydrocarbons with specific reference to Canadian coals, the direct reduction of steel, production of ammonia from coal, the transport of coal slurry by pipeline, metallurgical and other process uses for coal, coal pricing policies and the extraction of oil from tar sands of northern Canada



Daily Dispatch 12/15/75

State enterprise

**EAST LONDON** — A double boost for East London — improved concessions for industrialists and the establishment of a steel distribution centre — were announced here on Saturday by the Prime Minister, Mr Vorster.

Unveiling the name plaque for the new John Vorster Bridge over the Buffalo River, the Prime Minister said details of the concessions for industrialists in the East London area would be announced shortly.

The Government was concerned about the city's industrial future, he said, and added. "The Government is very conscious of the need for a strong self-generating industrial cover here and to this end has already created a strong infra-structure of rail, harbour and communication links.

"Full statistics for the area are unfortunately not available. However, a survey carried out by the Decentralisation Board in 1973 showed there were 104 factories representing a capital investment of R73 million and employing 22 000 people in the city in 1971.

"In 1973 this had increased to 122 factories with an investment of R134 million and employing 27 000 people so it is obvious good progress is being made," Mr Vorster said.

This progress was made possible by the "liberal" concessions the Government had given to industry.

"We have decided again to improve these concessions" and he would announce further details shortly.

In addition the department of Industry and the Decentralisation Board were actively bringing East London to the attention of industrialists.

Turning to Iscor, the Prime Minister said the iron and steel corporation would start building a steel distribution centre in East London immediately.

Speaking to an audience which included many of the city's leading industrialists,

he said the Government had conducted a "careful investigation into the industrial future of East London."

"The ready availability of steel here at prices competitive with the Reef will be a strong stimulus to expansion.

"After investigating the best way of integrating Iscor's activities into this area, we have decided to ask Iscor to start work immediately on establishing a steel distribution centre at East London.

"You will agree that this is something worthwhile for the city," Mr Vorster told his audience. "However, in the final analysis, the future of East London depends on the confidence that you as leaders of commerce and industry have in your city.

The announcement has been welcomed by commerce and industry in East London.

"At long last Iscor are going to show their faces," Mr T. Peters, president of the Chamber of Commerce, said. "This will benefit the whole area by attracting ancillary industries to the area."

He described the announcement as "the first step on the ladder of the future development of East London

Vorster for coming to East London to give us this great news Today is the culmination of all my efforts," he said.

Interviewed yesterday, Mr De Lange said the announcement meant industrialists in East London would be able to compete with any in the country.

"This is of tremendous value and proves that East London is on the way up. The concessions which are coming will also give industry here a tremendous boost," he said.

He revealed that the City Council had been having secret negotiations for some time before the announcement was made.

Mr Vorster's announcement was also welcomed yesterday by the Mayor of King William's Town, Mr C. B. Jennings. "This is something we have been waiting for for many years. Not only East London but the whole area will see the benefits and repercussions.

"It is of vital interest to all of us," Mr Jennings said. — DDR.



# Steel centre may be ready soon says ISCOR

*Daily Disp. 14/5/75*

*She is a surprise*

EAST LONDON — The Iscor distribution centre announced for East London is likely to be a large warehouse with cranes and handling and cutting equipment.

An Iscor technical manager, Mr J. P. de Vos, said from Pretoria yesterday that the principal of a distribution centre in East London had been cleared by both Iscor and the Government.

"In other words, the government has agreed to subsidise the transport of the steel and the financing of the project," Mr De Vos said. "We now have to do a detailed study and if we get cracking, it shouldn't be too long before the project gets underway."

Mr De Vos said Iscor had undertaken a feasibility study for a cold mill in East London, but this had turned out to be uneconomic and the distribution centre was the alternative which the corporation had suggested to the Cabinet.

"There is still a lot of bone crunching to be done, but now we have the support of the government, we can get the project going."

The distribution centre will be the first in South Africa outside the Reef and Mr De Vos said it would carry the widest range of steels possible to stimulate secondary industry on the Border.

By subsidising the transport of heavy steel, the government is ensuring that Border industry will get steel at the same price as on the Reef, and at a railage cost of about R35 a tonne. The distribution centre will save existing industry on the Border thousands of rand a year.

Nobody could confirm yesterday where the distribution centre will be built in East London. Iscor has about 2 600 hectare of land available to it on the West Bank, but if large tonnages of steel are going to be moved to and from the distribution centre, the single rail line across the Buffalo River may not be able to cope with an Iscor warehouse on the West Bank.

The System Manager for Railways, Mr H. J. Fritz, said yesterday there was still spare capacity on the line over the Buffalo River, but Iscor intended moving large tonnages, the railways could have a big problem. "But we won't know until we hear what sort of tonnages Iscor has in mind," Mr Fritz said.

If the tonnages are too large, Iscor may have to return some of the West Bank land to the municipal authority and site its distribution centre in Berlin.

The question also arises whether industries outside the Border area, such as the big motor factories in Port Elizabeth, will be able to draw steel from East London and so cut down on their own railage costs.

Yesterday East London's Mayor, Mr R L de Lange, reiterated his view that the announcement was "the turning point in the history of the city," and said that details of the new concessions to industrialists could be expected by May 20.

"Our industrial ground is of the cheapest in South Africa. Add to this steel available at prices competitive with the Reef, and concessions which at the moment are 40 per cent on railage and 25 per cent on shipping, and the implications of the Prime Minister's announcement are obvious," the Mayor said.

He added that Iscor was at the moment investigating the means of subsidising the steel. — DDR.

# Iscor seeks a loan overseas

Mercury Correspondent

14/5/75

LONDON—Iscor is making a private placing in Europe in an attempt to raise 40-million dollars for the construction of the Saldanha Bay project.

The loan contains some unique features which the managing bankers believe will ensure its success. The floating rate notes run for 15 years and include an optional redemption feature.

As a spokesman for one of the four managers commented: "Obviously there is a premium offered to those who stay with the loan longer."

The four banks managing the placing are Credit Commercial de France, Kredietbank N.V., Westdeutsche Landesbank and Hill Samuel Co.

A spokesman for Credit Commercial in Paris said that the final amount of the placement (they are aiming at 40-million dollars) depended on the success of the placement but he expected it to be warmly received.

## PAYMENTS

He said that the chief attraction of the issue is its interest payments. Repayments will be made after the third year of signing and every year after that until the sixth year so that the loan can run from three to 15 years.

Notes will carry a six monthly floating interest which will be calculated

at a margin of five-eighths percent above the inter-bank rates for Euro-dollars

It however carries a guaranteed minimum interest rate of 8.5 percent.

The spokesman declared that "the issue has attractions for both lenders and the borrowers. The interest payment for the lenders is higher than that offered elsewhere while the borrower is safe in the knowledge that he has the funds to work with for a longer period than is usual."

The loan is similar to that which Hill Samuel recently arranged for Escom.

① 260 B  
② 131

# Iscor fined R50 after man's death

STAR 23/5/75

## Pretoria Bureau

A Pretoria Regional Court today found Iscor guilty of culpable homicide and fined the corporation R50.

This followed an accident in which Mr Christiaan Rudolf Smith, a fitter, died from burns after being covered with molten metal in the Pretoria steel foundry in April 1970.

The magistrate, Mr C J Strydom, found Mr Smith's death was caused by Iscor's negligence.

Iscor was represented at the trial by Mr J J Kuhn, who was manager of the metallurgical section at the time of the accident.

## ALSO CONVICTED

Also convicted on the same charge were Mr Johannes Frederick Liebenberg, who was a temporary crane driver, and Mr Graham Keogh, who was a mixer man in charge of the handling of the hot metal.

Liebenberg and Keogh were each fined R150 (or three months).

Mr Dirk Uys, a fitter working with Mr Smith, said he and Mr Smith had been showered with the red-hot liquid metal while taking cover during the firing of a Besemer converter.

When the converter

was fired, the dead man and Mr Uys were repairing the burner of a mixer in the foundry.

Mr Uys said the regular warning bell was not rung to clear workers from the area during the firing.

As the two men took cover beneath a protective lean-to because of the heat they were showered with molten metal "from somewhere above them".

Mr Smith died in hospital a few days later and Mr Uys spent two months recovering from burns.

Mr A B Booysen appeared for the State, Mr J Els appeared for Iscor, Mr J M C Smit appeared for Liebenberg and Mr A A Schreiber appeared for Keogh.



# Steel industry pours R2000-m into future

25/5/75  
Sun Times (Bus Times)

ABOUT R2 000-million is expected to be invested in the iron and steel industry between 1973-79, with Iscor — producer of 72 per cent of South Africa's steel — bearing the brunt.

The basic steel industry is capital-intensive and unlike the long-term demand for its products — which increases at a relatively even rate — production capacity increases in a series of steps.

Before each enlargement of productive capacity, local supply is often unable to meet local demand. This switches to over-capacity as expansions are made, resulting in a continuing yo-yo situation.

Since 1969 the local steel industry has had increasing difficulty in meeting the expanding local demand.

More steel has had to be imported — from a relatively low value of R38-million in 1969 to R110-million in 1973.

Indications are that steel imports last year and this will be even higher.

One of the problems is

that steel mills of international standard take several years to come on-stream.

New schemes need careful planning and timing.

In the State's new Economic Development Programme, large expansion projects will gradually come on-stream and will enable the industry to cope with new demands.

EDP planners have projected an increase in production of 10,2 per cent a year until 1979.

The planners believe that imports will decline from the high level of R110-million in 1973 to only R51-million in 1979.

Exports of basic steel products increased rapidly — by 12,1 per cent — between 1963 and 1973. Apart from the large contribution that came from the export of basic steel, the growth in the export of ferro-alloys also played an important part in the industry's commendable export performance.

Taking into account the planned large extensions to local productive capacity of steel in particular, coupled with the strong possibility of an export-oriented steel mill to be

located at Saldanha Bay, the export target growth rate of 12,2 per cent a year — envisaged by the EDP — seems to be within the industry's grasp over the next five-year period.

Domestic demand is expected to expand at a much slower rate than that of production and its growth has been set at only 7,1 per cent a year over the 1974-79 period.

This large growth differential is mainly attributed to the high rate of import replacement as well as the expected rapid growth in exports.

The main domestic industrial consumers of basic iron and steel products, in order of importance, are:

- Metal products;
- Machinery (other than electric),
- Electrical machinery and appliances;
- Transport equipment;
- Construction (especially civil engineering);
- Transport and communication.

Basic iron and steel products are: pig iron; ferro-alloys and steel products, such as billets, blooms, slabs or bars; hot

and cold rolled and drawn products, such as sheets, tin-plate, terne-plate and black-plate; strips, rails, rods, wire rods and wires; castings and forgings.

To match the overall projected expansion in production, employment must grow at a rate of 6,7 per cent a year from last year to 1979.

However, thanks to automation, training and better use of its labour force, a relative improvement in the semi-skilled and skilled labour position could occur.

There is also the lure of recent wage rises in the iron, steel, engineering and metallurgical industries, which added up to 15 per cent to the wages of 70 000 Whites and 250 000 Black workers.

On the basis of a 46-hour week, the new increases mean the top minimum wage in the industry (for Whites) is now R87,40 a week.

Although the wage gap between Blacks and Whites substantially widened, in percentage terms the Blacks won rises almost twice those of White workers

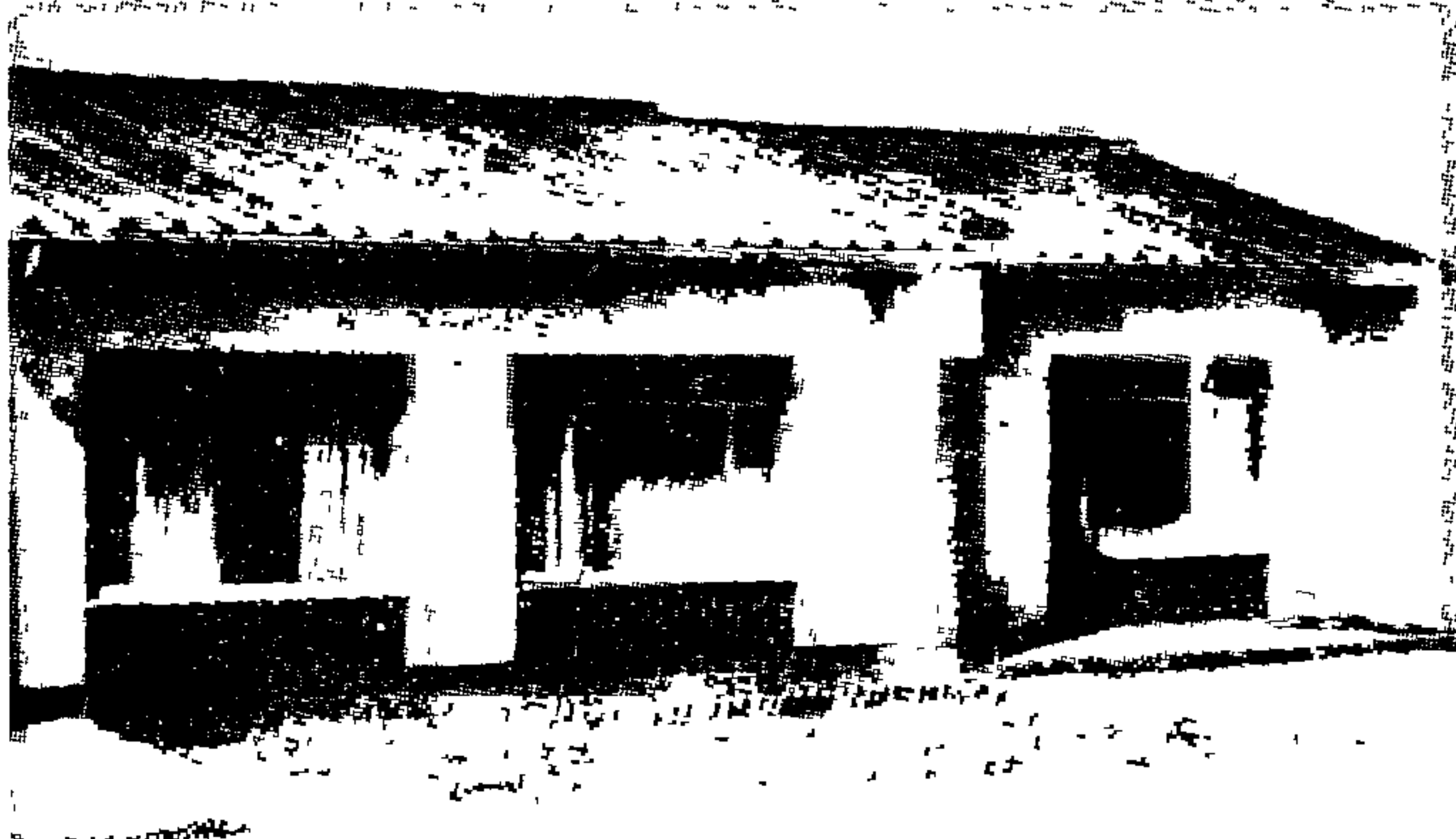
SAKE-  
RAPPORT 25/5/75



Op die voorgrond is 'n gedeelte van die nuwe kleurlingdorpsgebied wat deur Yskor by Vredenburg ontwikkel word. Louwville die bestaande kleurlingdorpsgebied is op die agtergrond sigbaar.

# YSKOR SORG VIR SY BRUINMENSE

**YSKOR** is nou vol-stoom besig om in die behuisingsbehoefes van sy kleurwerkerskorps by Saldanha te voorsien. Die korporasie is tans besig om 'n dorpsgebied vir Kleurlinge te ontwikkel by Vredendal in Wes-Kaapland, naby die eindpunt van die Sishen - Saldanhaspoorlyn. Volgens Yskornuus, Yskor se maandblad, gaan die dorpsgebied gevestig word op 48 hektaar en sal dit in totaal 491 individuele standplase vir woonhuise en 1 standplaas vir die ontwikkeling van 'n hoëdigheidskema insluit.



'N VOORBEELD van die soort woonhuis wat Yskor vir sy kleurlingwerknemers by Vredenburg oprig en wat deur hulle volgens die Korporasie se Huiseienaarskema gekoop kan word.

Die huidige kontrak wat Yskor aangegaan het vir die bou van woonhuise maak voorsiening vir 250 individuele eenhede Yskor se huidige kapitaalverpligting ten opsigte van die dorpsgebied beloop oor die R2 miljoen. Dit sluit die voorsiening van dienste

le verloop van sake kon Yskor nie die eienaar word van grond in so 'n gebied nie. Dit sou beteken dat die hele grondslag van sy voorhuiskema deur die mat sou val. Soortgelyke probleme het opgeduik met verbande as sekuriteit vir lenings in terme van Yskor se Huiseienaarskema. Die boel probleme is eger met suksesvolle onderhandelinge opgeflos en aktiewe ondersteuning en samewerking is gekry van al die munisipa-

van die bruto inkomste van die werknemer oorskry nie. Ná vyf jaar diens word 'n lening van 100 persent toegestaan. Die aanvanklike uitleg van die dorpsgebied behoort aan Yskor se aanvanklike vereiste te voldoen tot tyd en wyl die beplande semisfabriek volle werklikheid word. Sonder dit gebeur, sal Yskor weer moet inspring om ekstra huisvesting vir sy Kleurlingwerkerskorps te voorsien. Omvattende beplanning vir

cont'd



Sake Rapport

25/5/75

soos riolering, en paatse in asook voorsiening vir 'n

ie, provinsiale en regerings- liggame, wat geken moes word in die saak.

die Saldanhaabaikompleks maak voorsiening vir 'n groot nuwe Kleurlinggebied in 'n noord-tot noordoostelike rigting van die huidige ontwikkeling by Vredenburg

## Eiendoms-Rapport

laerskool, kerke, besighe- de, parkeerplek en parke

Volgens Yskor-nuus is die dorpsgebied 'n nuwigheid vir almal wat daarby betrokke is, maar nogtans 'n logiese uitvloei van Yskor se tradisionele beleid om huisvesting teen redelike koste aan werknemers te voorsien. Die gebied waarin die dorpsgebied ontwikkel gaan word, vorm deel van die tradisionele tuis- te van die Kleurlinggemeen- skap. Dit is die eerste keer in Yskor se geskiedenis dat hy met Kleurlingrekrute in sy arbeidsmag te doen het. Ooreenkomstig tradisionele beleid het Yskor egter dade- lik ingespring om voldoende behuising te voorsien vir die verwagte toekomstige Bruin werkersgemeenskap.

Volgens die bepalings van die Wet op Groepsgebiede moes Yskor se behuisingske- ma ontwikkel word in 'n ge- bied wat voorheen geprokla- meer is vir bewoning deur Kleurlinge en volgens norma-

Die Minister van Gemeen- skapsbou het 'n spesiale per- mit uitgereik wat Yskor in staat gestel het om oordrag te neem van grond in die omgewing van Vredendal wat voorheen opsy gesit was vir bewoning deur Kleurlinge. Dit is die eerste permit van sy soort wat uitgereik is vir die ontwikkeling van so 'n dorpsgebied.

Die grond self is verkry van die munisipaliteit van Vredenburg onder 'n ruloor- eenkoms. Daar is ook ower- heidstoëstemming gekry vir die bou van huise in die dorpsgebied spesifiek vir Kleurlingwerknemers van Yskor wat nou die standplase en woonhuise kan koop oor- eenkomstig die bepalings van Yskor se Huiseienaarskema.

### Uitbuiting

Huurgelde sowel as lenings- en verkoopvoorwaar- des is alles onderworpe aan goedkeuring deur die Minis- ter van Gemeenskapsbou. Hierdie is noodsaaklik om te voorkom dat die skema 'n presedent skep vir later uit- buiting van die Kleurlingge- meenskap.

Die spesifikasies, uitleg en ontwikkeling van die dorps- gebied is soortgelyk aan die van enige moderne dorpsge- bied in 'n stedelike gebied. Drie tipe woonhuise word op- gerig wat onderskeidelik ver- huur sal word teen R16, R18 en R20 per maand.

Die gewone vereistes is van toepassing op werknemers wat kwalifiseer vir lenings onder die huiseienaarskema. Dit beteken lenings teen 'n rentekoers van 4 persent per jaar, terugbetalings oor 'n maksimum periode van 30 jaar met die vereiste dat geen paaiement 24 persent

### Verdienste

Die plan is dat die grond gebruik sal word vir die op- rigting van 'n nog groter me- tropolitaanse dorpsgebied deur ander instansies as Yskor wat uiteindelik 2 500 wooneenhede vir Kleurlinge sal behels. Die beplande ont- wikkeling sal oor 'n tydperk van vyf tot ses jaar geskied. Die fasiliteite wat in dié dorpsgebied tot stand ge- bring sal word en die spesifi- kastes daarvan sal op gelyke voet staan met dié van die huidige ontwikkeling by Vre- denburg, maar op baie groter skaal.

Yskor se behuising vir Kleurlingwerknemers wat nou aansluit, staan op gelyke voet met behuising wat ver- skaf word aan ander werkn- emers, afhangende natuurlik van individuele verdienste. Huurgeld wat van toepassing sal wees kan nie direk met inkomste verbind word nie, maar met die toedeling van eenhede sal die inkomste van individue in aanmerking ge- neem word.

Die huurformule is soort- gelyk aan dié wat op blanke werknemers van toepassing is by ander sentra waar Yskor bedrywig is. Die skema is in der waarheid 'n uitvloei- sel van Yskor se bestaande skemas wat 'n gemeenskapli- ke doelstelling het in die voorsiening van behuising van goeie kwaliteit aan alle werknemers.

In Yskorkringe word die ontwikkeling gesien as 'n goeie belegging in 'n gestabi- liseerde en tevrede werkers- gemeenskap. Yskor se filoso- fie is dat daar meer as ge- kompenseer word vir rente- verlies en subekonomiese huurinkomste deur die daar- stelling van arbeidstabiteit en hoer produktiwiteit.



# WORE BLACKS

Sunday Express 25/5/75

STATE ENTERPRISE

# AHI CONGRESS

Special Correspondent

**WINDHOEK.** — Deliberations at this week's Afrikaanse Handelsinstituut annual congress pinpointed three specific areas that are disturbing the South African business community and threatening to hamper seriously the healthy growth of the economy.

It was concluded that top priority should be given to the task of finding solutions to these problems or of reducing their effect.

Congress delegates devoted most of their time to expressing concern over

The unavailability of investment capital and the fact that there is just not enough money around to fund all those projects planned for the next five years by private and public sectors, and which are necessary to ensure the economy grows at the EDP desired rate of 6,4 per cent a year.

The increasing encroachment of State-controlled enterprises and the growing demands from the public sector on the

money supply, at the expense of the private sector,

The tenuous relations between Black and White on the shop floor, the growing shortage of skilled workers and the need to make better use of the country's large pool of Black labour

It was emphasised by Dr Frans Cronje, chairman of Nedbank and Syfrets-UAL, that it was imperative for social, economic and political reasons that South Africa grow at a faster rate than the other industrialised nations of the world

The country had so far failed to achieve that, he said, although it certainly had the potential to do so. Obstacles in the way were the shortages of investment capital and skilled workers

South Africa faces the problem of having to find R40 000-million for various capital projects over the next five years — a daunting prospect

Delegates expressed the view that it was inevitable the country would have to face up to shortages in the money supply. As a consequence a plea was made, directed mainly at the Government, for a look at priorities and so those capital projects, which were not essential at this time, could be discarded

There was a general expression of concern at the encroachment of State-controlled activities on the economy and the increasing level of expenditure by this sector

One delegate said it was disquieting to note that State expenditure was increasing at a considerably faster pace than the growth rate of the GNP

Capital demands from this sector were exerting heavy pressure on the money supply, hampering attempts by the private sector to maintain a satisfactory growth rate

It was emphasised that the problem of investment capital

was only likely to be overcome if the country remained a free enterprise society, and not if State control was increased

The AHI's immediate past president, Mr Chris Bisschoff, asked whether in view of the worsening money supply position many political priorities — homeland financing was mentioned specifically — should be reassessed against the background of economic feasibility.

On this he asked for the consolidation and independence of the homelands to be speeded up to lessen their dependence on South African capital

On the labour issue, a warning was sounded that the way in which the Government handled labour matters — about 10 Government bodies are involved — could lead to a confrontation, a worsening of Black-White relations and possibly industrial unrest.

There was an urgent need for co-ordination on this question and the establishment of an adequate manpower policy to control the demand and supply of labour

# No more loans until detente say bankers

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4-6

5 APR 27/8/78

**Own Correspondent**  
**DURBAN** — Two top South African bankers have warned that South Africa is becoming "horribly over-borrowed" on overseas capital markets and that this country should adopt a more orderly approach to its foreign borrowing.

Mr R. A. Setter, managing director of Rand Bank said in Durban that overseas bankers were becoming more conservative because of limited resources, in evaluating applications for resources.

Mr Setter said there

was a new awareness with regard to South Africa's political policies, but it had been clear that there would be no loans forthcoming until detente was reached in Africa.

Mr Setter called for the establishment of a "central agency" to handle all South Africa's infrastructural borrowings overseas and thereby create a "banking order" in South Africa.

He said: "Everybody is scrambling for money in overseas markets" for example Iscor and Escom, one after the other. This had led many overseas bankers to believe that South Africa was over-borrowed.

Mr J. H. Gerber, managing director of Federale Bank has also warned South Africa will be unable to "get the foreign capital we need to expand our economy" in the next few years.

He reminded that one South African organisation had found great difficulty in raising a R10m loan at the end of last year, after being told overseas: "You have borrowed too much."

Added to this situation was the fact that savings had dropped dramatically in South Africa recently.

"Savings in the last number of years have averaged 10 percent of national income. In the last year this figure dropped to around four percent," he said.

Mr Gerber called for increased incentives to encourage savings.

Both bankers were addressing delegates to the change-orientation and planning seminar being held in Durban this week by the Graduate School of Business of the University of Stellenbosch.



# Berlin preferred as site for ISCOR

*Daily Disp 27/5/75*

*Stale Langer*

**EAST LONDON** — It would be "extremely dangerous" if the East London City Council allowed Iscor to open their distribution centre on the land they own on the West Bank.

So said Councillor J. Opperman at last night's meeting of the city council.

Mr Opperman said although the city council could not hold a gun at the head of Iscor, he felt it would be wise to tell Iscor now that they could only be accommodated at Berlin.

The Iscor question, which was not on the agenda, was raised by the Deputy Mayor, Councillor J. Yazbek, when he said he felt council should consider making a request to Iscor that the new plant be sited at Berlin "for obvious reasons".

After the meeting Mr Yazbek said the "obvious reasons" referred to all the necessary facilities already having been established at Berlin.

During the meeting, Mr Yazbek said "The making of Berlin is all that counts at this moment."

The Mayor, Councillor R. L. de Lange, interjected and said if Iscor officials felt they must go to the West Bank, "then that's where they will go."

Councillor H G Kipling said the siting of Iscor at Berlin would be advantageous as all the facilities were already available at Berlin.

"If they decide to go to the West Bank, it will take 18 months to two years to get all the facilities ready."

This was obviously referring to the Prime Minister's assurance that the plant would become operative "immediately".

Mr De Lange said Iscor had a man overseas getting professional advice on what sort of plant they will have at East London.

It was at this point that Mr Opperman said that while the council did not want to hold a gun at the head of Iscor, he felt the council should try to persuade Iscor to open their plant at Berlin.

"Couldn't we possibly say we can only accommodate them at Berlin," Mr Opperman asked.

There were loud murmurs from many of the councillors present, obviously expressing their disapproval.

The question of road traffic through the centre of East London was raised and when it was mentioned that the increase in traffic could cause "chaos", the Mayor interjected and asked that councillors refrain from using the word "chaos".

Mr Opperman then tried to continue but was interrupted by Councillor F. Stakemure on a point of order.

Mr Stakemure said the matter had not appeared on the agenda and should be handled at a later stage.

The Mayor ended the discussion with "Whether they go to West Bank or Berlin, we will provide the services."

Mr De Lange said the Prime Minister, Mr Vorster, had given Iscor to East London "and we will accommodate them."

Mr De Lange appealed to the press to not blow up the story and said that what Mr Opperman said was in all good faith — DDR.

# Uranium has R400-m boost for industry

File  
State  
enquiry

Sun Times (P.T.) 1/6/75

By ADAM PAYNE  
A BOOST of about R400-million will be given to the South African engineering and construction industries when the Uranium Enrichment Corporation builds its commercial plant in the Transvaal.

Dr A. J. A. (Ampie) Roux, president of the Atomic Energy Board and chairman of the Uranium Enrichment Corporation, said this in a special interview on the constructional and staffing aspects of the planned plant.

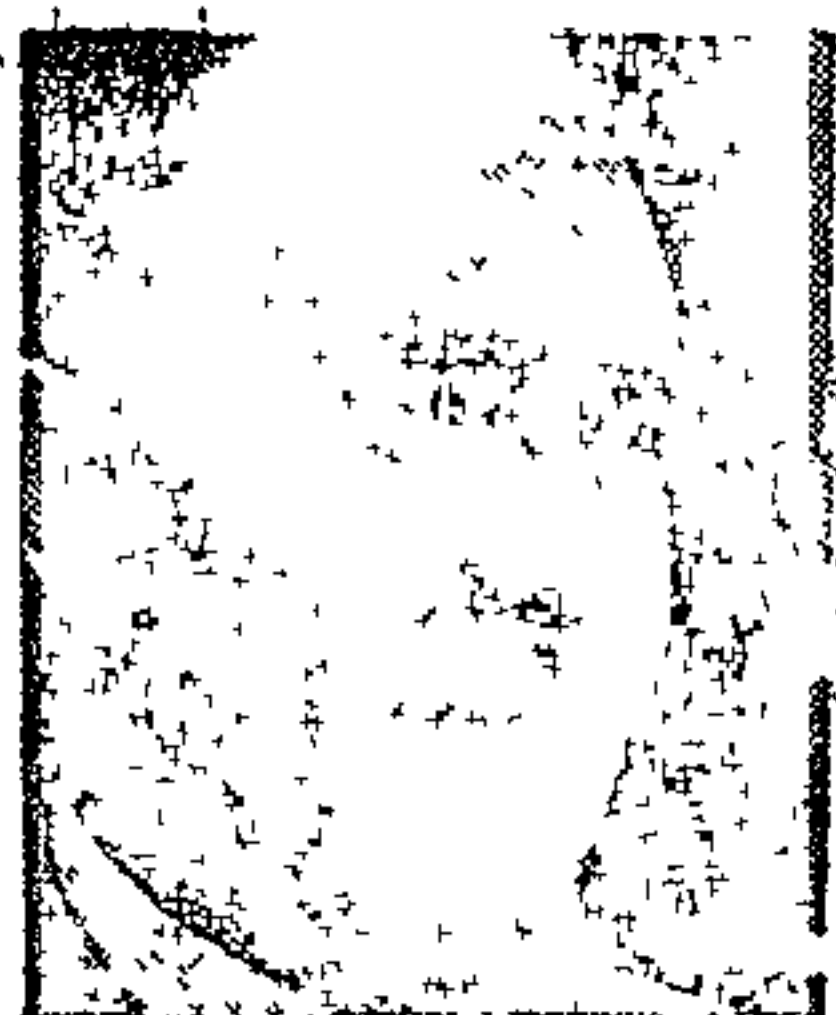
His replies to questions were based on the results of feasibility studies and he said they should not be interpreted as in any way implying that a decision to construct a commercial uranium enrichment plant had been taken.

However, plans for the plant are going ahead and, because of the success of the pilot plant in producing enriched uranium by a South African process, a decision to go ahead with the commercial plant is expected, although Dr Roux did not say so.

Points made in the interview were:

- As the plant will be dependent on low-cost electricity its siting would be in the vicinity of a pit-head coal-fired power station.

- Only a small proportion of the materials needed for manufacture of the equipment here is not locally available



Dr Ampie Roux . . . There's gold in uranium.

- About R400-million — at 1974 money values — will be spent directly on plant and equipment in South Africa over 10 years

Questions and replies in the interview were:

Q: How much of the uranium enrichment plant do you expect will be locally made?

A: It is difficult to give an accurate percentage because tenders will be invited both locally and overseas, but it is estimated that at least 60 per cent will go to local industry.

In addition to having geographic advantages, local industry is in a strong position to compete because it already has experience of the sophisticated manufacture called for in the nuclear field.

This experience has been gained over 14 years,

starting with the building of Safari 1, the Atomic Energy Board's experimental nuclear reactor, and subsequently by involvement in the construction of the pilot uranium enrichment plant at Valindaba, next to Pelindaba, near Pretoria.

A commercial uranium enrichment plant will create an opportunity to follow up this experience on an even larger scale.

Q: Assuming that it is nearly all locally made, what sort of capital expenditure do you expect to incur locally — in very approximate figures? Presumably the heavy engineering, construction industries and Iscor will benefit most?

A: Assuming the 60 per cent figure given in the reply to your first question, an amount of about R400-million will be spent directly on plant and equipment in South Africa over about 10 years. This sum does not take into account the effects of inflation and is expressed in October 1974 money values.

Although heavy engineering and construction will benefit most, other sectors of the engineering industry such as the electrical industry will also benefit directly or indirectly.

Q: I presume construction

# Uranium has R400-m boost

Sunday Times (Bus. Tim)

Continued from Page 1

contracts will be placed with various firms after tenders have been called for. When do you expect the first orders to be placed for plant and equipment?

A: Your assumption is correct. Some orders for equipment needed for the development phase of the commercial plant have already been placed. The first orders for the commercial plant itself will, however, only be placed in 1978.

Q: Will this large, undertaking slow industry

of the pilot African... they could exact in standards.

Q: The commercial plant will... any industry... sumably it... convenient?

equipment... as well as... A: During... stage it will... ent to have... near... material...

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# Uranium has R400-m boost

Sunday Times (Das Times) 1/6/75

Continued from Page 1

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A: Your assumption is correct. Some orders for equipment needed for the development phase of the commercial plant have already been placed. The first orders for the commercial plant itself will, however, only be placed in 1978.

Q: Will this large undertaking slow industry down, or will the orders can cope without difficulty?

A: Experience gained during the construction of the pilot enrichment plant leads us to think that South African industry is fully capable of coping with the project and that it will have a stimulating effect on industry.

Q: Will the materials from which equipment is locally fabricated be imported or are they available locally? Presumably instrumentation will form a large part of the equipment. Will this equipment have to be imported?

A: Only a small proportion of the materials needed for the local manufacture of equipment is not locally available. Instrumentation is technically important but only makes up a minor part of the costs.

It is envisaged that, depending on price, just over half of the instrumentation will be imported.

Q: What sort of employment will the plant provide? Presumably there will be a fair number of highly-qualified scientists. Will they have to be imported? What about the skills, such as welding, employed in building the plant?

A: The plant will be characterised by low labour-intensity. As the plant will not be research-orientated but will be a commercial plant, it will have the normal balance of engineers, scientists and technicians one finds in any modern technically advanced industry.

The pilot plant project was undertaken and executed exclusively by South Africans and while it is not mandatory that the commercial plant should also be manned exclusively by South Africans, it is believed that the necessary qualified manpower will be available in South Africa.

The skills required for the local fabrication of plant and equipment already exist in the country.

During the construction

of the pilot plant, South African welders proved they could equal the most exacting international standards.

Q: The construction of the plant will generate secondary industry activity. Presumably it will be sited conveniently to sources of equipment and materials, as well as power?

A: During the construction stage it would be convenient to have the plant sited near equipment and material supplies.

This is, however, not the economic optimum, since for the whole of the operating life of the plant it will be vitally dependent on low-cost electricity, by siting the plant in the immediate vicinity of a pit-head, coal-fired power station.

Q: Is it correct that large numbers of pressure vessels and kilometres of steel piping with flanges and other fittings will have to be used?

A: Yes.

Q: Are you able to discuss financing of the construction?

A: Although exploratory investigations have shown that financing the plant is unlikely to be a crucial factor, it would be premature to go into details at this time.

Comment: Following the boost to local industry which will be provided by a decision to go ahead with the uranium enrichment commercial plant, the long-term effects would be notable.

The plant will provide an assured market for uranium oxide sold by South African gold mines as a by-product.

The enriched uranium will be sold at two to three times the price of the uranium oxide now being exported.

Foreign earnings should be at least R255-million a year — and presumably more as inflation raises the prices of uranium oxide and enriched uranium.

Provided a decision is taken shortly to go ahead with the commercial plant, it should be in full production by 1986.

Last, but not least, the Atomic Energy Board in its annual report said the winter of uranium oxide over-supply had ended and predicted that demand would continue to rise more steeply.

This augurs well for gold mines with significant uranium oxide production, such as Buffels, Vaal Reefs, Blyvoor, Harmony, Harties and Western Deep Levels.

Future producers on a large scale will include President Brand in a joint scheme with its neighbours, Welkom and President Steyn, West Rand Consolidated, Afrikander Leases and probably Randfontein.

# Sasol boss Rousseau names site of the second oil-from-coal plant

The second Sasol oil-from-coal plant will be built in the Eastern Transvaal highveld 15 kilometres from Evander and Trichardt.

The chairman of Sasol, Dr P. E. Rousseau, announced this last night. The plant will come into commission in 1981.

He said: "When the Minister of Economic Affairs announced on December 5, 1974, that the Cabinet had decided that a second Sasol was to be built he said the exact siting of the plant and the associated town-ship would be decided upon as soon as certain geological studies, which by then were already in progress, had been completed.

## Tribune Reporter

Based on these surveys and taking the long-term requirements for Sasol II of economically mineable coal reserves into account, it has been determined that the most suitable siting of mine shafts would be on the farms Brandspruit and Bosjesspruit or in their immediate vicinity.

"These farms are approximately 15 kilometres from both Evander and Trichardt in a southerly direction.

"The intention is to site the industrial complex on the farms Twistdraal and Goedehoop, to the north

of the mine shafts, where the coal deposits have been partially burnt out as a result of dolerite intrusions and are therefore not economically exploitable.

"The residential area will be laid out on a site about four kilometres to the north of the factory complex.

"With the exception of a few farms, about which negotiations are still being conducted with the owners, Sasol has already acquired options on all the land required for mining, industrial and residential purposes.

"As is normal practice in such cases, Sasol negotiations with individual land owners have been conducted on a confidential basis and we do not intend making public the particulars of individual transactions.

"In accordance with the grazing and agricultural value of the land, the basic price per morgen has varied between R200 and R300. In respect of mineral rights and special improvements, price adjustments have been effected.

"The first houses will be built in the first quarter of 1976. The sinking of shafts for the coal mines will also start in the first quarter of 1976, while preparation of the site for the Sasol II factory will commence towards the middle of 1976.

"Work on the foundations and other civil engineering work should start by April, 1977.

"Commissioning of the Sasol II factory is scheduled for 1981." Sapa

*Public Serv - State Engineer*



# E Transvaal will get second Sasol

*Sunday Times 1/6/75*

**SUNDAY TIMES Reporter and Sapa**

THE SITE for South Africa's second Sasol undertaking will be in the Eastern Transvaal highveld, about 15 km from both Evander and Trichardt, the chairman of Sasol, Dr P. E. Rousseau, announced in Johannesburg yesterday. The plant is scheduled to come into commission in 1987.

Dr Rousseau said:

coal mine shafts would be sited on the farms Brandspruit and Bosjesspruit or in their immediate vicinity.

"The intention is to site the industrial complex on the farms Twistdraai and Goedehoop, to the north of the mine shafts.

"With the exception of a

few farms, about which negotiations are still being conducted with the owners, Sasol has acquired options on all land required for mining, industrial and residential purposes.

"The sinking of shafts for the coal mines and building of the first houses will begin in the first quarter of 1976, and preparation of the site for the Sasol II factory will begin towards the middle of 1976.

Landowners in the area of the Sasol II take-over told the SUNDAY TIMES yesterday they were "unhappy" with the offers of R200 to R300 a morgen.

Mr Paul de Vos, who farms on 250 ha in the Goedehoop area, said that he was dissatisfied with an offer of R265 per ha.

"I had hoped for at least R350 per ha. I intend to fight for my price," he said.

Mr Brian Allen, a member of a syndicate which owns the 856,5 ha farm Allendale in the Goedehoop area, said he considered the offer made to him of R250 per ha was "reasonable".

"The offer was for the land, and the Government is paying out for our farm improvements. The negotiations were amicable."

Mr Carel Cronje, 68, who owns a 85,6 ha farm, Driefontein, said he was "disgusted" with the R35 000 he had been offered.

"When I move, it will cost me that R35 000 to buy a house in Trichardt. I will fight for a decent offer."

Mr H. Kalmeier, owner of Trichardt Property Developments, said: "The property market has gone mad. The biggest demands are for housing, flat buildings and administration buildings for Sasol and the by-product factories."

*File State e paper*

# Village

agog

over <sup>ADM</sup> 2/6/75

# Sasol II

By JOHAN BUYS

WHILE TRICHARDT, the Eastern Transvaal hamlet of 600 inhabitants, is agog over the news that the giant R1 000-million Sasol II plant is to be established in the district, farmers who have to make way for the project are heart-broken.

The secret which has had the country guessing ever since the Sasol II project was announced, was broken at the weekend when Sasol's chairman announced that the multi-million rand project is to be built near Trichardt and Evander.

Sasol bought nearly 5 000 ha for the new project. Farmers in the Trichardt area who have sold their property to Sasol will have to be out by October.

One of the most prominent farmers affected is Mr Hilton Allen, 71. He runs a maize and cattle empire on a 1 074 morgen farm with his two sons, Brian and Graham.

Mr Allen senior said: "My dad came here in 1912 from the ERPM mine. He brought land at £3.126 a morgen.

"I bought the neighbouring farm in 1922 at £8 a morgen. Everyone told me I was mad. But look at the way prices have soared today."

## UNHAPPY

Mr Allen said Sasol offered him R300 a morgen "plus improvements". He added that some farmers in the area were not happy over the prices offered to them.

Another farmer, Mr Henry van Druten, 54, will have to leave after living on his 600 morgen farm for 25 years.

Mr Van Druten said he was not satisfied over the price paid for his land "I expected R500 per morgen but got only R421"

● See Page 3

# New Sasol will go up on highveld farms

THE SITE for South Africa's second Sasol — oil from coal — undertaking will be in the Eastern Transvaal highveld, about 15 km from both Evander and Trichardt, the chairman of Sasol, Dr P. E. Rousseau, announced at the weekend.

The plant is scheduled to come into commission in 1981, Dr Rousseau said in a statement.

"When the Minister of Economic Affairs announced on December 5, 1974, that the Cabinet had decided a second Sasol was to be built, he said that the exact siting of the plant and the associated township would be decided on as soon as certain geological studies, which by then were already in progress, had been completed.

"He said that the complex would be established on coalfields of the Eastern Transvaal highveld, where Sasol had over the

years acquired coal-mining rights.

"Since then geological surveys, including seismographical studies have been conducted over a large area of the Eastern Transvaal highveld.

"Based on these surveys and taking the long-term requirements for Sasol II of economically mineable coal reserves into account, it has been determined that the most suitable siting of mineshafts would be on the farms Brandspruit and Bosjesspruit, or in their immediate vicinity.

"These farms are approximately 15 kilometres from both Evander and Trichardt in a southerly direction.

"The intention is to site the industrial complex on the farms Twistdraai and Goedehoop, to the north of the mineshafts, where the coal deposits have been partially burnt out as a result of dolerite intrusions and are therefore not economically exploitable.

"The residential area

will be laid out on a site about four kilometres to the north of the factory complex.

"With the exception of a few farms, about which negotiations are still being conducted with the owners, Sasol has already acquired options on all the land required for mining, industrial and residential purposes.

"As is normal practice in such cases, Sasol's negotiations with individual landowners have been conducted on a confidential basis, and we do not intend making public the particulars of individual transactions.

"In accordance with the grazing and agricultural value of the land, the basic price per morgen has varied between R200 and R300.

In respect of mineral rights and special improvements, price adjustments have been effected.

"Although the planning required to meet all the needs of the project will be undertaken by Sasol itself in collaboration with the authorities concerned, the intention is to fully involve the private sector in the establishment of the infrastructure as well as in the erection of homes and other buildings.

"The first houses will be built in the first quarter of 1976.

"The sinking of shafts for the coal mines will also start in the first quarter of 1976, while preparation of the site for the Sasol II factory will commence towards the middle of 1976.

"Work on the foundations and other civil engineering work should start by April 1977.

"In the meantime planning and design work for the whole project is being continued without interruption.

"Commission of the Sasol II factory is scheduled for 1981." Dr Rousseau's statement said. — Sapa



# 'Little men' lose in Sasol land rush

STAR 3/6/75

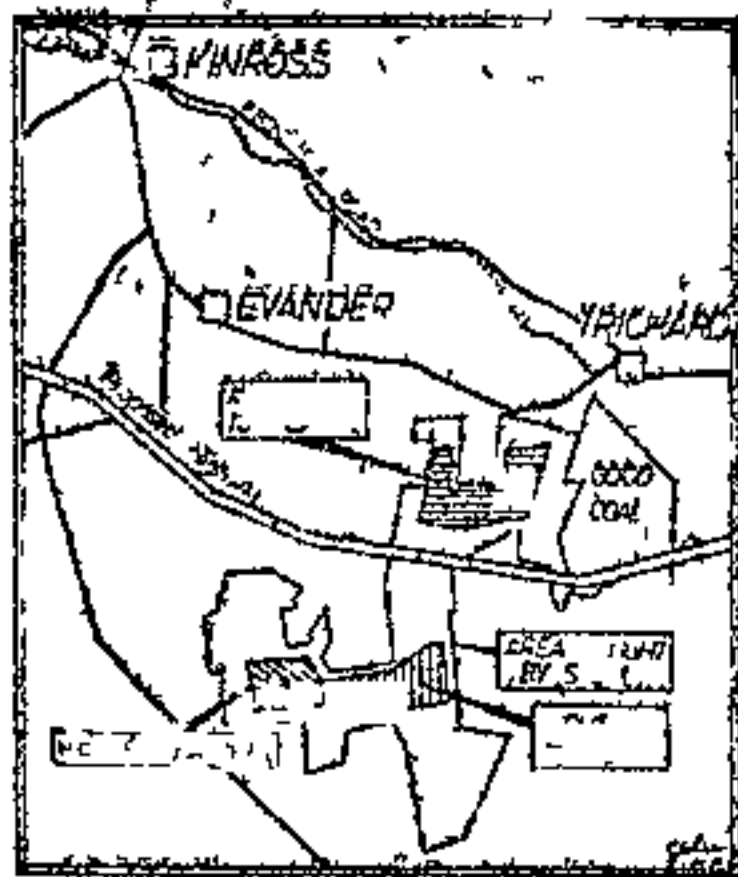
Little men are usually trampled in the juggernaut march of progress. For every winner there must be a loser, as the embittered farmers of Trichardt (population 600) have found in their confrontation with Sasol 2.

In a peremptory announcement Sasol has finally declared its intention of moving into the rich maize lands south of Trichardt and Evander in the Eastern Transvaal, thus ending months of speculation on the siting of the massive oil-from-coal plant.

Farmers in the area were first approached for options on their land at the beginning of May, and although they were offered little more than the current market value most decided to sell.

## Blood and tears

Carl Cronje (68) of the farm Driefontein is one of three still holding out for higher prices against threatened expropriation. Sasol's moguls have offered him R35 000 for his 86 hectares, but he says this is not enough. "I'm not looking for massive profits," he says. "All I'm asking for is the opportunity to replace my land elsewhere so



that I can continue the only life-style I have ever known. I'm an old man now and too long in the tooth for change."

Carl Cronje's forebears came from Voortrekker stock and settled on this land 124 years ago. Since then, generation after generation has lived the simple pastoral life, asking for no charity and taking none.

Pointing to his winter-parched lands, he is pensive and a little bitter. "I know we're being offered at least the market value for our lands, and in that Sasol is being fair. But who is going to pay for the blood, sweat and tears of 124 years labour?"

Mr Cronje's sentiments epitomise the feelings of every other farmer in the district. Nicolaas Claasens, Martiens Lourens, Jan Booyen, Willem Claasens, Koos

Booyen and others all speak in the same embittered tones.

Most gave up their options to Sasol without a fight. They knew their position was hopeless. With Cronje, only Lourens and Claasens held out.

Pointing at the dusty, sleepy hollow of Trichardt, they are understandably bitter. For this little dorp the story has been of speculation on an almost unprecedented scale.

In the last four weeks alone, some property values have appreciated by up to 4 000 percent.

Options of R25 000 have been taken on stands with a municipal valuation of less than R1 000.

Property agents with capital behind them swooped on the Pretoria Deeds Office, dragging up long-forgotten names from dusty registers. Within days, almost 60 sales had been made and average values leapt from R60 000 to R600 000.

General feeling in the town is that in their hectic rush for quick profits, speculators have overpaid and that prices can now only weaken. But a mini-gold rush is on.

Sasol will spend R556 000 in the town in the next four months in a crash building programme which will see a three-storey office block, a block of flats and 15

houses erected inside four months.

Provision is being made for more schoolchildren and new township estates are being proclaimed. Afrox, the big gas company, is showing interest in the town as are other major industries.

## Evander too

The massive townships required to house the new complex's workers will fan far out south-west of Trichardt, towards Charl Cilliers.

The proposed complex, 10 times larger than the present Sasolburg plant, will be immediately south of the new townships. Two coal mines, to be sited still further south on the farms of Brandspruit and Bosjespruit, will feed to Sasol 2 most of the raw material required.

Although Trichardt may have benefited initially the nearby town of Evander (population 8 000 Whites) will have to bear the brunt of the initial infrastructures required.

Land prices in that area have remained comparatively stable in recent weeks, owing to a freeze placed on speculative land dealings by Evander Townships Limited, but all phases of development are being stepped up.

① 260 B  
② 42  
③ 244



DA 4/6/75

# Cool it, Sasol warns Trichardt

STATE ENTERPRISE

By JOHAN BUYS

FOR THE 600 inhabitants of the Eastern Transvaal Highveld hamlet of Trichardt, it was within reach one minute—the pot of gold at the end of the rainbow—and gone the next.

The village, which has been more or less stagnant since its birth in the days of the Voortrekkers, had visions of undreamt of wealth and prosperity with the announcement that the R1 000-million Sasol project would be established on four farms close by.

Land prices rocketed and speculators overran the area for the "kill" in property deals. The village council had urgent meetings to discuss future planning and development to meet the demands the Sasol project would bring with it.

## RETURNED

Trichardt was getting ready for the "boom", and neighbouring towns looked on with envy.

Then the Mayor Mr Jan Schabert and his town clerk, Mr Thys van der Merwe, were summoned to Sasolburg to confer with Sasol's management. They returned to Trichardt, somewhat disheartened.

The message from Sasol was: "Play it cool. Do not rush into grandiose projects. We are doing all our developing for the project ourselves."

"It was made quite clear at Sasolburg on Monday that the whole Sasol complex would be handled by the Sasol people. Do not expect abnormal development, we were told."

Mr Schabert was echoing the warning by Sasol's managing director, Mr Dawid de Villiers, that speculators out for a quick kill in the property market would burn their fingers.

Since the Sasol announcement, property prices have rocketed by 100 per cent.

fered for R500 are now going for R5 000.

"A lot of people are going to burn their fingers," Mr Schabert said.

There will naturally be a quickening of business activity in Trichardt, Mr Schabert said. Construction workers on the Sasol project would come in to town to do their shopping and some would look for housing in the town and nearby Evander.

"But there would not be such a phenomenal development in Trichardt as some had made out.

"There will be a slump in the property world later and business will return to normal again."

Another dream that was shattered at Monday's meeting was that Trichardt might one day merge with the Sasol complex to form one big city.

Mr Schabert said: "We were told amalgamation with the new Sasol town was out of the question. There is a rich coal seam between Trichardt and the farm where the town will be built eventually and Sasol want to exploit this."

"Sasol managing director, Mr De Villiers, told us it would not be wise to build on this seam. So it seems we will have our own towns — with the Sasol town away from us."

## Trichardt — a reluctant boon

ONE THING you don't do in Trichardt, as I found out on Monday, is to suggest that they have all become millionaires overnight.

The locals are not exactly throwing their hats into the air over the second coming of Sasol. They have enough trouble keeping pace with the present cost of living as it is. And all they can see on the horizon are more price hikes coming their way.

Ground has already shot up in value and as more people pour into the tiny town, so the price of every-

short supply.

And if you didn't have any money yesterday, then how can tomorrow's boom benefit you anyway? You didn't have the R300 four years ago to buy a plot in the town to sell today for R5 000. And if you do own a R9 000 house which you can sell now for R30 000, so what?

You still have to have somewhere to live and another house is going to set you back R30 000-plus.

The farmers in the vicinity might be getting good prices for their land. But they are today's millionaires.

after buying other farms.

But the news of the site for Sasol II has certainly put a spotlight on the area and it raises an interesting "Test the Team" question.

Who was the Scottish surveyor who long ago named the towns in the vicinity? And it could only have been a Scot.

Consider. There is Kinross, Leven siding, Leske and Devon. And don't let the "Devon" fool you — it is not named after the county of Devon in England.

It is named after the

But does anybody who it was who those Scottish names here?

Getting back to J... but still speaking of... I wonder if the St... change has any plans to ask the city court change the name of street where they are... ing their new head... ers.

"Holland Street I looks all very nice headline.

But somehow I don't that "Diagonal Firm"



# Bigger STAR 5/6/75 rise for Blacks

Pretoria Bureau

Black steel workers at Iscor's Pretoria, Vanderbijl and Newcastle plants will score considerably more than the Whites in new wage increases.

White workers will get rises of about 10 percent, administrative personnel's pay will go up by an average eight percent — and Black workers' wages will rise by 15 percent.

The pay deal comes into effect immediately and will cost the corporation about R14-million.

It will push the wage bill up to well over R150-million a year.

Negotiations for higher pay for Iscor workers were started six weeks ago between representatives of the corporation and the Steelworkers Union.

The corporation offered steelmen slightly more than what they asked for in an effort to halt the spate of resignations at the three plants.

The resignations have risen to serious proportions and have led to an intensive recruitment campaign overseas.

# Iscor's strip-tease

The State steel giant has far more pressing problems than divesting itself of Metkor to appease the anti-encroachment lobby

One wonders what the permanent committee appointed by Economic Affairs Minister Chris Heunis to study interference and competition from State-owned corporations makes of Dr Tommy Muller's suggestion that Iscor might sell off Metkor

That the committee exists at all is the result of the tremendous agitation against State industry encroachment on private enterprise. Dr Albert Wessels calls it "creeping socialism", making it sound like a loathsome disease (which to a good capitalist it probably is)

Muller's statement at the AHI Congress in Windhoek recently could have been only motivated by his desire to placate, or at least answer, critics who claim that Iscor has wandered too far into its own marketplace, particularly with Metkor

Muller agrees that he doesn't like the criticism "Frankly I'm all for the capitalist system" But, he stresses, the idea of hiving off Metkor isn't new "We in Iscor have been thinking about it for a very long time."

And why not? After all, Metkor is hardly a strong factor in the economics of the Iscor group — though it does make a contribution to earnings (after tax profit for the six months ended December is up to almost R1,4m)

Muller's problem is that he would like to sell Iscor's controlling interest in Metkor as a one off package "It wouldn't be in the interests of public shareholders to start breaking it up," he insists But the current share price of 48c reflects less than half break-up value Selling is hardly an attractive proposition to Iscor

"We'll have to wait for the market to pick up," Muller says wistfully

In fact, the suggestion that Metkor is for sale is little more than an effort to appease the anti-State interference lobby Iscor has far more pressing problems to worry about

For a start the Corporation is still in the red It lost R37m in the last financial year and, in spite of steel price increases in June last year and at the beginning of this year, is still not showing a profit This financial year ends on June 30 and no turnaround is expected

Another steel price increase has been applied for, confirms Muller But this again may be a further instance of too lit-

tle, too late

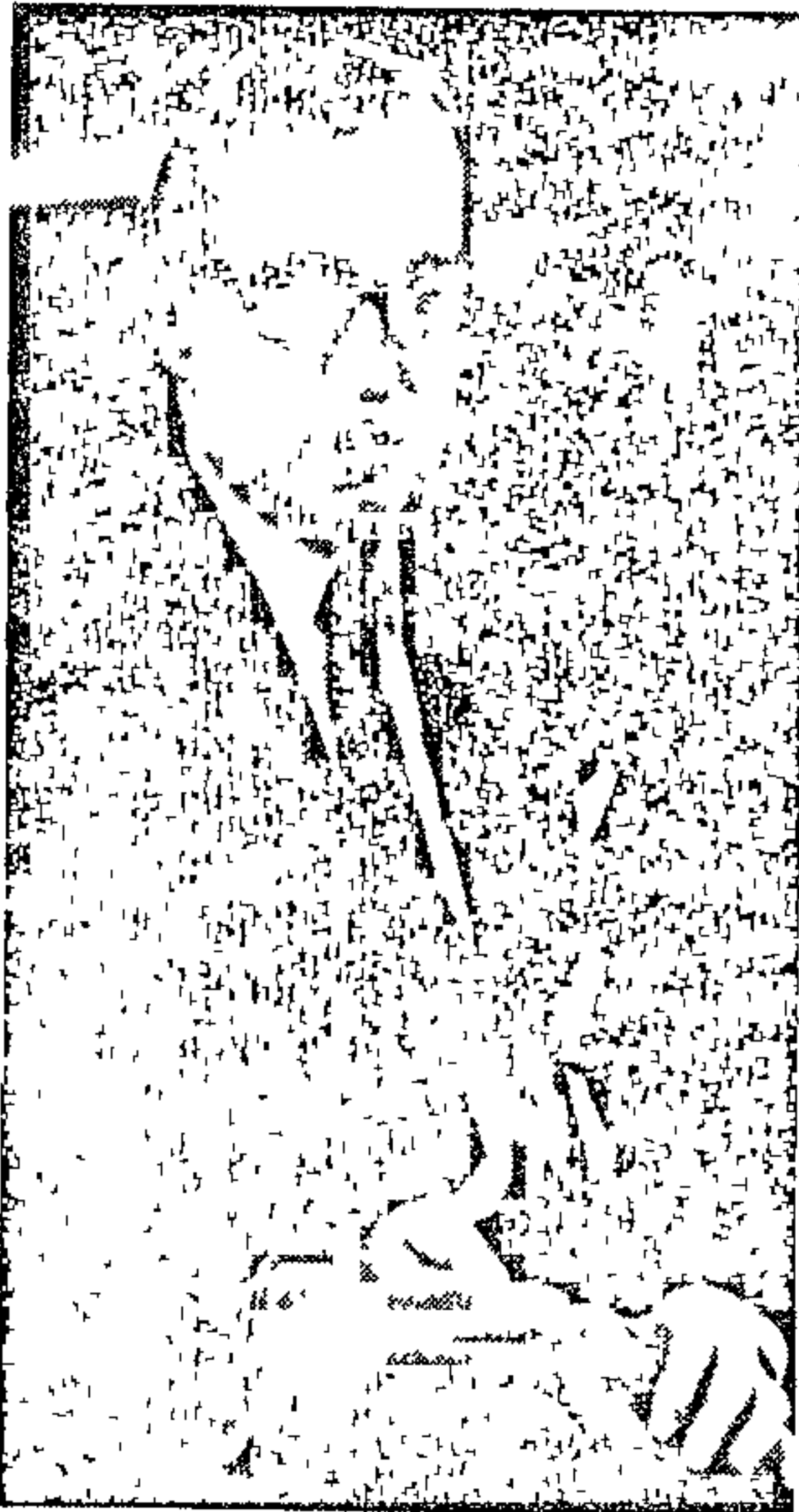
What Iscor must hope for is that government will alter its pricing policy (as the *FM* has constantly suggested), allowing regular price reviews (one suggestion is that steel should be linked to the wholesale price index)

At the moment, Iscor finds itself in the position where the benefits of one hefty price increase are simultaneously eaten away by rising costs

A steel price high enough to enable the Corporation to make a profit would, many argue, do away with the need for government to pour more money into Iscor as it does each year (by increasing its equity holding)

Muller, however, disagrees "I feel we must have both More investment by government, since our gearing is all wrong — our loans are too high compared with equity — and higher prices for our steel, since Iscor must build up its capital reserves."

Iscor's capital expenditure programme



Iscor's Muller .. waiting for better days

to June 1984 is estimated in the last annual report at R3 240m. And many estimates, notably the Sishen-Saldanha scheme, have gone sky-high. Finding money is another major headache

The fact that the Corporation is running at a loss apparently has not adversely affected its position in overseas capital markets (its borrowings are guaranteed by government), but Muller admits: "It certainly is an embarrassment"

Lack of capital is the major stumbling block to the proposed semis plant at Saldanha in partnership with Austria's Voest-Alpine (25,6%), West Germany's Klockner (7,5%), the Dutch and German Estelle group (6,3%) and Italy's Finsider (5%) Iscor's MD Hans Coetzee told the *FM* recently "Long-term finance is just unobtainable"

Major partner Voest-Alpine has voted to invest some \$240m for its share but so far hasn't raised the money. It won't have to, of course, if Austrian Chancellor Bruno Kreisky succeeds in vetoing the State steel producer's plans Muller, however, insists that Voest officials visited Iscor in March and assured him that they would not pull out.

"The semis plant," says Muller, "will go ahead regardless — in due course"

As for the Sishen-Saldanha scheme itself, Iscor's critics should get a lot more ammunition for their guns within the next week or so, when Chris Heunis presents the revised estimates to Parliament. They are considerably up on the original R460m.

It's to be expected, with costs rising as fast as they are But what the anti-Saldanha soldiers will question is the viability of the scheme at the new (and as yet incomplete) price

Iscor has, admittedly, hedged its bets by opening the railway line and the harbour to private enterprise and will no doubt attempt to argue that additional berths and storage facilities at the harbour and additional loops on the rail line (all for private enterprise) are reflected in the increased costs

Iscor will also argue that while costs have been rising so too has the export price of iron ore But to what extent increased export earnings will offset the rising capital costs of the operation is still anyone's guess

On the brighter side, Iscor's trading



position should improve this year as production steps up at Newcastle and Vanderbijlpark. Subsequently, expensive (and port-congesting) imports of steel will diminish rapidly.

But on the whole the Corporation is in for another hard year.

There's its loss position and the vexed question of the steel price, the capital-draining Sishen-Saldanha scheme, the time question over the semis plant, Iscor's capital programme as a whole, and last, but by no means least, its never-ending struggle to get enough good

quality coking coal for its blast furnaces which, an Iscor man revealed recently, "are in danger of choking in their own dust".

Besides these imponderables, the question of how Metkor should be sold off appears an exercise in semantics.

Question .....  
Write on both sides of the paper

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in this  
margin

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in this  
margin

Handwriting practice lines consisting of a solid top line, a dashed middle line, and a solid bottom line, repeated down the page.



# Iscor

STAR

## raises

11/6/75

# R33m

1 State telegram  
21 via London  
2) Cap. 600

PARIS — South Africa's Iron and Steel Industrial Corporation (Iscor) raised 50m dollars (R33m) through a private placement of floating rate notes, Credit Commercial de France has announced as co-manager.

The notes carry a margin of 1½ percent above the six months London Eurodollar rate

Reimbursement can be called for at the option of participating banks after three years. The notes can be held to a maximum of 15 years.

Issued at 98,5 percent, the notes will be reimbursed at 98,6 percent on the third year, rising by annual stages to par if held up to or beyond the 10th year.—Reuter.

# A sizeable problem

Iscon, Anglo, Sanlam . . . muscle power  
under the microscope

F.M 13/6/75

260 B

The newly appointed commission on monopolies is expected to devote much of its attention to the question of economic concentration. It should avoid the Big is Bad fallacy

business, bigness can have advantages and disadvantages. Whether on balance it is in the public interest will depend on what it achieves. That surely must be the central point for the newly appointed monopolies commission to remember as it ponders — as its terms of reference demand that it does — “economic monopolistic power conglomerates”. Precisely what those words mean we do not know. What we do know now is that there need be nothing bad about bigness as such. Only abuse of bigness can be bad.

Having said that let us hasten to add that we are well aware that the state of competition in SA leaves much to be desired and that we welcome the commission's appointment. Free enterprise's right to survive is justified only if free enterprise is competitive enterprise. And the end competition — and not the Controller — is the only effective guarantee consumers have against being taken for a ride. While every businessman publicly stands for competition, privately far too many support it only as far as it is in somebody else's market. The sharp edge of competition, which only guarantees fair prices, but efficiency, technological progress and higher productivity as well, can be blunted in many ways. Among them collusion over prices, market sharing, restricted entry, aggressive competition designed to establish single-seller situations and out-and-out monopolies.

A law differs from that in the US. In America the mere fact of a diminution of competition is sufficient for restorative action, e.g. the breaking up of powerful commercial groupings. In SA competi-

tion not only has to be diminished, but it has to be shown that this is also in each specific case, contrary to the public interest, difficult though this concept is to define.

This is a sound principle and it should apply no less when considering the question of economic concentration. Bigness *per se* is not necessarily against the public interest. Indeed, in a developing country like SA, its advantages can often outweigh any disadvantages. Consider the need for economies of scale on the production line, consider too the desirability of having big business groups when it comes to approaching foreign capital markets for development funds.

Nevertheless it is true that there is a continuing temptation for all those with exceptional economic muscle to use it

improperly. The influence the big battalions wield behind the scenes of a never surfaces into the daylight. It is wrong to imagine that the Iscon, Oppenheimer kind only has conglomerates run by English-speaking tycoons. For every Harry Oppenheimer there is a Louis Wassenaar. For every Donald Gordon there is a Pepler Schultz. For every Frank Dolling there is a John Mavros. For every Punch Barlow there is a Victor Villiers.

Take the entertainment industry. Who controls both major and minor channels against whose decisions no advice of counsel can appeal? Sanlam.

And what about the price leaders like Iscon — a State monopoly? Are we to talk about the political not the power of the IDC?

## STOP THAT PRICE FIXING!

The US magazine *Business Week* last week gave a word of advice to businessmen wishing to avoid charges of price collusion.

*Business Week* suggests you

- Don't agree with your competitors to raise or maintain selling prices.
- Don't co-ordinate discounts, credit terms, or conditions of sale with your competitors.
- Don't talk prices, markups, or cost structure at trade association or other meetings.
- Don't agree with your competitors to rotate low bids on contracts.
- Don't agree with competitors to

uniformly restrict production or to shut down plants in order to keep prices up.

- Don't conspire within your industry to lower prices in order to discourage customers from ordering substitute models or product types.
- Don't force suppliers to have a price cutting competition.
- Don't join with competitors to fix a maximum price or purchase prices from suppliers.
- Don't get in with competitors to buy up addresses of merchants who supply in order to keep prices from coming down.





# Saldanha ready

RDM  
19/7/75

CAPE TOWN — Stocking of iron ore will begin at Saldanha Bay in April, and the first export by Iscor will be shipped from the new harbour in October, 1976, says Iscor's Saldanha-Sishen project general manager, Mr Gert Botha

He says that in spite of construction delays in the development of the scheme, he is confident Iscor will be able to fulfill its initial commitments which stand at R11 million for the period mid-1976 to mid-1977

All export contracts for the scheme have been negotiated with a 10 per cent plus-minus option. The tonnage of ore to be shipped through Saldanha is estimated at 15-million t for 1977 and 18-million t from 1978

Both factors are con-

tributing to the increased costs of the scheme, recently revised upwards to R603-million, including modification of the original design to accommodate other exports

He says that assuming all Sishen exports are channelled through Saldanha, the gross tonnage handled by the port could reach 35-million t in 1978.

He forecasts a potential export capacity for the harbour of 50-million t — embracing all export categories — before the end of the century

Construction delays have necessitated alterations to the harbour development programme and revision of railway line requirements to comply with the decision to operate a multi-purpose facility — Reuter

260 B

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call in department



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Jan Trip 27/7/75

**AMERICAN Central Intelligence Agency spies are suspected of operating in South Africa in an attempt to discover the secrets of the country's unique uranium enrichment process.**

Informal sources close to the Government told me yesterday that South African suspicions were roused when two Americans with PhDs in physics were appointed to "innocent departments" at the US embassy.

The startling information that the CIA is after South African uranium secrets followed Washington reports that South African officials had uncovered strong evidence that the CIA has been sending in agents under false cover — and in numbers never before suspected.

And the disclosures come at an awkward time when South Africa has been forging unofficial links with highly placed American party in the reports of the US NTI will use in Washington.

**By EUGENE HUGO**

Secretary for State Security

It is understood that South Africa has been long and for foreign sources of the uranium enrichment process. The process was announced in 1971 and the world would have known it. South Africa has been able to give the world a glimpse of the enrichment process.

I understand the South African Government has been very keen to discover details of the top-secret uranium process. Soon after the announcement that the process had been discovered, a law was introduced imposing penalties of up to 10 years imprisonment for anyone leaking information.

**Interest**

The Government has made it clear that the uranium enrichment process could earn South Africa a large foreign exchange once the plant reaches full output. West Germany and Japan have shown particular interest in the enrichment process — not on an official basis.

The South African Government has been very keen to discover details of the top-secret uranium process. Soon after the announcement that the process had been discovered, a law was introduced imposing penalties of up to 10 years imprisonment for anyone leaking information.

The Minister of Foreign Affairs, Dr. Hilgard Mulder, said: "I am sorry I can't help you."

**Silence**

It is suspected that at least 12 agents have been identified in an investigation into American official visits to South Africa.

The American Ambassador Mr. William Bowdler could not comment. "I don't know where this information came from, but I don't have any comment at all on stuff like that," he said.

All were "quietly" visited by the report of the State Department, which identified them as "candidates" for recruitment to CIA operations. But none of them can be traced in any official capacity, nor can any explanation be obtained from American officials.

The American Ambassador Mr. William Bowdler could not comment. "I don't know where this information came from, but I don't have any comment at all on stuff like that," he said.

In 1972 Dr. Ted Holmes, American Consul General in Durban, had left South Africa last month on transfer, was named as one of the most senior CIA officials in Africa.

**Posing**

It is the inescapable conclusion that the CIA agents posing temporarily as officials of other Government

A report in London's Daily Telegraph said Mr. Holmes, among his various exploits, initiated the first contacts between the South African Government and President Banda of Malawi. Mr. Holmes, however, denied he had ever

See also POWER



260 B

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# Iscor blast-off early next year

*South African Press*

**EAST LONDON**—Iscor will start building, probably at Berlin, early next year. Initially a warehouse will be built.

This was the message brought by the managing director of Iscor, Mr Hans Coetzee at a civic dinner last night.

"I believe that the rest of this area's development will be guided by the installation we have in mind for East London," Mr Coetzee said.

"I also believe Iscor could manufacture in this area and we will look into this because we have no manpower to spare and if we

could do some of the work that we normally do in the Southern Transvaal it would help to overcome our manpower problems."

Mr Coetzee said that by devoting their valuable manpower hours to East London it showed that the area was in a favoured position.

To Iscor officials inspected a prospective site in Berlin yesterday to seek a suitable site for the Iscor steel distribution centre.

They were Mr Coetzee, Mr Nels Olivier, the divisional general manager for domestic marketing and Advocate M. Naude, legal advisor to Iscor.

The officials inspected about 44ha at Berlin, but said they were disappointed because the land was too uneven.

"We would prefer a much smaller site, say 10ha, which is flat for our warehouse," Mr Coetzee said. "We can always expand to other sites within a kilometre or two, when we need to."

Mr Coetzee said he did not have money to throw about, and what he had, he would rather spend on stocks of steel than on building up uneven ground.

"But we have had a look at Berlin and we will shortly be sending down engineers to see what solution we can come to about Berlin."

"There is some solution and I am sure we can make this a historical day for this whole area," Mr Coetzee said.

The plan of a steel distribution centre for the area is not good news for everyone. In an interview the general manager for marketing, Mr Olivier, said Iscor would not provide steel at the subsidised rate that will make it on a par with the Transvaal, to everyone.

"Our proposed warehouse will be geared to serve the immediate needs of the area in industries such as agriculture and housing."

"Our other objective is to attract secondary industry to the area because you have a large export potential, not only abroad, but also to other South African ports."

Mr Olivier said the Iscor warehouse would only serve new industry.

"Only one or two of your present industries will qualify to draw steel from the proposed warehouse but we will not serve steel dealers."

Mr Olivier said the new warehouse would only serve the East London-Berlin-King William's Town complex, the Ciskei and the Transkei.

Mr Olivier said Iscor would continue to hold the 1200ha of land they have on the West Bank.

"Our immediate and urgent aim is to build the warehouse, probably at Berlin. Our long term aim, which could be ten to 20 years away, could mean an Iscor works on our West Bank land, which stands us in as a good investment," Mr Olivier said.

Replying on behalf of the Sakekammer, Mr F. Maritz said he did not believe that near future would be the influence the Iscor warehouse would have on the area.



① 260 P  
② 185

# Escom raises pay: *STAR 29/7/75* unions unhappy

**Labour Reporter**  
The Electricity Supply Commission will pay most of its workers at least R25 extra from this month.  
But Mr J E Faure, secretary of the Escom unions' joint committee, said  
"These increases do not

fully offset the rise in the cost of living for all employees."  
The increases, which vary for different occupations and pay notches amount to at least R30 a month extra for artisans  
The previous Escom pay adjustments were effective from last January  
Administrative staff are

not included in the new deal.  
"Reaction is generally unfavourable and I doubt whether employees will be satisfied for long," commented Mr Ken du Preez of the Engine Drivers', Firemen's and Operators' Association whose monthly publication announced the new pay rates today.

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200 E

# Cut SAR pipeline

*Review Daily Mail 31/7/75*

## profits, Govt urged

Staff Reporter

### THE GOVERNMENT

is under mounting pressure to surrender part of the massive fuel pipeline profits earned by the railways to lower or at least stabilise the price of petrol.

The Oil Producing Export Countries (Opec) have given notice that when the present price freeze ends at the end of September the prices of crude oil will be raised.

The Prime Minister and the Minister of Economic Affairs have both warned recently of the possibility of another fuel price rise.

Earlier this week the Automobile Association said a further increase in petrol prices could be avoided by using the "exor-

bitant" profits being made by the railways on piped fuel.

During the 1974/75 financial year the excess of revenue over expenditure on the pipeline is expected to be more than R70-million.

The first few months of the present financial year the profits amounted to R21.7-million—R8.5-million in April, R7-million in May and in June R6.2-million.

The Motor Industries Federation (MIF) has also come out strongly against the huge pipeline earnings.

The MIF claimed some time ago that the motorist was subsidising railway freight charges because of the artificially high price of petrol.

The pipeline charge, according to authorities, is about two cents a litre

against an assessed cost of less than a quarter of a cent a litre.

A reduction in the pipeline charges also has the support of big trade unions.

They claim if the Government is sincere in its joint commitment with the private sector to fight inflation then it should not hesitate to lower pipeline charges and avoid another inflationary increase in the price of fuel.



# Private capital

## discouraged

ARGUS  
4/8/8

① 28  
② 252  
③ 260B

THE construction industry is becoming increasingly dependent on public sector spending because inflation and higher interest rates have discouraged private investment in construction, Dr. Zac de Beer, chairman of LTA, says in the annual report.

He says demand fluctuations in the industry are dependent on the short-term fiscal budgeting methods followed in South Africa and suggests that the industry and the public would benefit from more careful long-term planning to utilise the industry's capacity to the full.

LTA had an after-tax profit of R3 916 000 for the nine months ended March compared with R3 170 000 for the previous 12 months.

Highveld Steel and Vanadium Corporation has raised its annual dividend for the year ended June from the previous year's 7.5c to 10c a share on register August 22.

Net taxed profit for the year rose from R9 906 000 to R11 843 000. Deferred taxation amounted to R5 320 000 compared with R1 260 000.

In a joint statement in Johannesburg on Saturday it was announced that Barlow Rand has purchased 253 900 shares in Northern Lime from the Industrial Development Corporation of South Africa (IDC) and its subsidiary companies. The price paid by Barlow was 530 cents a share, ex dividend. The effect of this transaction is that Barlow Rand will hold approximately 30 percent of Northern Lime.

Brendan Ryan

2606

# Huge cut in uranium costs on the cards

By B. AMAN PAYNE 10/1/58  
Mining Engineer

ALL PAPERWORK MUST BE COMPLETED IN ADVANCE OF THE START OF WORK. THE FOLLOWING INFORMATION IS FOR YOUR INFORMATION AND IS NOT TO BE USED FOR ANY OTHER PURPOSE.

Atomic Energy Board scientists at the Central Institute for Metallurgy and Metallurgical Works for Anglo American Corporation and other mining houses are engaged in experiments with technologies which, if successful, will heavily cut down capital and working costs in uranium production. Because these projects are promising, all decisions — for or against — will not be possible until about a year, new plants are being planned and are likely to be launched in the next few years, even if financial planning is well advanced.

Companies that are expected to undertake uranium expansion programmes are Randfontein and Southvaal, both of which have high uranium values in their reefs.

Further new uranium producer will be Arikander Dease in the Klerksdorp area, whose mine will treat uranium primarily and gold as a by-product.

If the experiments on improved processes are successful, not only will extraction be more efficient but capital costs will be about two-thirds of those incurred on conventional filtration systems.

Experiments are taking place on alternative processes, and with different sections of the technology. High-pressure, high-temperature leaching is one aspect of the trials. With this process extraction of more than 80 per cent are expected compared with 70 per cent now accepted on some mines.

Anglo American Corporation's metallurgists did considerable research on these processes 18 years ago and were making good headway when the uranium market slumped and the experiments were discontinued.

Now that the price of uranium oxide has risen from \$6 a lb to \$20 a lb experiments have been resumed among the mining houses.

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# Crawling with an inflationary economy in difficult times

STAR 13/8/76

11/10/76  
306  
260 B

**Question:** How necessary is the current wage policy in South Africa?

**Answer:** The real growth rate in South Africa is expected to be between three and four percent in 1976 compared with seven percent during the past two years. In several European countries, however, the growth rate is either zero or negative.

**How much unemployment is there in the country?**

The unemployment rate of Whites, Asians and Coloureds is 8.4 percent, but there are no reliable figures for Blacks. It would be useful, however, if we did examine methods to determine the extent of Black unemployment.

**During the past few years, government printing and the money supply increased at a rapid rate. Since these trends are highly inflationary, what policy will be pursued in the next year or two?**

Government spending has grown at a slightly higher rate than gross domestic product. It is incorrect to say that an increase in Government spending or the money supply is necessarily inflationary. It depends on whether the economy is running at full capacity or how the spending is financed.

South African economy is now operating below full capacity, so neither Government spending nor the money supply are having an immediate direct effect on inflation.

**But I expect growth to accelerate slowly, so we will certainly have to see that neither Government spending nor the money supply rises rapidly in the next year or two.**

**What is the extent of public sector participation in the economy?**

In 1975, consumption expenditure of the Government amounted to 12.6 percent of gross domestic product, and the gross domestic investment of public authorities to 8.4 percent.

In 1975 the public sector (central Government, provinces, South African Railways, etc) employed about 12 percent of the economically active population.

and are contributing to the inflation. What steps is the Government planning to reconcile the needs of the producer with that of the consumer?

One of the functions of the agricultural control boards is to achieve greater stability in the farming industry, which is subject to great fluctuations, because of the weather and other vicissitudes.

**In 1974 agricultural pro-**

ducts will be affected in some form or other?

Indexing is only a palliative and does not go to the root of inflation. I would not like to see it introduced generally.

If a high inflation rate were to continue for some time, we might have to consider some limited form of indexing. But at this stage I would be very cautious in applying such a policy.

**Could not the Government introduce schemes**

linked to a cost of living index?

The gold price has stood up very well in the face of Russian sales and the United States action. Once the Russian sales are out of the way, I would expect the market to improve.

I doubt whether there will be any agreement on gold at the forthcoming IMF meetings, but I do not think that this will have an adverse effect.

**What are the prospects for South Africa's balance**

*In the midst of a deep world recession, which is still encountering inflation, South Africa's economy continues to be strong.*

*But the country is not without problems. The most notable worry is an inflation rate of 14 percent, which is higher than most European countries and the United States.*

*South Africa's new Minister of Finance, SENATOR OF EN HORWOOD, entered office in an awkward period.*

*Interviewed by Neil Behrmann at the Union Buildings in Pretoria, he answers questions frankly.*

ducers' prices rose by 11.4 percent, which is less than the consumer price index. The Government assists both producer and consumer by subsidising basic foodstuffs. The total amount budgeted for this purpose is R139m.

**Will there be firmer action on inflation during the next 12 months?**

There are signs that the rate of inflation is decreasing. But the position is not satisfactory and the Government is determined to take firm action. The latest Reserve Bank moves to control credit is one of these measures.

Others include efforts to improve productivity and persuasion to restrain increases in prices and wages.

**If the Government finds it difficult to combat inflation because of**

schemes linked to a cost of living index? These bonds would offset the erosion of savings, especially for the "little man."

Cost of living bonds are constantly under review, but no decision has yet been taken.

Inflation also creates inequities in the tax system. More and more money flows to the Treasury as wages and salaries are adjusted to meet inflation. Is it possible that South Africa will follow Canada and index taxation?

It is, of course, true that a progressive income tax produces a more than proportional increase of revenue during inflation. Other taxes — for example customs and excise duties — show an opposite tendency, but I have not heard any suggestions

of payments.

The situation should improve because of a decline in imports and an increase in exports as overseas economies recover next year.

An increase in the gold price is also likely to assist the balance of payments.

**Has capital inflow to South Africa been affected by current events in Southern Africa? If detente is a success how do you envisage a change to the situation?**

Although there is much appreciation abroad for South Africa's policy of detente, current events in other parts of Southern Africa are causing some hesitation among investors in respect of investment in South Africa. If foreign investment, however, is still coming in



# Regering nie alleen te blameer vir 'sluipende sosialisme'

① 47  
② 252  
③ 260B

260B

SACE-RAPPORT  
7/9/75

Dear PROF. R. R. TUSENIUS

**SLUIPENDE SOSIALISME** is 'n wesenlike gevaar in Suid-Afrika. Maar dit is nie regverdig of realisties om die Regering in hierdie verband te kritiseer sonder ook ander aspekte — soos byvoorbeeld (politiek) skadelike magkonsentrasie in die private sektor — tegeter in oënskou te neem nie.

Dit was een van die getrekkings waartoe die eelneemers gekom het wat aanjaar se Verandering- en Beplanning- en Durban en aanstad bygewoon het. Die seminarie is deur Nagraadse Bestuur- of van die Universiteit in Stellenbosch georganiseer.

## Onopsigtelik

Dr. Albert Wessels het sluipe sosialisme gedefinieer as die onopsigtelike proses van staatsindringing in ekonomiese aktiwiteite, nie meer in die beheer en kontrole van die volkshuishouding nie, maar in sy daadwerklike toetreding daartoe en deelname daaraan.

Hy het egter benadruk dat daar gewaak moet word teen algemene veroordeling van die toetreding van die staat tot volkshuishouding. Eerder moet daar 'n duidelike afbakening en erkenning wees van die velde waartoe die staat wel en nie moet streef. Sosialisering kan slegs word nie net uit opdrag van die arbeid nie, maar ook geleidelik uit die hande van die staat om hom te handhaaf byvoorbeeld die lig van 'n stygende internasionale versameling van die werke en nuwerheid, in sy poging om internasionaal meedingende te bly om werkgeleenthede vir die burgers te voorsien en uit ander oorsake oorwegings.

## Min. Horwood

Daar is natuurlik reeds 'n sekere begin in hierdie verband. Senator Horwood is as Minister van Ekonomiese Sake by die opening van die senior van die Nagraadse Beplanning- en Durban skool onder andere getreue. Hy het dit die baie opmerk van die regering gegryp om voortdurend 'n drag om 'n gesonde sake naat in die land te hand-

die gemeenskap as 'n geheel te ontgin (bv. Foskor) of om suiwer strategiese redes (bv. Soekor).

Dr. Wessels het die opinie uitgespreek dat die huidige Minister van Ekonomiese Sake die begrip van vrye mededinging nie net onderskryf nie, maar dat hy bereid is en reeds besig is om stappe te doen om staatsdeelname in die privaatbedryf te beperk.

In verband met die probleem van „wie doen wat” in die volkshuishouding moet daar egter sekere basiese feite in gedagte gehou word. Dit word teenwoordig algemeen aanvaar dat private sakeondernemings in die sisteem van vrye entrepreneurskap nie net 'n verantwoordelike aan hul aandeelhouers het nie maar ook aan hul werknemers, hul kliënte en die samelewing waarin hulle opereer.

Hierdie vier „korporatiewe verantwoordelike” bestaan ook vir staatskorporasies, maar dit kan nie ontken word nie dat die klem in baie gevalle verskillend sal wees — en selfs moet wees. By private besighede moet die nadruk op die winsmotief op die verpligting teenoor hulle aandeelhouers lê, sowel in verband met beslissings waar om te investeer, watter prysbeleid te volg ens ens. By staatskorporasies sal by baie beslissings die nadruk meer op die landsbelang kan en moet lê — sonder om natuurlik die winsmotief uit die oog te verloor.

## Konsentrasie

'n Ander oorweging wat in hierdie verband in gedagte gehou moet word is die feit dat die groot konsentrasie van mag wat teenswoordig in toenemende mate in die private sektor plaasvind, ook 'n gevaar vir die vrye entrepreneurskap inhou. Party (nie sosialiste) sien dit selfs as 'n groter bedreiging as sluipe sosialisme vir die voortbestaan van 'n gesonde, doeltreffende, kompeterende, produktiewe, vrye markmeganisme en vrye ekonomie.

saamstem dat die winsmotief die mees suksesvolle, langtermyn-ekonomiese gangmaker is wat die selfsugtige mensheid nog ontdek het om die gemiddelde welvaart van die massa te verhoog.

Die optimale antwoord op die „wie doen wat” -vraag vereis deurdringende, objektiewe gedagtewisselings tussen al die betrokke partye, nie 'n oppervlakkige dogmatiese antwoord van een enkele belangegroep nie.

Die tema dat dit nie net noodsaaklik is om krities na die staat se aktiwiteite te kyk nie, maar dat die private sektor ook dringend sy hand in eie boesem moet steek, het dwarsdeur die seminarie na vore gekom. Mnr. R. Raymond Ackerman het die bestaan van onwettige prysooreenkomste en die beperking van vrye konkurrensie skerp gekritiseer. Hy sien dit as een van die faktore wat pryse hoër opstoot as wat die geval sou wees indien die markmeganisme werklik vry sou wees.

Mnr. Len Abrahamse het

verwys na die feit dat dwarsdeur die Westerse wêreld sakelui te dikwels die belange van die publiek vergeet het en amper tot elke prys net maksimale winste nagestreef het. Hy sien dit as een van die kapitalisme se groot tekortkomings.

Dr. Sandra van der Merwe het gesê dat verbruikersbewegings die direkte gevolg is van die misleidings en wanpraktyke waaraan party besigheidsmanne hul skuldig maak. Dit laat die publiek krities en selfs negatief teenoor die stelsel van vrye ondernemerskap staan.

## Vaderland

Met al sy tekortkominge bly hierdie stelsel van vrye ondernemerskap nogtans die mees produktiewe sisteem om werkgeleentheid en welvaart te skep in 'n klimaat van redelik persoonlike vryheid. Baie meer so as die alternatiewe wat sosialisme en die Kommunisme bied. Maar dit is o.a. deur mnr. Jan de Necker en dr. Hennie Reynders benadruk dat ons nasionale „koek” baie meer regverdig tussen al die bevolkingsgroepe moet verdeel word, en dr. Wessels sê in hierdie verband:

„Die agitator en die terroris is iemand wat niks het te verloor nie. Die mens bly maar 'n materialis — vaderlandsliefde hou dikwels op by die punt waar jy nie meer 'n

stukkie van die vader sit nie.

„Die kapitalistiese wat private eiendom hoeksteen het, is idskik om hierdie stabiele politieke invloed Afrika uit te oefen ons plig om die van vrye ondernem ook aan ons tuisla oor te dra.”

Die staat is verantwoordelik om 'n land te beheer en om dit wel en sterk te hou. As die omvang van hierdie verantwoordelike in derne gekompliseerde peterende wêreld net groter word nie, is dit om te verwag dat die te en relatiewe rol van die staat ooreenkomstig neem. Dit is dan ook deur die wêreld die n

Wat Suid-Afrika bly reeds die dringende heid genoem dat daalikheid moet kom in met die gebiede van volkshuishouding waa staat wel en nie moet

Wat betref die staatsplanningsmeganisme algemene en sterke tydens die seminarie nie voldoende doeltreffende, veral wat betref keling en koördinasie verskillende departementen en die heping van n. en interdepartemente riteite



Dispatch 11/9/75

# R75m for oil probe

CAPE TOWN — The State-backed Southern Oil Exploration Corporation (Soekor) will spend at least R75 million on an intensified offshore search for oil over the next three years — R25 million more than the amount spent since the offshore probe started in 1967.

This was said yesterday by the managing director of Soekor, Dr P. J. van Zijl. He said two rigs had been contracted to drill a series of wells off the west coast and along the Agulhas Bank.

One rig — the Sedco K — was due to leave the North Sea next week and is expected to arrive on site 40km north-west of St

Helena Bay by mid-December.

The Sedco K will drill three holes in the bay area and one off the mouth of the Olifants River.

Afterwards it would move to the Southern Cape coast to drill holes along the Agulhas Bank between Struisbaai and Cape St Francis.

They would have to wait until mid-1977 for the other rig.

The drilling was being viewed as more optimistic, particularly off the Southern Cape coast.

A strike yielding 50 000 barrels of oil a day would be considered a viable proposition. — SAPA.

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② ~~47~~  
③ 260 B

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2) 260E  
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# The Sasol story

STAR 15/9/75

What is Sasol? Everybody has heard the popular answer — it is South Africa's oil-from-coal complex. But Sasol is several other things as well.

It is the main supplier of basic feedstock to the nation's chemical industry.

It pours vast quantities of gas into the industrial heartland of the Southern Transvaal.

It is the senior partner, with the National Iranian Oil Company and Total, in a major conventional oil refinery.

It plays a major part, through its holding in Soekor, in South Africa's hunt for oil.

It is also one of the most outstanding technical achievements in South Africa since the move away from mealie farming as the basis of the economy.

Sasol has already invested R400m in plants at Sasolburg in the Orange Free State. When Sasol II is completed in the East Transvaal, in 1981, this investment will go up by at least another R1 021m, based on 1974 prices.

For all this, the corporation's activities and the economics of its operations are little known.

Many people believe that it is a strategic, but uneconomic, line of defence against a hostile world — an expensive bid to break away from dependence on imported oil and, eventually, a means of totally substituting coal for oil as South Africa's source of motor fuels.

They are quite wrong. Sasol is the first, and only, profitable oil-from-coal project in the world.

As for commercial policy — this is how Mr D P de Villiers, managing director of Sasol, puts it: "South Africa should so arrange things to remain

an attractive market for the international oil companies. It is entirely wrong to build an oil-from-coal industry that would lead to investments by the oil companies becoming superfluous."

What about Sasol's participation in the search

thinking is confirmed by the steady stream of scientists and engineers from many countries that come to Sasol to learn — and by the fact that Sasol is now acting as consultant to several major gas corporations in the United States.

used by Sasol, and direct hydrogenation.

Both were used in Germany more than 40 years ago. "At that time," says Dr Stander, "it was a matter of opinion as to which was the least economic."

It is a measure of the steady technical progress at Sasol that the corporation was able to maintain its viability during the 20 years from start-up till the oil crisis, although the price of petrol at the plant gate varied hardly a cent and industrial costs soared.

This was achieved by consistently reducing unit costs.

Dramatic events overtook Sasol in 1973. In that year the corporation was warding off pressure to expand production because the international oil price was not high enough. Sasol wanted to wait for a technical breakthrough or an oil price increase.

On October 22 the chairman, Dr P E Rousseau, told the annual general meeting: "Despite all the progress, we are convinced that it would be unwise to rush into new South African oil-from-coal plants."

But, within a week, the oil crisis had struck and Sasol was pushed from doubt into action.

Sasol's deputy general manager, Dr A H Stander, disclosed in London last week that, when the Sasol II plant comes on stream, its products will be only 15 per cent more expensive to make than if oil were discovered off the mouth of the Orange River. Industrial reporter IVAN PHILIP discusses Sasol and its economics.



for oil? Would an oil strike bring the development of Sasol II to a halt?

No, say the men who will build it. Sasol II would go ahead because oil is a wasting asset, because the oil-from-coal technology is too valuable and because diversity is the name of the energy game today.

And there is a more fundamental reason. Accepting one proviso, Sasol II is going to make a 10 per cent return on capital invested.

The proviso is that international oil prices should approximately reflect the general rate of inflation — and that is exactly the condition that the oil-producing countries are pressing for in their negotiations with consumers.

Barring continuing world recession, they seem likely to get their way.

Sasol wants to share the South African market with the oil companies and looks neither for overt nor hidden subsidies.

"We want no favours," is a typical comment. "That would put us out of court in the market."

There is a commitment to operating on a businesslike basis — accepting the "discipline of market forces."

In fact, the corporation is looking outward to

It is tempting to assume that Sasol built up its impressive technical lead by dint of some dramatic technical breakthrough.

In fact, it is more the end product of 20 years of patient effort to improve Sasol's Synthol process.

"We have optimised production rather than made breakthroughs," said deputy general manager, Dr A H Stander.

There are two established processes for the reduction of coal to fuels, chemicals and industrial gas — the Synthol process



# MASSIVE BLAZE BLOW TO NEWCASTLE ISCOR

FIRE destroyed the vital coal and coke conveyors of Newcastle's R700 million Iscor plant this week, interrupting production and wrecking equipment worth hundreds of thousands of rands

Losses in emergency operating expenses and reduced production may total millions of rands in the next three months.

"The coal conveyor system should only take a few days to repair, but the coke conveyors will take

By DEREK TAYLOR  
about two months," said Mr Keith Prinz, Iscor's general manager, yesterday.

"We can keep the coke oven supplied by a combination of trucks and tip-loaders and as we have a certain amount of buffer production our over-all production should be only slightly affected.

The fire broke out at

3am on Friday and within hours furnace-like flame had sucked through the conveyor housings, bringing sections of the giant system crashing to the ground.

Newcastle and Iscor firefighters controlled the blaze by day break.

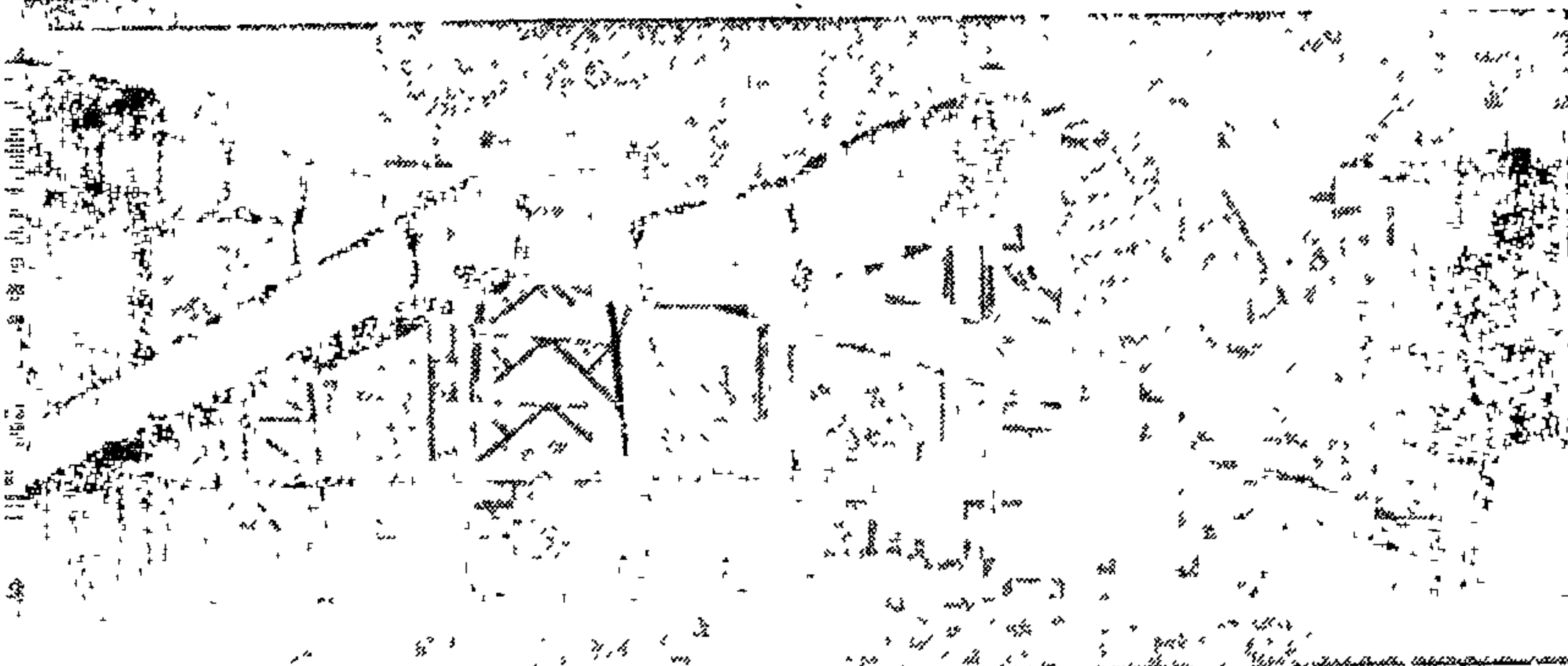
Technicians at first thought that the damage might cripple the R700 million Stage One in the development of Africa's biggest steelworks.

If it had not been possible to improvise fuelling the vast coke plants by truck, one engineer feared they would have collapsed as they lost heat.

More than R500 million has already been poured into the Newcastle Iscor since it was begun in July, 1971. In its final period, R1 million a day has been spent for several months.

Iscor is expected to report another huge loss for the financial year to June when its annual figures are released next month.

Unofficial estimates believe the loss will be close to last year's R37,6 million



This conveyor system crumpled as flames were sucked through the housing

2608

# Devaluation hits State corporations

①/504 ②/2806 ③/47

RDM  
25/9/75

**By GERALD REILLY**

ESTIMATED costs of expansion programmes of the big State corporations, including the South African Railways, Iscor, Sasol and the Post Office have soared since the Government decision this week to devalue the rand by a mass per cent.

It is understood that the first phase of Iscor's 10-year R3 200-million expansion programme, costing about R1 000-million, is nearing completion, and that future plans are being scaled down for a number of reasons.

The decision to go slow on expansion, it was learnt, was taken some time ago. The reasons then were the great difficulty being experienced in recruiting skilled workers to man the Newcastle works and the abandoned plants at Iscor in Potolona and at Vanderlinpark, as well as international monetary uncertainties.

But massive devaluation has further convinced Iscor of the need to extend the time limit for the completion of the 10-year programme.

However, work is expected to continue at normal tempo on the Sishen-Saldanha project.

Eighty-five per cent of the materials and equipment being used in the development of the harbour and the railway line is manufactured locally.

Most of the other 15 per cent has already been imported.

Asked yesterday how Post Office expansion would be affected by devaluation, the Postmaster General, Mr Louis Rive, said the Government had clearly indicated that essential infrastructure development must continue. The current financial year's capital development costs amounted to R213-million, Mr Rive said.

Although the bulk of equipment was manufactured locally, a fair amount still had to be imported. For instance, 75 per cent of switching gear was manufactured locally.

However, although Mr Rive declined to comment, it is clear that it is going to cost the Post Office substantially more since devaluation to achieve its growth targets.

In the 1974-75 financial year SA Railways spent nearly R400-million on purchases. The greater proportion of this amount was spent locally.

The expansion of Railways is regarded as basic to the country's economic growth and it is hardly likely that significant cuts will be made for the 1976-77 financial year.

A Railways headquarters spokesman said the extent of next year's purchases was not yet known but foreign purchases would obviously cost about 20 per cent more.

A Sasol spokesman said imported plant and equipment would now cost more. Most of the estimated cost of the R70-million gasification expansion programme had been spent. However, devaluation would affect purchases which are still to be made.

Asked whether the devaluation would affect the Sasol Two timetable, he said most of the initial construction would be with local materials.

However, the processes to be used at the new plant and the equipment which would have to be purchased abroad had not yet been decided on.

It was impossible, therefore, to say at this stage how devaluation would affect the total expenditure on Sasol Two.



# Bonuskor to trim investment portfolio

① 199  
② 2608

2608

By COLIN CAMPBELL

BONUSKOR is looking at some of its minority investments as a means to raise additional finance. The directors say in their 1975 report.

At June 30, the total market value of these investments was R23 million, approximately one half of which do not have any real strategic value to Bonuskor and can therefore be disposed of freely.

The rate of selling is obviously determined largely by market conditions and expectations, the board adds. The directors are looking for higher profits this year despite the current fluid economic and monetary situation.

Saw milling, an industry in which Bonuskor has substantial investments, has been under pressure for some time.

## Timber

Timber interests managed to achieve "reasonably satisfactory results" last year, but the board warns that if current weak market conditions continue, which are linked to the slump in the building industry and quota restrictions are maintained, profits of the group's timber interests may more or less be halved this year. In the year to June 30, 1975 net earnings rose from 16.6c to 14.8c a share and the dividend was raised from 6c to 7c. The directors defend the 2.8 times dividend cover because of the additional needs of the group and the climate of business conditions.

Net asset value was 181c a share at June 30, compared with 166c a year earlier. This week Bonuskor shares were traded on the JSE at 77c.

# Safmarine, Iscor in joint iron ore venture

ARGUS 2/10/75

201  
1) 260 B  
2) 313  
3) 210  
4) 784

**AN ORE-CARRYING shipping fleet is to be built up by Safmarine and Iscor for the R500-million iron ore project at Saldanha. They have formed a joint company to acquire the first two ships.**

This is disclosed in Safmarine's annual report.

A new 165 000 ton ship, to be named Sishen for bulk ore has been ordered from Japan and is due for delivery in 1977. The 154 000 ton Vanguard, in which Safmarine holds a 50 percent interest, will join Sishen as the nucleus

of South Africa's ore carrying fleet.

The report says the project should result in material savings of foreign exchange as the freight element is large for ore cargoes.

The use of these ships should bring a satisfactory return

## CONTROLLING

Safmarine will be the controlling shareholder for the purpose of taking up certain shipping rights secured by Iscor in its sales contracts.

The directors say the past financial year has been mixed. The bulk division experienced favourable conditions for most of the year, but freight

rates have since declined in line with the present slackness of world demand.

However, there are now signs that rates may become firmer as a result of world agricultural imbalances.

The oil tanker market continues to be severely overtonnaged and many large tankers are being laid up for lack of remunerative employment.

The corporation intends to form a new company to take over the entire operations of three companies, two of which are already subsidiaries — Aero Marine and Manica. The other is Freight Service Holdings.

The new group will be strong financially and able to provide facilities economically. It should be able to compete effectively in the highly competitive fields of ship-agency and related activities.

Taxed profit in the year ended June rose to R20,4-million (R16,2-million) equivalent to earnings a share of 69 (62c)



discussed this very carefully with my colleagues and told them that as long as I was chairman of Iscor we would not trade with the Corporation, nor would we compete with the Iscor group (Amarcor, Samancor etc)."

Finanstrade, in turn, stresses that clauses were incorporated in the general articles of agreement which specifically excluded any possible clash of interests of any member of the directorate. "This is the way these things should be done," say GM John Marais. It protects the directors and the company."

Muller points out that he is not full-time executive chairman of Iscor. "My agreement with the then Minister of Economic Affairs, Louwrens Muller, was that I would devote 50%-60% of my time to Iscor and would be free to devote the rest of my time to my own interests—within certain limits obviously."

Muller's chairmanship lasts for three years and his present term expires at the end of next year. Whether he continues as chairman "is up to the government and myself".

Muller also tells the *FM* he discussed the 25% in Finanstrade with present Minister of Economic Affairs Chris Heunis "who agreed to my proposal".

Muller's statement does clear the air. But it would appear to rule out quite a lot of possible business for the new venture before it even gets off the ground.

"We won't act as principals," Muller adds "We'll be agents mostly. Putting buyers and sellers together, arranging financing and so on."

F.M 10/10/75  
MULLER'S VENTURE

No Iscor clash (260 B)

The disclosure that Iscor Chairman Dr Tommy Muller has taken a personal stake in a venture to trade in metals, minerals and capital goods, among others, has raised a few eyebrows.

Muller holds 25% of a company called Finanstrade (Pty). Other shareholders are Finansbank (50%) and Santam (20%). Finanstrade and France's third-largest bank, Societe Generale, are equal partners in a new trading company, Finexfra (Pty). According to an announcement at the weekend, it will promote two-way trade in metal and minerals; chemicals and associated products; agricultural products and foodstuffs; and capital goods, including patents.

Muller is chairman of both Finanstrade and Finexfra. Other Finanstrade directors are Finansbank's Piet Liebenberg and Johannes Hamman, and Boet Steyn of Santam. They are also on the board of Finexfra, with French directors, H de Clarence de Beveragge, Louis Burnat and JA Sauzier.

What raised eyebrows, and with some justification, is that Muller is chairman of Iscor, chairman of Amcor and a director of Samancor in which Iscor has a 45% stake. These companies are, to put it mildly, also involved in metals and minerals, as well as being large purchasers of capital goods.

Muller, however, states emphatically that there will be no clash of interests. "I

# IDC will have to borrow more

Capital  
(2) 260 B

260 B

Ivan Philip

Reporting a "marked increase" in the demand for its facilities during the year ended June 30 1975, the board of the Industrial Development Corporation pointed out in its annual report today that in future greater use would have to be made of borrowings to supplement its resources.

Financing facilities amounting to R419,2m were authorised by the IDC compared with R284,9m in the previous year.

The year's total was split into R229,6m for general industrial undertakings and R189,7m for financing of the export of capital goods.

Profits, before tax, increased to R21,9m (R17,3m); and this was attributed to substantial increases in interest earned and dividend income. The largest single dividend, of R5,4m, was received from Sasol.

## GROWTH RATE

The report points out that, to achieve the growth rate of seven percent proposed in the Economic Development Programme real fixed investment in the manufacturing sector will have to increase by 10,5 percent a year.

Since the beginning of the year, the report notes, it has become easier to meet capital needs in the manufacturing sector. The declining trend in investment in the sector, and lower prices of production had a moderating effect on the demand for funds.

Another point noted out by the report is the

growing number of applicants looking for larger sums of money. This was put down to cost increases and the fact that the industrial sector was becoming more capital intensive.

If this trend continues, says the report, the IDC will have to borrow more — locally and overseas. Recently, loans amounting to R61m had to be raised overseas, but no difficulty was encountered.

The report notes that, while highly-skilled labour was in short supply, the general labour situation in the manufacturing industry was easier.

Profits in the industry have lost their strong upward trend and the proportion of these profits used for internal financing has shown a significant increase — while the proportion distributed to shareholders has declined.

In fact, over the past 14 years this proportion has declined from 38,7 percent to 28,9 percent.

Turning to the provision of finance for the export of capital goods, the board said that deflationary measures in many countries and the declining profits of world trade had led to curtailment of many overseas capital projects.

But despite international competition, South African exporters had succeeded in collaborating in several joint enterprises, or in "venturing forth" on their own by seeking use of the facilities of the Corporation.

On the other hand, the Corporation has been

increase in activity in the decentralised areas.

IDC chairman, Mr J J Kitshoff, expanding on points raised in the annual report, said that only one ninth of the Corporation's assets were in equities, and its interest was directed towards companies which the Government would not like to see pass into private, perhaps foreign, hands. He quoted Saimarine as a prime example.

## PETROL LEVY

Referring to the massive investment of over R1 000m in Sasol II, Mr Kitshoff said that funds raised through the petrol levy would be channelled through the IDC, but every effort would be made to see that this should not upset the structure of the IDC balance sheet.

In this objective, he said, IDC and Sasol were working in harmony.

In the Corporation's export financing, civil engineering projects had considerable prominence.

Mr Kitshoff said he hoped it would be within the means of the IDC to cope with any expansion of the overseas activities of the civil engineering groups.

## TEJ stocks

### for Burlington

Burlington Teters has bought the local stock division of Trades Edgar Jacobs Buhler and Legia marketing the new stock in Janda.



# Iscor for Berlin — it's official says Mayor

Daily Dispatch 19/7/75

EAST LONDON — Iscor is going to Berlin. This was confirmed yesterday by East London's Mayor, Mr R. L. de Lange, who said the move would mean "a helluva lot to East London."

1 1-111 SECTOR - 6 211 (1975)  
2) 39  
3) 105

"We had long talks with Iscor officials on Thursday and they have agreed to purchase land in Berlin for their planned distribution centre," Mr De Lange said.

"Because of the associated industries, which will be coming with Iscor, this is going to mean a great deal to the area."

"I'm very happy that everything has now been fixed," the Mayor said.

The President of the East London Chamber of Commerce, Mr T. S. Peters, said the move was expected.

"I am a little disappointed that Iscor won't be going to the West Bank, but I also appreciate that Berlin has the infrastructure available for industry and it is better for industry to go to Berlin rather than run the risk of industry not coming at all to the West Bank where there is a lack of facilities."

Mr Peters said the distribution centre planned by Iscor was a magnificent beginning.

"Their scheme is not what we hope will come into effect on the land they own on the West Bank. What we want is a full-scale manufacturing operation, but in the meantime, we should be delighted that they are going ahead with the distribution centre," Mr Peters said.

President of the Border Chamber of Industries, Mr R. A. Rescei said Berlin was a better place for a steel distribution centre than the West Bank.

"The Iscor centre will certainly give Berlin a boost and will be a great help to those who use steel in their manufacturing," Mr Rescei said.

But Iscor headquarters in Pretoria were cagey when phoned yesterday.

The head of public relations, Mr H. S. Jerling, said yesterday Iscor was working hard at a detailed study of the proposed scheme at East London and were still negotiating with the city council and the Department of Commerce.

"We are working like hell on this thing, but we have not even finalised the extent of the scheme," Mr Jerling said.

Iscor has about 2600 ha available to it on the West Bank and city leaders hope the giant steelworks will retain this land to erect a full manufacturing complex — a fourth Iscor — sometime in the future. — DDR

# e steps scor stake

RD 111  
14/6/75

By CHRIS CAIRNCROSS  
Industrial Editor

**THE Government will provide a further R100-million from the loan account in the current financial year to buy more shares in Iscor. This is in addition to the R70-million provided for by the Minister of Finance, Senator Horwood, in his first Budget in March.**

This is shown in the supplementary estimates of expenditure from the loan account for the year to March 31, 1976, which have just been published.

It means that the Government will effectively be subsidising Iscor by R170-million in the current financial year, taking up in return a total of 85-million B shares in the corporation.

To this must be added the value of dividends which should be coming the Government's way this year. It is almost certain the Government will continue the practice adopted in the previous two years of waiving payment.

In Iscor's financial year to June 30, 1974, the figure was R8 800 000. Taking into account the further share acquisitions made by the Government this year, the dividend total is bound to be significantly higher.

*File - Sector -  
Public Enterprise -  
State Enterprise*

## PUZZLING

This further provision from the loan account is not entirely unexpected. Senator Horwood gave notice in his Budget speech that a further substantial amount would be needed later.

The figure of R170-million is not new either.

Dr Tommy Muller, chairman of Iscor, said in his statement for the year to June 30, 1974, that the corporation would receive R170-million contribution from the Government over the financial years 1974-75 and 1975-76. Of this amount R130-million was to be made available in Iscor's current financial year, which ends on June 30.

What is a bit puzzling is why Senator Horwood did not include the total figure of R170-million in the 1975-76 Budget, preferring instead to include only the R70-million.

The quiet way in which the supplementary amount of R100-million has been slipped in, only a little over two months after the Budget, suggests that the authorities are hoping by this strategy to dilute any criticism which might have been coming their way on this issue.



# ONS MOET WALGO

## Staatskorporasies meng te veel in

**OOR die afgelope halwe eeu het die Staat, regstreeks en onregstreeks, stap vir stap algaande dieper en dieper in die private ekonomiese sektor van die volkshuishouding ingedring.**

*Regstreeks het die staat in die private bedryfsektor soos hierna verwys, ingedring*

In 1922 is die Elektrisiteitswet deur die Parlement aangeneem. Hierdie wet maak voorsiening vir die benoeming van 'n Elektrisiteitskommissie wat onder toesig van 'n Elektrisiteitsbeheerraad staan. Dit is die plig van die Kommissie om te sorg vir die opwekking van elektrisiteit vir die verskeidenheid van elektrisiteitsbehoefes van die land en veral vir die koördinerende en sentraliserende van sodanige opwekking. Die wet maak ook voorsiening vir die ontseering van alreeds bestaande opwekkingsondernemings.

Voor die totstandkoming van die Elektrisiteitsvoorsieningskommissie — Evkom — in 1922 was elektrisiteit opgewek deur verskeie en die groter munisipaliteite en op grootskaal deur die Victoria Falls Power Company — VFP — veral vir die myne.

Die opwekking van elektrisiteit deur Evkom, saam met VFP tot dit oorgeneem is in 1945, het van 1928 toeneem van 1,422 miljoen mW uit 'n totaal van 2,300 miljoen mW tot 53,000 miljoen mW uit 'n totaal van 64,800 miljoen mW in 1964. Dit is 82 persent van die elektrisiteit tans deur die Republiek gebruik.

In 1928 is 'n wetsontwerp aanvaar om voorsiening te maak vir die ontwikkeling van 'n yster- en staalnywerheid. Die wet het voorsiening gemaak vir 'n aanvangskapitaal van £3 500 000 bestaande uit £500 000 Staats „A” aandele en £3 000 000 „B” aandele wat aan die algemene publiek aangebied moes word. Die publiek het min belang gestel in die voorgestelde bedryf. Beide die „A” en „B” aandele is toe deur die Staat opgeneem.

Die Yster- en Staalkorporasie — Yskor — is toe opgerig en het in 1934 staal begin produseer. Aanvanklik het Yskor met heftige kompetisie van die staalkartel in Europa te doen gekry. Daar is toe in die Doeanewet voorsiening gemaak vir die heffing van spesiale invoerregte op staal. Dit was bekend as die „CIF”-skema. Hierdeur het Yskor daarin geslaag om kop te hou. Met die

het Yskor die beheer oor 'n aantal ondernemings wat 'n verskeidenheid van produkte uit staal vervaardig. Twee van die grootste van hierdie ondernemings is die Unie-Staalkorporasie, die oudste en tweede grootste staalproduserende onderneming in Suid-Afrika, en Dorman Long Vanderbijl Korporasie, bestaande uit 'n amalgamasie van Dorman Long (Afrika) Beperk en Vanderbijl Ingenieurskorporasie Beperk, seker twee van die grootste op hulle gebied in Afrika. Hulle het op hul beurt geamalgameer met Stewarts en Lloyds, die grootste vervaardigers op die gebied van besproeiingsbenodigdhede.

### Spoorweë

Dan is daar die Sishen-Saldanhaabaai-projek wat nou onderneem word. Hierby kom die ontwikkeling van semi's-werke wat 'n aanvanklike jaarkapasiteit van drie miljoen ton beplan wat uiteindelik moontlik tot 12 miljoen ton verhoog sal word. By hierdie onderneming van Yskor word Voest-Alpine A.G. van Oostenryk bygetrek. Hierdie werke sal voorbloeke, knuppels en platblokke hoofsaaklik vir uitvoer bedoel produseer. Die kapitaalkoste van hierdie semi's-werke word teen huidige pryse beraam op R660 miljoen.

Die hoofdele van die Saldanhaabaai-projek bestaan uit drie ondernemings, naamlik myn, spoor en hawe. Met die totstandkoming van die Unie in 1910 is die spoorweë van die vier kolonies die Kaap, Transvaal, Natal en die Oranje Vrystaat geamalgameer tot 'n eenheidstelsel. In die Grondwet is bepaal dat geen spoorweë sonder die toestemming van die Parlement mag gebou word nie. Daardeur is aan die SA-Spoorweë 'n monopolie gegee. Yskor, 'n staatskorporasie in hoofsaak toegespits op die produksie en verwerking van staal, bou nou ook 'n spoorweg wat deur homself en ook deur ander vervoerders gebruik sal word, soos verneem word. Hoe rym dit? Het staatskorporasies onbeperkte vryheid?

werp, bespoedig en voortgesit word.

Wat sub (b) betref was daar nie alleen 'n oorvleueling met die funksies van die Raad van Handel en Nywerheid nie maar daarby het die NOK geen dwingende magte om dergelike doelstellings te bewerkstellig nie. Alleen die Raad kan die nodige aanpassings bewerkstellig deur veranderinge in die doeanetariefstruktuur aan te bring.

Met sy oorspronklike doelstelling sub (b) het die NOK nie veel vordering gemaak nie, om die rede reeds genoem. In 1942 is die doelstellings van die NOK gewysig deur die toevoeging van 'n nuwe sub (a) wat dit in staat stel om met die goedkeuring van die Goewerneur-generaal enige nywerheids-onderneming op te rig en voort te sit. Die reedsbestaande doelstellings subs (a) en (b) is saamegevoeg tot 'n nuwe sub (b).

Die Korporasie het dit nie moontlik gevind om sy reeds bestaande oogmerke uit te voer nie, om die redes genoem en ook as gevolg van sy gebrek aan kennis en ondervinding. Met die oprigting van nuwe nywerhede was dit

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Gemagtig  
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R 7 784 000  
R151 654 000  
R112 871 000

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FOSKOR  
GRENSNYWERHEDE  
NOK. ALGEMEEN.

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R125 894 000  
R 87 651 000

geensins beter gestel nie. Die Korporasie het weinig of geen kennis aangaande die probleme waarvoor nuwe nywerhede te staan kom, gehad nie. Die Raad van Handel en Nywerheid moes toe die kassatongs uit die vuur haal en vir 'n lang tyd dien as voedsel om die NOK se babas aan die lewe te hou. Dit was veral die geval met die tekstielbedrywe en ook ander.

Die aanvangskapitaal van die NOK was 10 miljoen rand bestaande uit:

• een miljoen aandele van een rand bestempel „A”, en

• nege miljoen gewone aandele bestempel „B”.

Beide aandele is deur die Regering opgeneem. Verder is voorsiening gemaak in die

£17 500 000 „B” aandele van £1 elk. Die aandele is deur die Regering geneem. In die volgende jaar is die aandele weer vermeerder tot by £30 500 000 deur die uitgifte van addisionele „B” aandele van £1 wat ook deur die Regering opgeneem is. Dit was om te voorsien in die oprigting van Sasol. Beide Foskor en Sasol is opgerig onder sub (a) as staatsbeheerde ondernemings.

Oor die volgende twintig jaar is die aandeelkapitaal van NOK van tyd tot tyd verder vermeerder deur die uitgifte van „B” aandele, ook deur die Regering gemagtig en opgeneem, om te voorsien in die steeds toenemende behoeftes van Foskor en Sasol, maar ook van ander bedrywe deur NOK opgerig onder sub 3(a). Die finansiering om te voorsien in die behoeftes van bedrywe opgerig onder 3(a) het aanvanklik die finansiering onder 3 (b) verreweg oortref.

Oor die jare het die NOK se bedrywighede gestrek oor 'n steeds wyeruitbreidende terrein. Behalwe Foskor en Sasol was daar tekstiele, insluitende wol, katoen en kunsvesels, metale, ingenieurs- en masjienwerk, verwerking van landbouprodukte, sagte drankie en gemaakte vrugte, leer en leerprodukte, skeepvaart en lugvaart, konstruksiewerke, hout en hardbord, verwerking van steen, klei en hardeware, drukkerie, en nou ook die kweek van tee. Die finansiering van hierdie bedrywighede kan as volg ingedeel word.

Soos sal blyk uit die voorgaande ontleding het die NOK feitlik in elke afdeling van die nasionale volkshuis van die nasionale volkshuishouding ingedring. As gevolg daarvan was daar ernstige kritiek van die kant van die private sektor oor die onbillike konkurrensie van Staats-

dat vir die dertiening ook die ori ander maai amptenare haas alles moe ge- kleims in

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ondersteunde bedrywe opgerig en gefinansier deur die NOK, wat toegang het tot onbeperkte Staatsfondse.

Die vraag kan baie pertinent gestel word: was daar werklik 'n behoefte aan die stigting van 'n nywerheids-ontwikkelingskorporasie? Hierop gee die NOK self die antwoord. In die jaarverslag van die NOK vir 1953 het die Voorsitter gesê dat weens die inflasie na die oorlog en die volop geld wat toe beskikbaar was, was die aanvraag ná die NOK se hulp minder as wat verwag was. Daarteenoor het die vaste kapitaalbelegging in sekondêre nywerhede in die Unie in dieselfde tydperk met £214 000 tot 335 000 000 vermeerder.

Die oprigting van Foskor het die besorgdheid van die



# TEEN SOSIALISME

... dit nodig om kleins van die ... te kry. Die ... toe in der ... hulle ver- om die orige ... te kry en

**J. NORVAL**, 'n voormalige voor- van die Raad van Handel en Ny- wys in die artikel hiernaas daarop- dat en veral die staatskorporasies- jare die private sektor begin in- In sommige gevalle het die korpo- lfs van eienaardige metodes ge- maak om ondernemings in mede- met die private sektor te stig. Hy- ons weer moet kyk na die sosialis- ons so ongemerk van agter bekrui-

... geslaag ... kappy, die ... maatskan- haas deur die ... Yskor en 'n ... Amkor geregis- ... later is die ... maatskappy tot ... Foskor- ... porasie. Die ... kkeling is toe- geneem.

... Phosphate ... Company ... hulle kleins ... die maatskap- ... gelag het Dr. ... screenkoms met ... 'n gesamentli- ... te rig, het toe ... geval, maar hy ... 000 vir sy ... waar hy hulle ... R176 000 aan ... gebied het.

... kapitaal van ... 1 000 000 waar- ... deur die Re- ... is deur die ... NOK. Verder ... 'n rentevrye ... 476 670 deur ... beskikbaar ge- ... verskillende ... Soos reeds ... totale staats- Foskor uiteinde-

Die vraag kan dus hier weer gestel word waarom moes die Regering deur die NOK die vervaardiging van fosfaat onderneem, daar die African Explosives and Chemical Industries vir meer as dertig jaar kunsmis met

groot welslae vervaardig het teen lae en betreklik kon- stante pryse deurdat die maatskappy ook ploffstowwe vir die myne vervaardig het wat deels die koste van mis- stowwe gedra het?

Dit is verbasend hoe senior staatsamptenare en hoofde van staatsgefinansierde kor- porasies te werk gegaan het om 'n maatskappy wat vir so 'n lang tyd die boeregemeen- skap met kunsmis teen billi- ke pryse voorsien het, te dwarsboom. Dit is nogal ge-

doen deur die oprigting van nog 'n staatsfinansierde kor- porasie, wat hoegenaamd geen ondervinding van die vervaardiging van kunsmis en die benodighede daar- voor gehad het nie. Daarby is 'n hele hoop geld van die belastingbetalers verkwis, deur groot rentevrylenings.

Dit is tog seker van die allergrootste belang dat die private sektor in die Staat vertrou moet hê. Die wyse waarop te werk gegaan is met die oprigting van die Fosfaat- ontginningkorporasie kan nouliks sodanige vertroué wek.

Die tyd het beslis aange- breek dat die bedrywighede van die Yster- en Staalkorpo- rasie en van die Nywerheids- ontwikkelingskorporasie met hulle seekatvertakkinge, wat al hoe dieper in die volks- huishouding indring en beslis inhibities daarop in- werk, deurtastend ondersoek word. Die bedrywighede van die kooperasies kan met voor- deel by so 'n ondersoek byge- trek word. Die rede hiervoor sal duidelik blyk uit die vol- gende paragrawe.

Onregstreeks oefen die Staat ook groot invloed uit op die rigting wat die volkshuis- houding inslaan deur die houvas wat hy op die koope- rasies het. Die kooperatiewe beweging het in Suid-Afrika oor die afgelope vyf en twintig jaar groot afmetinge aan- geneem, nie souseer deur die werking van suwer en onbe- lemmerde ekonomiese kragte nie, maar tot 'n groot mate danksy die bevoorregte be- handeling van die kant van die Staat, soos die vrystelling van inkomstebelasting, uit- neem van lisensies en veral die vasstelling van pryse van 'n verskeidenheid van land- bouprodukte wat nie in ver- band staan met werklike pro- duksiekoste nie.

Die bedrywighede van die kooperasies het as volg toe- geneem

Totale Bates	(1948) R73 364 000	(1974) R1 048 255 000
Omset	(1948) R161 952 000	(1947) R1 913 900 000

Die kooperatiewe beweging het in Suid-Afrika in die laas- te tyd byna ontwikkel tot 'n staat binne 'n staat deur die bevoorregting van die kant van die Staat. Hierdie bevoor- regte behandeling werk ver- lammend in op die landbou- deur 'n oormaat van ekon- miese sekuriteit daargestel van staatswee, wat die landbou-ondernemer beroo van 'n doelgerigte onderne- mingsgees, selfstandigheid en individuele verantwoorde- likheid wat by privaat konkurrerende bedrywe aan getref word.

Suid-Afrika Quo Vadis !!



# Rapport

15/6/75

uitbreek van die Tweede Wêreldoorlog in 1939 het die toestand vir die bedryf oornag verander en Yskor het van krag tot krag gegaan.

Aanvanklik het Yskor 180 000 ton staal per jaar geproduseer. Deur ontwikkeling en uitbreiding is produksie by 1950 tot oor 600 000 ton opgestoot. Daar is toe besluit om 'n tweede geïntegreerde staalwerk in Vanderbijlpark op te rig. Aan die einde van 1960 het die gesamentlike produksie van Pretoria en Vanderbijlpark 1 700 000 ton oortref. Daar is toe oorgegaan tot 'n verdere uitbreiding teen 'n koste van R112 000 000 wat die produksie opgestoot het tot 2 350 000 ton. In 1972 het Yskor besluit op 'n verdere uitbreidingsprogram teen 'n geraamde koste van R540 000 000 wat die produksie sou verhoog met 2 000 000 ton. Daar was toe ook die oprigting van die staalwerke by Newcastle. In 1974 was die totale produksie van vloeiende staal by Pretoria, Vanderbijlpark en Newcastle beraam op 400 000 000 ton.

Deur 'n finansieringsmaatskappy, Metkor Beleggings,

Yskor se operatiewe kapitaal beloop tans R1 344 400 miljoen met die uitsondering van Metkor wat R41 250 000 beloop. Dit gee enigszins 'n idee in watter mate Yskor staatsgefinansierde en beheerde bedryf tot die volkshuishouding ingedring het en met private inisiatief konkurereer — sekerlik nie op 'n billike grondslag nie. Dit is beslis 'n toestand wat ernstige en dringende aandag vereis.

In 1940 is die Nywerheidsontwikkelingskorporasie — NOK — opgerig ingevolge Wet Nr. 22 van daardie jaar. Die oorspronklike doelstelling van die Korporasie was om die finansiering

a) van nuwe nywerhede en nywerheidsondernemings en

b) van skemas vir die uitbreiding, beter organisering, modernisering en meer doeltreffende uitvoering van bestaande nywerhede

te vergemaklik, bevorder, lei, en daardeur behulpsaam te wees met die doel dat die nywerheidsontwikkeling in die Unie ooreenkomstig gesonde handelsbeginsels ont-

oprigtingswet vir die vermeerdering van die aandeelkapitaal na gelang van die behoefte aan groter kapitaalfondse. Dit is veral gedoen deur die uitreiking van meer „B” aandeel. Ook is bepaal dat die „A” aandeel, wat deur die Regering gehou word, altyd 'n meerderheid van een in die totaal van stemme aan hom sou gee. Daardeur is verseker dat die Staat permanente beheer sal hê oor die betrokke bedrywe deur die NOK opgerig in terme van sub (a) van sy nuwe bevoegdhede, behalwe in soverre as wat daarvan afstand deur wetgewing gedoen word.

Tot aan 1951 was die R10 000 000 slegs gedeeltelik opgeneem. Daar was weinig aanvraag vir die steun van die NOK. Vir tien jaar het die NOK met sy duime gesit en speel. In die vyftigerjare het dit die geleentheid gekry om staatsbeheerde bedrywe met behulp van onbeperkte staatsfondse op te rig. Dit het begin met die oprigting van die Fosfaatontwikkelingskorporasie. Die aandeel van die NOK is toe vermeerder van £5 000 000 tot £22 500 000 deur die uitgifte van

kapitaal van die privaat sektor oor die bedrywighede van die NOK seer sekerlik nie verminder nie, veral oor die wyse waarop te werk gegaan is met die oprigting daarvan.

Die dreigende tekort aan fosfaat gedurende maar veral onmiddellik ná die Tweede Wêreldoorlog het daartoe aanleiding gegee dat dr. Merensky, 'n geoloog wat seker meer van die Transvaal se bodemgesteldheid geweet het as enige iemand anders, begin het met 'n intensiewe prospekteringsprogram in die soek na fosfaathoudende rotse in die omgewing van Phalaborwa.

Hy het dan ook daarin geslaag om vas te stel dat daar groot neerslae van fosfaatrotse by Phalaborwa was. Deur 'n maatskappy, Transvaal Ore Company, het hy in besit gekom van 'n groot gedeelte van die kleins vir die ontginning van 'n myn. Die orige kleins was in besit van die Palabora Phosphate and Vermiculite Company.

As gevolg van die kritieke fosfaattoestand het dr. Merensky, as 'n patriotiese gebaar, sy kleins aan die Regering aangebied teen R176 000, wat bereken was om slegs sy prospekteringskoste te dek, hoewel die werklike waarde van die myn in die miljoene beloop het. Die aanbod is deur mnr. Havenga, destyds die Minister van Finansies van die hand gewys. Hy het gevoel dat die Staat nie by so 'n onderneming moes betrek word nie.

Dr. Merensky het toe met sir Ernest Oppenheimer, die voorsitter van African Explosives and Chemical Industries, destyds die grootste vervaardiger van kunsmis in Suid-Afrika, onderhandel vir die oprigting van 'n gesamentlike onderneming vir die verwerking van die fosfate. Hiervoor was Sir Ernest gereed te vinde, maar dit was noodsaaklik vir hierdie bedryf om ook die orige kleins te hê. Hieromtrent was daar skynbaar 'n bietjie getalm.

Inmiddels was verskeie hoogerplaatse amptenare en verteenwoordigers van NOK, Yskor en Amkor — African Metals Corporation — ook koersagtig bedrywig om die kleins van dr. Merensky in hande te kry. Daar is toe gepoog om met hom te onderhandel maar hulle moes vind dat hy alreeds 'n ooreenkoms met sir Ernest Oppenheimer gesluit het. Hulle het egter die snuf in die neus gekry

# 3 problems for Sasol II planners

By JOHAN BUYS

WITH the turning of the first sod in the Giant Sasol II on the Eastern Transvaal highveld only months away, three major problems are facing the oil-from-coal project even before its planners have moved into the area.

They are: inadequate road and rail links to the site between Evander and Trichardt, 144 km from Johannesburg, and the moving of a whole African township.

Construction on Sasol II, the biggest project ever to be tackled in this country, is expected to start between October and January next year and massive loads of equipment and material will have to be transported to the area.

The road linking Evander, Trichardt and the Sasol project with the Reef, source of most of the equipment and material, is in a poor condition from Springs to Leslie.

It would not be able to withstand the weight of

the heavy lorries transporting the equipment between the Reef and the new Sasol site over the next four to five years.

In addition Trichardt is served by a single railway line from Springs, one from Lourenço Marques and one from Durban through Volksrust.

To convey the equipment and material for the new Sasol town and industrial complex that will rise on the virgin Eastern Transvaal soil, marshalling yards or new sidings will have to be built.

These transport problems will have to be sorted out by the time the R100-million project is tackled.

To add to the initial planning problems, the Driefontein African township with its 5800 inhabitants lies in the area where the White town for the Sasol construction workers is to be built.

These African families will have to be resettled elsewhere. The Bantu Affairs Administration Board has bought land in Devon nearby for African housing. It is estimated that the new African township

to accommodate the vast Black labour force for the Sasol project will be second in size only to Soweto.

Meanwhile the demand for housing in Evander and Trichardt has soared. Sasol has taken 160 houses in Evander and options on stands at Trichardt for its new office complex.

Private people are finding it difficult to get housing at Evander since the announcing of the Sasol project.

Sasol planners will initially move into the house of Mr Graham Allen, on the 1074 morgen farm "Goedehoop" it has bought from Mr Hilton Allen and his two sons.

The Evander Town Council which is to provide essential services, has already held meetings to plan for the demand the Sasol project will make on the town.

At Trichardt land prices have soared to such an extent that a stand which was valued at between R250 and R350 was auctioned for R1500. Its owner, Mr J. van Onselen, Town Clerk of Evander, has already received offers of R4000 for it.

RDM 16/6/75

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# NOW SA AIMS TO BE STEEL EXPORTER

JTAR

20/6/75

Fanie Kruger,  
Industrial Editor

Increases in the price of steel varying between 13 percent and 17 percent, averaging 15 percent, were announced today by the Secretary for Industries, Mr P F Theron.

At the same time, the levy on imported steel was increased by R2,90 a ton.

Mr Theron says the South African steel industry has had to import steel at prices as much as 50 percent higher than the locally produced steel.

The average 15 percent rise is understood to be what the industry sought from the Government.

## OUTPUT COSTS

One of the main reasons for the increase is that the Government wants to make South Africa not only self-sufficient, but also to become an exporter of steel when there is an upswing in the economies of the country's trading partners and the present stagnant international steel market revives.

At the same time the production costs of steel producers, the main one being Iscor, have soared.

Wage increases have raised Iscor's wage bill by about R14m while coal prices have put about R35m a year on the full bill.

The financing of the cost of each ton of steel sold has increased by 50 percent to R27 in the past year alone.

A hefty increase in the steel price became inevitable when Iscor dropped heavily into the red in the year ended June 1974 and showed a loss of R37 603 000 compared with a profit of R3 954 000 the previous year.

Despite an increase of about 25 percent in the steel price from June last year, it is expected that Iscor will again suffer substantial losses in the year ending on June 30.

Iscor is busy with multi-million rand expansion schemes, including the Sishen-Saldanha ore export project, the new works at Newcastle, big expansion at Vanderbil and Pretoria.

The corporation is planning even further expansion in the Pretoria area, to keep pace with expected future demand after catching up with the present backlog.

During the past financial year, R504 496 000 was spent on expansions.

The increase on the levy of imported steel by R2,90 a ton is less serious. Imports totalled 531 000 tons in the last financial year.

This was expected to drop to about 196 000 tons in the first half of this year and to 65 000 tons during the second half.

After this South Africa should slowly switch to the position of an exporter of raw steel and semi-processed steel on an expected rising international market.

WANSARD 19

Q. 1191-3  
17 June 1975.

**Second oil-from-coal complex**

344 Mr T ARONSON asked the Minister of Economic Affairs

- (1) What is (a) the area of land required for establishing the second oil-from-coal complex, (b) the estimated cost of acquiring such land and (c) the method of acquisition.
- (2) (a) what stage has been reached with the planning and (b) what is the expected (i) commencement and (ii) completion date of the project,
- (3) what is the estimated cost of (a) the project, including the cost of the land, and (b) providing the land and housing for employees of the project,
- (4) (a) what is the estimated total number of employees to be employed, (b) how many houses will be required for them and (c) where will such houses be situated

**The MINISTER OF ECONOMIC AFFAIRS**

- (1) (a) 4 645 ha have been acquired thus far Detail planning may, however, reveal that additional land is required
- (b) R1 996 000 (mineral rights excluded)
- (c) Private treaty.
- (2) (a) Priorities have been determined for the mining of coal deposits based on completed geological surveys while environmental and soil studies have also been completed This enabled SASOL to determine in broad outline the location of mine shafts, the factory site, industrial township and residential area for Whites and to proceed with detail planning

(b) (i) and (ii) As stated in my reply to the hon member's question No 39 of 14 February 1975, except that the provision of services is now expected to start towards the end of this year

(3) (a) R1 021 million based on 1974 cost levels, excluding capital escalation, working capital, township development and housing

(b) Depending on the mining method which will be followed R106 million including the cost of township development, housing and working capital

(4) (a) 1 860 Whites and 2 250 Blacks—excluding mining personnel—the planning in respect of which could not yet be finalized, because the best mining methods are currently still being investigated

(b) Please see my replies under (3)(b) and (4)(a)

(c) In a White residential township approximately 5 km south-west of Fichardt and 7 km south-east of Ivander The location of non-White housing is currently being investigated in consultation with the authorities concerned

1. 260 B

2. [Signature]



By Desmond Healey

*Sun Tribune 27/6/75*  
IT IS a drop in the ocean compared with what the steel industry needs to keep out of financial hot water and not impose a further burden on the taxpayer through the Government.

That is the immediate reaction from metal industry economists and steel dealers to the announcement that the price of steel has been raised by an average 15 percent with immediate effect — from an average R230 a tonne to an average R264,50 a tonne.

## Insignificant

Neither do the experts expect that the small increase in price will have any significant inflationary repercussions, because it is thinly spread right through the economy and should not lead to dramatic rises in prices of products containing steel.

Included in the price rise, announced by the Secretary for Industries, Mr Philip Theron, in a Government Gazette notice on Friday, is an increase in the steel imports levy from R7,35 a tonne to R10,25 a tonne.

The levy is designed to equalise the price of imported steel with that of locally made steel — many imports cost 50 percent more than the equivalent local product — and it is costing the country a packet.

At the end of the last financial year — to June, 1974 — the deficit on the levy fund reflected in Iscor accounts was R35,7 million.

## Deficit

The deficit, in the wake of 700 000 tonnes of steel imports in the calendar year, now stands at a huge R200 million which is being financed by the Government, because Iscor just does not have the financial resources to sustain such a debt.

This year Iscor expects to have to import 500 000

tonnes of steel products which at a levy of R10,25 a tonne will contribute just more than R5,1 million to the fund.

That means it will take more than 40 years to wipe out the deficit.

Behind the average 15 percent increase in the price of steel is a high tide of mounting costs for the steel makers, a tide which in the last financial year put Iscor more than R37 million in the red.

Isco's current financial year ends on June 30 and the Government postponement of early requests for a steel price increase mean that an even bigger loss will be recorded. It could go up to more than R50 million, despite the additional R37 million which the Government is pumping in through the purchase of shares which do not qualify for dividends at any time.

## Wages

High on the list of steel maker cost increases is wages which at the top end of the scale have been raised by 8,6 percent and at the bottom, covering Black labour, by 15,4 percent.

At the same time the prices of coal, electric power, transport and mining equipment have all risen dramatically to put the Iscor balance sheet in what an economist called an impossible situation.

In boosting the steel price, the Government has varied the percentage increases according to the various different products turned out by the steel mills in an effort to minimise the impact on manufacturing, industry, commerce and the consumer.

For that reason the price of tinsplate, the main material of food cans and allied food packaging, has gone up by no more than 14 percent while the biggest rise is just more than 16 percent on heavy steel plate, used in the shipbuilding and repair and civil engineering and heavy engineering construction and manufacturing industries.

## Impact

That means the impact on the ordinary consumer can probably be absorbed by manufacturers of such products as tin cans, but the costs of major Government infrastructure developments, such as harbours and power stations, will rise fairly sharply.

Although Iscor began invoicing steel deliveries at the new prices as from Friday it is expected to be several weeks before the first effect is reflected in the market and in the meantime the Government is urging restraint in price rises upon manufacturers, including the car builders who have already raised prices by as much as 20 percent this year and warned that further rises are in the offing.

Added together the facts clearly reflect that Iscor no longer could continue to carry the burden of rising costs and the lowest steel price in the world without abandoning its expansion programme designed to make the country self-sufficient in steel products and eventually leave a small surplus for export.

Such expansion is regarded by the Government as being vital to the economic future of the country.

*State enterprise*

*1 1951 19 1 7 0*

Good government, like justice, must not only be done. It must be seen to be done. Yet sadly, its operations are becoming less and less visible.

Not only does this make it difficult to judge performance, it also breeds uncertainty about existing policies and future trends. With more enemies (real or imagined) than most other countries, our rulers are particularly publicity-shy. But don't they sometimes carry secrecy too far, especially in matters affecting business?

Consider the following

○ Government has refused to release details of the Ocean Freight Agreement it negotiated with the SA-Europe Conference Lines. Yet the Agreement (which governs Conference shipping services between SA and Europe, including freight rates) vitally affects most of our trade with Europe.

○ Secrecy often surrounds applications to the Price Controller for price increases and the criteria for granting or refusing them. Normally details are not even made available of products for which price hikes have been refused.

○ Equally tight secrecy surrounds the discussions of the Economic Advisory Council. The chairman has a fit whenever anything leaks out, beyond its carefully edited and long delayed reports. Yet most of the time it considers the most mundane topics and adopts the most unadventurous views one can think of.

○ Senator Horwood threatened last year

# The red tape jungle

F.M. 4/7/75

260 B

Pretoria's decisions are too often clothed in secrecy. More open government won't open our flanks to the enemy -- and it'll do a lot for the Cabinet's popularity rating.

to stifle criticism of public corporations. "I'm responsible for Iscor now", the Minister fumed, "and I'm not prepared to see Iscor's name dragged through the mud by people who are not fit to tie the shoelaces of the members of Iscor's board or its senior management." As soon as it can be done in the next session you will see what is going to be done about this. I am interested in the fact that no unjust accusations will be made against people who cannot defend themselves, ie public servants, Iscor and Iscor's board, and the boards of other public corporations.

Thank goodness nothing has come of Horwood's threats -- yet!

○ Until recently, prospective investors in South West Africa's mineral wealth were not allowed access to government's geo-

logical surveys. An "open file" system was introduced only after colonialists' a Nationalist MP.

○ Government has refused to publish full report of the Commission's investigating the sale of Iscor's plant and

○ It has refused to give full details to mauv Parmene and a question of statistics are readily available. It is not regarded as a matter of public interest.

Admittedly, secrecy sometimes justifies a Minister in answering questions. But to let's see a complete list of most recent questions and answers. There a good example of the "open file" system. In the Interior Department, the Commission for Enquiry into the Affairs of SA" for the House of Representatives.





saying his department's priority programme for capital works is only for internal use? For the Minister of Economic Affairs refusing to give any information on countries which claim to have imposed trade boycotts on SA?

Compared to the House of Commons, where question time is an occasion for lively debate, probing supplementary questions and important policy statements, Tuesday and Friday afternoons in the House of Assembly usually have as much excitement as old ladies' tea parties.

Perhaps government's biggest avoiding tactic when it comes to articulating policy is the appointment of commissions of inquiry and departmental committees (which currently number about 70, excluding permanent committees). Reports, when published at all, are often released so late as to be of minimal public interest.

The Petrick Committee's report on SA's coal resources is a classic example. It has taken five years to complete and, because of translation delays, it will still be several months before it becomes available to the public.

Another long-winded exercise is the recently-appointed Commission on Monopolistic Practices. It's expected to take up to *four years* to do its job. Compare this with the five months needed by US Vice President Rockefeller's committee investigating the Central Intelligence Agency.

Just what bureaucratic dilly-dallying can result in is spotlighted by the Controller and Auditor-General's latest report on the accounts of a statutory body, the Meat Board. His four-page review for the financial year ending Sep-

tember 30 1973 was released only two weeks ago (Companies are obliged to release their final accounts within six months of the year end).

Basic cause of government reticence is that more and more power is being vested in ultra-secretive Cabinet Ministers and ultra-cautious civil servants at the expense of Parliament, the Press and the public.

This trend towards a technocracy is not in itself a bad thing. Indeed, it is largely inevitable in a fast-developing country where neither Parliament nor Jan Burger has the time, skill or inclination to take much interest in the way the country is being run.

Trouble is that in SA, unlike the US and Britain, ministerial and bureaucratic power is not tempered by an appropriate degree of public accountability, whether formal or informal.

Prog leader Colin Eglin says important decisions taken recently by the Cabinet without any reference to Parliament include the desegregation of the SAR's luxury trains, the Nico Malan theatre and the approval of mixed rugby teams. Moreover, Prime Minister Vorster didn't bother to make a single speech in Parliament for the last two-and-a-half months of the session, while the man often regarded as his successor, Information and Interior Minister Connie Mulder, was absent from Cape Town for about one and a-half months.

Unisa's Prof Willem Kleynhans ascribes Parliament's demise partly to the decline of the opposition — both in terms of numbers and quality.

On a more informal level, Presidens have nicknamed Foreign Minister Pildgard Muller "Dr No" because of his con-

sistent "no comment" Civil servants rarely give information when it is specifically asked for and often avoid questions by claiming they are not authorized to speak to the Press or public.

Worst of all, one of the few civil servants who does have authority to answer questions — Joop Steyn — is usually tied up to answer them. Freedom of ministerial private secretaries leaves much to be desired.

There are, of course, exceptions. Among the more forthcoming departments are Agriculture, Education and Sport Planning, the Public Works Office. Those few civil servants who regularly take enquiries, trade unions, the individual business sector. Confidence will erode that confidence is rarely broken.

Indeed, more general public opinion government's actions usually does more good than harm. Take the recently announced anti-inflation programme. Though originally completely confidential document, the Press release was leaked and the government's efforts to keep the public from the truth failed.

The ensuing public outcry undoubtedly contributed to the speedy decision to implement the programme and certainly to the Goodness. The 'leak' of a 'sensitive' document is a good thing.

It's time that politicians, bureaucrats and the Press decided to talk more about the decision-making process. More about how the decisions are arrived at. More about the role of the popular one.

# Iscor to open coal mine

STAR 4/7/75  
Telgus Payne

(260 B)

Iscor is to open a mine to produce high-grade blend coal at Ellisras in the Northern Transvaal. The mine, Grootgeluk, is to start operating in early 1979, and will initially produce 1,8m tons of washed coal a year.

Iscor News, which announced the decision gives no estimate of cost, but the mine, together with the cost of providing infrastructure to this remote area, is likely to be astronomically expensive. Iscor's heavy loans from Europe will probably finance the project.

The break-even point will thus be high, but Iscor must be desperate to ensure future supplies of scarce coking coal, especially with the Motatize

prospect in Mozambique looking a little dubious.

The fraction of good coal in Ellisras is understood to be heavily diluted by much low-grade material. Anglo American and General Mining are also prospecting in the area, but there is no indication that they will begin mining.

Grootgeluk will be mined by open-pit methods to a depth of 85 m. Orders for R5m worth of equipment have been placed — including a drill, excavator, front-end loaders, bulldozers, graders, and a fleet of six 150-ton Terex rear-dump trucks.

These will be used on waste stripping only in 1976 and 1977, before the beneficiation plant is com-

pleted. Iscor will then take over mining.

The plant will have an input rate of 3 000 tons an hour, to produce 300 tons of coking coal and 300 tons of middlings.

Grootgeluk will not make Iscor self-sufficient in coking coal. Last year it had to buy 1,1m tons of coking coal and 2,1m tons of blend coking coal from outside sources.

A second phase at Grootgeluk would double production.

The bushveld village of Ellisras will grow considerably. The mine will employ 350 Whites when producing, and build houses for 300 of them. It will employ 2 000 Blacks and "a reasonable percentage" of key personnel will be permanently housed.



260B

F.M. 11/7/75

Iscor's Pretoria works

st month's steel price  
es are obviously  
iscriminatory in favour  
Iscor. Worse, the  
nciple could conceivably  
adapted for other  
ce-controlled  
ustries

## Steeled for the worst

steel price increase of an average announced on June 20 could prove important for the industry's future first appeared. Close examination of list of increases reveals only Iscor is to gain the full stated 15% average for the private producers — swart, Highveld and Scaw Metals — nearest 12%.

is because Iscor manufactures ally the entire list of products ded in the schedule of increases e range from a minimum of 12% for structural and reinforcing bars to a maximum of 20% for galvanised sheet t output of private producers is contained in the categories of structural reinforcing bars. Thus, whereas Iscor gets the full average increase, others get only a 12% improvement. There's no reason to suspect that this discrimination in favour of Iscor is not fair. Nor that it's necessarily unduly on practical economic grounds.

private producers mostly manufacture the simpler products, where costs have not risen in line with the more complex ones made only by Iscor. Moreover, Iscor is restricted by official policy to meeting domestic demand, and cannot easily boost profits by diverting production to exports. It's also likely to offer an uneconomically wide range of products.

### Why to condemn

helps explain why such a radical pricing practice from the across-the-board to more selective increases has attracted so little comment within the industry. The private producers, without exception, appearing to condemn what they secretly hope is going to be a once-expedient, which will not set a new

Yet such restraint could be shortsighted. There are many good reasons why the price control system should not be used to solve the profitability problems of a particular manufacturer prevented by government policy from operating economically. These are best tackled by other means.

Price differentials in SA steel products arise mainly from historic reasons based on relative production costs and on general market considerations. They also have direct relevance to differentials on the world's steel market. Thus, any policy of discriminating in Iscor's favour through the system of controlled prices could seriously interfere with established price relationships domestically — and with those abroad.

SA steel products have in many cases already lost a substantial proportion of their price advantage over foreign steel owing to the falls caused by world recession. Thanks to the selective nature of this latest review, it now seems possible that the prices of some Iscor products — cold rolled strip, for example — are already in line with, or perhaps even above, current world levels.

What will happen at the next review? Or is this one intended as a one off exercise designed to help Iscor over its current period of rapid expansion to the time when, hopefully, it can make satisfactory profits? Perhaps, though, it's intended to establish a permanent principle which, conceivably, could be adapted for price control structures in other industries.

The June review gives Iscor an average price increase of R25/t of steel produced. Given that production in the financial year ended June 1974 was 4 057 000 t it's thus worth about R100m, compared with a trading loss for the same year of R37,6m. But it's unlikely to put Iscor into the black during a year

when the current expansion programme is expected to reach its peak. So another price hike can be regarded as inevitable.

Anxiety about future pricing is the main point on which available comment has fastened. Says Federated Chambers of Industry director Dr Hennie Reynders: "We must hope such discriminatory pricing does not establish a principle. It can obviously be justified in certain cases. But if in fact, this has been done to favour Iscor, then it doesn't set a good precedent."

### Not unhappy

Scaw Metals MD Eric Dreyer cannot believe there's been deliberate discrimination in favour of Iscor, and stresses that, anyway, Iscor's products — and thus cost structures — are radically different from those of the private producers. Dunswart's chairman Dr Fred Zollner refuses to comment.

Highveld MD Leslie Boyd accepts that Iscor's cost structure is more complicated and thus justifies separate consideration. But he does not believe this kind of approach through the price control system is in the long term interests of the steel industry. Says Boyd: "We are not, however, unhappy with our 12% because it should enable us to maintain our profit margins."

Boyd's comment is given added point by the fact that the profits the private producers are making cannot be regarded as excessive in these inflationary times (*I&M* May 2). Highveld has not yet earned the 25% before tax which it regards as necessary to break even. About 30% of Highveld's profit is, in fact, contributed by vanadium, of which it's the world's largest producer.

Dunswart is better placed with around 30% in 1973 and 1974. Indeed, with its comparatively simple cost structure and

## WHO GETS WHAT

Category of steel	Former manufacturer's maximum selling price per 1 000 kg for factory less import levy R	Manufacturer's new maximum selling price per 1 000 kg for factory less import levy R	Increased %
1 Sections			
(a) Angles and f bars 152.4 united mm and under	137.00	153.50	12.0
(b) Channels and angles over 152.4 united mm	137.00	153.50	12.0
(c) Joists universal beams universal columns and bearing piles	137.00	153.50	12.0
2 Reinforcing bars (including coiled rounds)	137.00	153.50	12.0
3 Black bars (excluding reinforcing bars)			
(a) Rounds 6 mm to under 45 mm diameter (including coiled rounds)	137.00	153.50	12.0
(b) Rounds 45 mm diameter and over	137.00	153.50	12.0
(c) Squares with side up to and including 50 mm	137.00	153.50	12.0
(d) Squares with side over 50 mm up to and including 75 mm	137.00	153.50	12.0
(e) Squares with side over 75 mm	137.00	153.50	12.0
(f) Flats 200 mm to 50 mm wide	143.00	160.00	12.0
(g) Flats over 50 mm wide	143.00	160.00	12.0
(h) Flat bars	143.00	160.00	12.0
(i) Wire rod	140.00	164.00	17.0
4 Rails 10 kg/m and over	135.00	158.00	17.0
5 Plates 4.5 mm and over	141.50	162.00	14.5
6 Hot rolled sheets (coils cut lengths and slit strip in coils)	135.50	156.50	15.5
7 Cold rolled sheets (coils cut lengths and slit strip in coils)	161.00	187.00	16.0
8 Galvanised sheets (coils, cut lengths and slit strip in coils)	183.00	220.00	20.0
9 Galvanised profile sheets (prime material)	197.00	231.50	17.5

Highveld and Dunswart make 1. Scaw Metals make 2. Highveld makes large black bars. Scaw Metals and Dunswart make 3(a) and (c). Highveld make 3(b) (d) (e) and (g). Dunswart makes 3(f). Iscor makes all categories but 9, 8, 7, 6 and 5 are made exclusively by Iscor.

major reliance on scrap, its situation is probably comfortable enough to account for Zoelner's silence about the review.

But the varying extent to which the

private steel producers are affected by this discrimination is not the main point at issue.

The argument is quite simply, whether

a system of price controls, or a general economic policy, is deliberately used to benefit one particular industry, the needs subsiding, the way of doing it is of a kind which does not directly affect other industries.

Both steel and iron ore are produced in a wide range of countries, and the industry is otherwise concentrating production on the highest earners. It could also be permitted to export more and ease world prices, which on average are still higher than in SA.

Finally, the system of controlling steel prices could be abandoned altogether. In fact, the gap between prices here and those ruling on world markets is narrowing, and in some cases may already have closed completely, then there is no obvious need to keep prices artificially depressed.

There never was a good case for subsidising steel users at the expense of the producers, including Iscor. Prices must eventually be allowed to rise to world levels, and the best time to free them could be now, before the expected economic revival starts world levels shooting up again.

But whether or not such radical policy changes are made, it's still important government should not repeat this discrimination against the private steel producers in the next price review, nor apply the principle to other industries.



Public Sector - State Enterprise

ARGUS 17/7/75

# 'Too many' Escom workers

THE use of labour by Escom, particularly in the construction of new power lines, had a great deal of room for improvement. Mr Faan van der Merwe of the Friesland-Koue Bokkeveld Farmers Association, said in Cape Town yesterday.

Speaking at the Boland Agricultural Union congress, Mr van der Merwe gave several examples where an excessive number of workers and machines were used for relatively minor jobs by Escom in his area.

He requested that the authorities concerned give their attention to this matter and also ensure that soil erosion be limited to a minimum where new power lines and roads were constructed by Escom.

He said that in one instance it had cost R1 200 to repair the dongas which developed after roads were constructed.

2605

# French interest in SA mining

ARGUS 17/7/75

DURBAN. — France is interested in the rare minerals and advanced technology to be found in South Africa, a top French politician has said here.

Mr Jean-Philippe Lecat, a former minister of information in the Pompidou Government, is on a three-week tour of South Africa as head of a French Government committee studying the problem of

the world's decreasing supply of raw materials.

'Here you have interesting achievements in technology and there are many materials, such as minerals, that France would like to have,' said the 40-year-old MP.

There is a great opportunity for co-operation between France and South Africa'

## PRESIDENT

He indicated a specific interest in uranium — the mineral which is a by-product from gold mining — and the operation of producing oil from coal at Sasolburg

At the end of the tour, Mr Lecat will meet the Minister of Information, Dr C P. Mulder, and the Minister of Mines, Dr P G J. Koornhof, in Pretoria

During his two-day stay in Durban, he has met the State President, Dr N. Diederichs, and discussed the sugar industry with senior officials. He has also invited Kwa Mashu and the Tongaat Sugar Estate

'I was very impressed with facilities at Tongaat for the different race groups,' said Mr Lecat. 'This problem of relationships between the peoples of South Africa is the subject of very important debate in France.'

On political relationships between the two countries, he would say little, except that French foreign policy was not to interfere with internal problems of other countries, but to continue trying to force closer economic links.



# Steel giants in secret summit

STAR 18/7/75

**First Sishen exports Oct '76**  
STAR 18/7/75

**Ivan Philip**  
In what amounts to a secret summit meeting of some of the world's steel giants held at Pretoria this week, problems connected with the building of a R1 500m steel semis plant at Saldanha Bay were swept away in a mood of optimism.

The talks were held between Iscor, which holds 51 percent of the shares in the venture, the Austrian state-owned steel-makers, Vereinigte Osterreichische Eisen und Stahlwerke (Voest) and unnamed West German and Japanese steel companies.

Overseas participants in the talks have already left for home. Iscor comments: "Everybody is very optimistic that

finance will be found and the scheme will go ahead soon"

The project was originally expected to cost R660m but, by March this year, the cost had escalated to R1 000m and is now quoted at R1 500m

A great part of this increase has been due to rising costs, but it is not known if the most recent estimate includes any expansion of the project itself

Dogged by problems connected with the raising of vast capital sums, the steel semis plant has also been in the political limelight.

In March this year, Chancellor Bruno Kreisky of Austria called for a six-week postponement of Voest's participation in the venture.

Black African states had

threatened economic boycotts against participating countries and a heated row developed in Austria, with the Foreign Minister strongly opposing Austria's involvement.

### TIDE TURNED

But, by April, the tide had turned, partly because the Voest trade unions gave powerful support to the project. This resulted in an official go-ahead from the Austrian Government

In May, the Austrian Trade Commissioner in South Africa, Mr Lothar Puskandl said that there was "no possibility" that Voest would pull out. Their 26 percent stake was, he added, regarded as an absolute minimum.

"It will be one of Austria's biggest undertakings anywhere in the world," he added

CAPE TOWN — Stockpiling of iron ore will begin at Saldanha Bay in April next year and the first exports by Iscor will be shipped from the new harbour in October 1976, Iscor's Saldanha-Sishen project general manager, Mr Gert Botha said today

Despite construction delays he is confident Iscor will be able to fulfil its initial commitments

The tonnage of iron ore to be shipped through Saldanha is estimated at 15m tons for fiscal 1977 and 18m tons for 1978

He said factors contributing to the increased costs of the scheme, recently revised upwards to R603m, included modification of the original design to accommodate other exports

Assuming all Sishen exports are channelled through Saldanha the gross tonnage handled by the port could reach 35m tons in 1978, with a potential export capacity of 50m tons, including all export categories, before the end of the century.

### ADVANCED

Mr Botha said negotiations are well advanced with other parties on multipurpose operations for the railway line. The relevant tariff structure has been calculated but finalisation of arrangements will depend on the future of the St Croix project.

He added that rail-laying on the line is slightly behind schedule at present but it is hoped to increase the tracking rate

Iscor's head of harbour operations Mr J F van der Linde said unforeseen difficulties had forced adaptations but construction delays can be measured in terms of weeks only. — Reuter.

## CAPITAL MARKET

FM 17/10/75  
260B

### Surprise, surprise!

Market sources indicate that the R20m Escom loan was fully subscribed. This good response is surprising as the rates were generally considered to be fine.

To some the success of the government issue was also surprising. Altogether R456m was raised, of which R78m is basically a conversion of two loans which matured at the beginning of October. Moreover, R80m was taken up by the PDC (Public Debt Commissioners). This means about R300m in long- and short-term funds was raised in the private sector.

Of the three loans, R246m was invested in the 25-year issue, R50m in the 10-year issue and R160m in the 3-year issue. What these results do indicate, is firstly that investors are still looking long, and secondly, that if Pretoria is to finance its expenditure in a non-inflationary manner further high-yielding issues should be made next year.

But the immediate question is whether long-term rates have peaked. The Escom issue certainly suggests this.

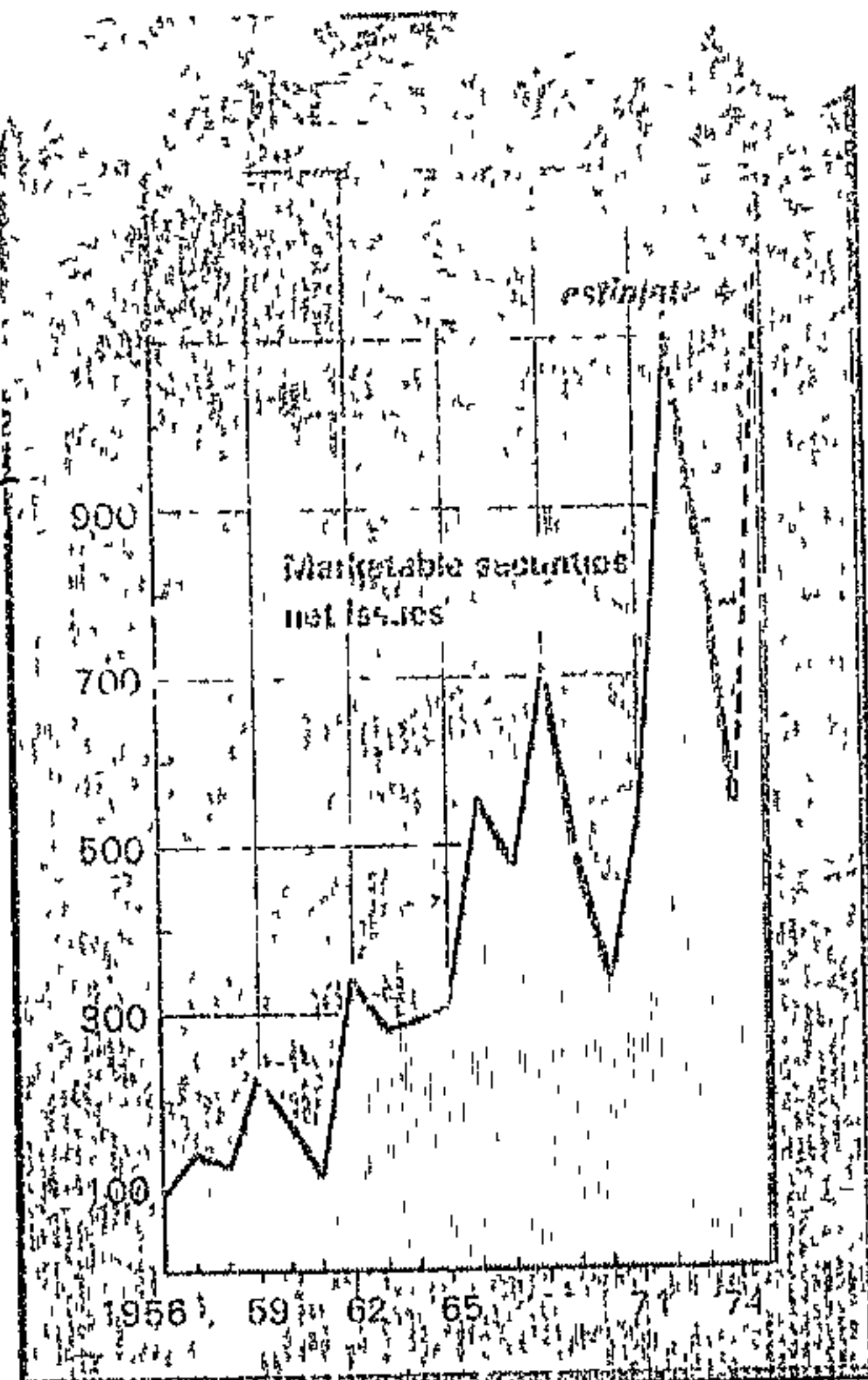
Secondly, a number of local authorities have recently cut back on requirements, thereby reducing demand. Some bankers also expect a spillover from the very liquid money market to the capital market. Finally, Treasury can influence rates downwards if it wants to.

However, a number of contrary factors exist. Demand is still great as the public sector is already committed to large projects. At the FM Investment Conference, Senbank chairman Professor Fred du Plessis, estimated the total demand for funds in 1975 to be a record R1 200m. And the supply seems limited.

The success of the government issue indicates that certain investors have bought forward and built up next year's portfolios with current issues. Borrowers encouraged this development by offering longer draw-down periods than previously. So the demand supply relationship will remain tight.

Du Plessis also mentioned the upward pressure on long-term interest rates from inflation, which will probably be higher in 1976 than in 1975 due to the recent devaluation.

Thirdly, many investors are still on the sidelines waiting for further developments. This very "wait-and-see" attitude will force rates higher as borrowers compete for funds.



Thus the picture in the capital market is far from clear.

In view of the prevalent uncertainty and doubts about future official policy, investors are best advised to follow Du Plessis's suggestion to hold back and "not change course because of temporary changes in the liquidity situation or because of a change in cyclical policy by the government".

If rates are to ease in the short-term, it won't be by much. And if they harden, the waiting will be worth the effort.



260 B

# R23m profit in Sasol's best year

RJM  
21/10/75

① 260 B  
② ENERGY

**SASOLBURG.**—The chairman of the South African coal, oil and gas corporation (Sasol), Dr P. E. Rousseau, announced in Sasol yesterday a consolidated profit after tax of R23 475 000, compared with R17 113 000 in the previous year.

Dr Rousseau, who was delivering his address at the 25th annual meeting of Sasol said these were "the best financial results in the history" of the corporation.

There had been "general satisfactory production performance in oil-from-coal, petrochemicals and the Natref Refinery," he said.

Sales turnover of group products rose to R389-million from R293-million in the previous year.

Dr Rousseau said that gas consumption rose by on "abnormal" 27,3 per cent, mainly as the result of the present low price in relation to other forms of energy — industrial energy consumption in South Africa maintains a 6,2 per cent annual growth rate.

However, price increases to come into force early next year were expected to trim future demand, he said.

Despite erratic production in the initial months of the financial year, crude oil processing in the Natref Refinery for the first time showed a modest profit.

Operation of the naphtha cracking plant during the last year "was uneconomic to the extent that we were barely able to cover depreciation".

Dr Rousseau devoted a considerable part of his address to the Sasol II pro-

ject to be erected near Evander and Trichardt.

Sites for mine shafts had been prepared since last month, he said, and it was intended to start shaft sinking early next year.

Good progress had been made with factory planning, with site preparation to start in the middle of 1976. Work on the foundations and other civil work should start by April 1977.

The rail link between Trichardt and the factory route had been already approved in principle by South African Railways.

Dr Rousseau said that the cost of the mine and factory complex had been estimated at R1 021-million on February 1974 price levels and the estimated completion date was 1981.

"It is still too early to judge the effect of world and South African inflation during a period of eight years on the cost of the projects," he said.

"It is certain, however, that last month's devaluation of the rand will lead inevitably to a considerable increase in the cost" he said — Sapa

SUN. TIMES  
(Bus. Times)

26/10/75

# Iscor needs 1155 apprentices

260 B

SCOR, the largest employer of apprentices in the steel industry, already has 2 883 apprentices learning trades at centres, but it still has vacancies for 1 155 school-leavers to be apprenticed this year.

There are training schemes at all Iscor centres, the largest being at Pretoria Thabazimbe. Five-year apprenticeships are being offered for millwrights and instrument mechanics, and four-year schemes for Youngsters in their first year.

There are 230 apprentices at Newcas electronics mechanics, 90 at Sishen and 10 at Thabazimbe. Standard 7 will suffice for a rigger (three-year apprenticeship) and for a welder. In his second year, a man with standard 10 qualification will earn R189 a month, with a leave bonus of R97 in his third year. The figures in his first year will be R211 a month and second, progressing to R199 a month, plus a leave bonus of R113, in his fourth year. Leave bonuses are on the same scale as above.

For people with technical qualifications, training payments are increased

260 B



(1) 260 B

(2) Energy

# New impetus to oil hunt

**Own Correspondent**  
**CAPE TOWN** — The State-backed Southern Oil Exploration Corporation (SOEKOR) today confirmed that 18 off-shore test holes will be drilled during the next two years between Lambert's Bay, on the west coast, and Port Elizabeth, in a new attempt to find a

South African oil source.  
The drilling programme will cost at least R25-million a year and a North Sea oil rig — Sedco K — is on the way to South Africa, with an American crew. It is not yet known when the rig will arrive.  
The operation will be conducted from Mossel Bay.  
Big deposits of oil-bearing gas were discovered off Plettenberg Bay six years

ago but the hole was sealed up as the gas would provide the pressure to raise oil if a strike was made.  
Sapa reports that "oil fever" has hit Mossel Bay and enthusiasm is high.  
World experts have said that the Plettenberg Bay find was an indication that there was a vast oilfield within 500 km of the gas find.  
It is believed that the gas would provide enough oil and petrol for South Africa for five years but once it was exhausted, the liquid oil would remain untapped forever.  
Dr van Zijl said a strike yielding 50'000 barrels a day would be viable, but a strike next year would not produce oil until after 1980 because of the complex development work necessary.

# Republic shifts its trade pattern

Star Nov 4 '75

260 B

**Tony Koenderman**  
The Industrial Development Corporation has financed some 2 000 projects to the tune of R1 400m in the 35 years since its formation, says the chairman, Mr Jan Kitshoff.

Addressing a high-level economic mission from the West German Federation of Industries which is investigating investment prospects in South Africa, he said total foreign investment here amounted to R7 786m at the end of 1972, and was still rising.

"Last year we had a net capital inflow in all forms of R741m," he said.

Between 1946 and 1975, South Africa's real gross domestic product increased fourfold to R22 382m, or R910 per capita.

Rapid growth in exports to West Germany and North America have been a feature of a significant shift of trade patterns in the last 18 months, says

the chairman of the SA Foreign Trade Organisation, Mr L Lulofs, in his annual report.

The 70 percent rise in South African exports to West Germany last year had been most encouraging, he said, coming at a time of Britain's integration into the European Economic Community and the consequent loss to South Africa of preferential tariffs.

The present weakness of the British economy was encouraging exporters to explore other markets.

Other features were the rising level of exports to some oil producing countries and the growing importance of "second XI" countries — less developed economies like the South African economy, which have a high growth rate.

This group includes Australia, Argentina, Brazil, Finland, Hong Kong, Ireland, Israel, South Korea, Spain and Taiwan



# Plastics outcry over R42 a ton rise in ethylene

Cape Times 8/11/75

(1) 260 B  
~~(2) 246~~  
~~(3) 183~~

**Own Correspondent**  
**JOHANNESBURG** — The increase in the price of ethylene — which went up by R42 a ton this week — has thrown the South African plastics industry into turmoil.

Until Monday, the two major downstreamers — AE&CI and Safripol — were paying about R267 a ton for ethylene, the basic raw material of the plastics industry. When Sasol, the only suppliers of ethylene in South Africa, advised them they would be paying nearly R310 a ton,

there was an immediate outcry.

Mr Francis le Riche, managing director of Sentrachem, of which Safripol is a subsidiary, said that there was no way out, and the industry had to face an increase in the price of ethylene.

"But we are still holding negotiations with Sasol," he said.

Other plastics manufacturers, not direct buyers from Sasol, were more vehement.

"It's iniquitous and scandalous," said one. "Sasol are ruining the plastics industry. People won't be prepared to pay these prices, and are going to turn more to paper and other products to replace plastic."

## NAPHTHA

Sasol produces about 140 000 t of ethylene a year from its two naphtha cracking plants, and its only customers are AE&CI and Safripol.

The naphtha comes from various sources — the oil refineries and some is imported. It is produced exclusively from imported feedstocks.

Sasol is not prepared to disclose how much it pays for naphtha, but says that with the increase in the price it costs it R61 a ton more for ethylene.

"Under the terms of the manifesto, we have passed on only 70 percent of the cost and have absorbed 30 percent ourselves. We have acted responsibly in this matter and have kept well within the bounds of the manifesto."

## SASOL'S PROFIT

Plastics manufacturers say that Sasol made a profit this year of R23 475 000, the biggest in the history of the 25-year-old corporation. They demand that Sasol absorb more than 30 percent of the increased costs necessary under the terms of the manifesto.

But Sasol says the operation of its naphtha cracking plant this year was uneconomic to the extent that it was barely able to cover depreciation.

"If marketing conditions remain unchanged, it will become even more uneconomic to run these plants. We are keeping them going, however, be-

cause one must keep an eye on future prospects and we are confident that marketing conditions will improve."

## VOLUME

With the most modern methods, the volume of ethylene extracted from naphtha can be as high as 30 percent by volume. Sasol says it aims for about 20 percent by volume.

Other by-products from the process are petrol, propylene and butadiene, used in the manufacture of tyres.

Until 1973, ethylene cost about R75 a ton. In January and February last year, with the first of the giant petrol price increases the ethylene price shot up by 380 percent to R287 a ton. In April this year, it dropped by R20 and remained at that price until this week.

## "RELUCTANT"

Presumably AE&CI would also be reluctant to absorb 30 percent of the cost. It is no secret that it makes less than 15 percent on fixed capital, so the manifesto and its regulations do not apply to it.

But AE&CI says "We cannot just put the price up. It has to go to the Price Controller first."

According to AE&CI, there are many facets of the question to be taken into account.

"The most important of these are business and competition, beside other considerations," it says.

But one thing is certain. The consumer will pay more.



Dr Fred Zoellner

# Get Iscor's picture right, says Zoellner

23/11/75

By NIGEL BRUCE

THE TRADING performance of this country's giant Stateowned Iron and Steel Corporation places it among the world's most efficient

steel producers, despite its R35,9-million loss in the year to June 30.

This is the opinion of one of South Africa's top steelmen, Dunswart's chairman Dr Fred Zoellner, who puts up a spirited defence of the corporation, whose profits were swamped by heavy loan finance charges.

Dr Zoellner makes the following points: The corporation's genuine gross trading profit is more than 20 per cent of its turnover, which is high by international standards. Gross trading profit was R134,4-million (against R70,3-million in the previous year) which is 22,3 per cent of the R601,9-million turnover (against 15,7 per cent of R444,8-million).

The corporation's performance is all the more remarkable because large amounts of essential plant have not yet been commissioned. In particular, the new Newcastle steel works were only 50 per cent operational during the year. The last 100 of 200 coke ovens have still to be commissioned as well as a big blast furnace.

As more of these production units are commissioned and provided, the Government continues to adopt a flexible policy towards the controlled steel price — which was increased by 15 per cent in June — so the trading profit should continue to improve, he says.

Moreover, Dr Zoellner points out that the R87,9-million paid out in finance charges must be seen in relation to the very definite need to increase productive capacity.

He is adamant that the financing of the massive Saldanha Bay scheme should not have been allowed to burden Iscor's results, as it has nothing to do with the corporation's present operations.

The manner in which this undertaking is being financed has contributed significantly to Iscor's 67 per cent debt ratio (loan capital as a percentage of total net assets), which when seen against tested international standards, is dangerously high.

This is particularly so because of the nature of the funding, which is predominantly through revolving bank credits — the interest rate on which is subject to periodic adjustment and which contain war or escape clauses for the banks.

Had a new company been floated for the Saldanha undertaking, public subscription could have been invited, which would most likely have provided a far more secure capital base.

Dr Zoellner makes the point too that Iscor should consider seriously liquidating its non-steel manufacturing investments, the value of which at cost increased to R226-million from R178-million over the year.

This capital could be more productively employed if it were applied to the redemption of the corporation's indebtedness, he believes.

Moreover, like the floating of a separate Saldanha company, this would demonstrate the Government's avowed determination to check the trend towards State encroachment into traditional fields of private enterprise.

1 189  
2 2606  
3 43



# R33m Eurobond is planned for Iscor

24/11/75

260B

BRUSSELS — The first Eurobond for four years to be denominated in European currency units is being planned for the South African Iron and Steel Corporation.

The issue, of 30 ECUs for five years, is expected to carry a 9.25 percent coupon

The amount is roughly equal to the 100m Deutschmark (R33m) issue which Iscor had hoped to make towards the end of this year, to complete its

financing programme, but which has been delayed by the closure of the German market

The European currency unit is based on the six EEC currencies which formed the original joint European float, or currency snake. Its value is fixed at the time of the issue of the bonds, and remains fixed for the duration of the loan

The issue will be guaranteed by the Republic of South Africa. — Reuter

28/11/75

2603

## State spending cuts won't hit Iscor project

### Business Reporter

Iscor's planned steel semis plant at Saldanha Bay will not be affected by cuts in Government expenditure next year, says the Minister of Mines, Dr Piet Koornhof.

"We shall reduce spending, but not investment in the infrastructure and essential industries," Dr Koornhof said in an interview in Durban.

Because the project is vital to the future export performance of the country, Government will provide necessary finance, though no deadline has been set for the provision of cash aid to Iscor yet.

### R1 500M COST

Estimated cost of the project is R1.500m, more than double the original R650m estimate made when the agreement in principle to build it was reached two years ago.

Iscor will hold 51 percent of the equity, Voest of Austria 23 percent, and the 26 percent balance will be divided between West German, Dutch, United States and Japanese interests.

The plant will produce 3m tons a year of semi-

finished steel products — billets and slabs — for export, earning some R350m a year in foreign exchange.

However, if 40 percent of the coking coal required has to be imported, net earnings could be down to about R300m.

Dr Koornhof is generally optimistic about the economic future, despite the ever-present bogey of inflation, because there are firm signs of renewed business confidence in the private sector.

The Government's aim is to bring down the rate of inflation to around 10

percent next year and Dr Koornhof claims it will succeed.

Then, he said, the economy will begin to expand rapidly towards the end of next year, major projects will be launched and "South Africa is in for a boom such as has never been seen before."

It is for that reason that infrastructure spending is not to be curtailed. The Government intends that it should be much stronger by the end of next year and better able to cope with the demands a boom will make upon it.



- 1 267- Twl
- 2 Energy
- 3 (260 B)

# Council to take over STAR 1/18/75 from Escom

The Johannesburg City Council intends taking over Escom's electricity supply network in the developing southern areas of the city at a cost of about R500 000

Townships involved in the planned takeover are Kibler Park, Mayfield and

its proposed extensions, the proposed council townships at Liefde, en Vrede and Rietvlei, Rispaik Agricultural Holdings, Patlynn Agricultural Holdings and the proposed Klipriviersoog Industrial Township

The council has agreed to apply to the Electricity Control Board for the extension of its supply network into these areas.

Escom has agreed in principle to the proposed transfer, subject to the council buying the reticulation assets Escom has also stipulated existing consumers in the area must consent to the takeover

## TRANSFER

The council will have to advertise the transfer and the board will consider objections from the public.

It is the council's policy to take over the electricity network in the whole of Johannesburg to ensure uniform tariffs

It will continue to purchase electricity from Escom. The use of Escom power in the city is growing as the council's own generating capacity is pegged by Government policy. Only Escom can build new generating plants

# Dual rates jolt from Escom

Monday 10/12/75

1. Long  
2. (260 B)

JOHANNESBURG—Escom's electricity rates would be increased by about 15 percent from April next year and would be further increased by about 13 percent from September, 1976, the Electricity Supply Commission said in a statement here yesterday.

Escom said an increase in electricity costs was unavoidable as a result of the unexpectedly large increases in costs during 1975 and because further cost increases were expected in 1976.

Coal, which had increased by 35 percent in 1975, represented the highest cost increase, the statement said.

Total coal expenditure would increase from R112 million, originally budgeted for 1975, to an estimated R167 million in 1976. Escom said other working costs would increase from R119 million, budgeted for 1975, to R163 million in 1976.

Escom estimated that financing costs would increase from an estimated R157 million for

1975 to R219 million in 1976.

The statement said the decision to introduce the increase in two phases was taken in keeping with the general campaign against inflation, and to spread the effect

of the increase over a period of time.

Escom said the delayed rate increases implied that the overall rates for the year 1976 would on average be 16 percent higher than the present rates. — (Sapa.)



Cape Times

7/1/76

260B

# Armcor chief: Work harder

Own Correspondent

JOHANNESBURG. — The top executive of South Africa's armaments industry has called on workers in the industry to work harder and not to ask for extra pay.

The man with the "roll up your sleeves" New Year message is Professor H J Samuels, chairman of Armcor and president of the Armaments Board.

He announced that till April this year no salary adjustments would be made by Armcor and its subsidiaries or by the Armaments Board.

"Inflation presents as serious a threat to South Africa's progress as does any terrorist attack," he told "Salvo", the armament industry's publication.

There was therefore no alternative but to make temporary sacrifices for the sake of one's own future and the future of the country.

He called for increased productivity and a brake on demands for higher wages

(1) 42  
(2) 260 B  
(3) Energy

# Sasol 2 in drive for staff

Staff Reporter

FLUOR SA Pty, the American company which will build the giant Sasol project on the Eastern Transvaal highveld, has started recruiting staff.

The Springs-based company will start soon on the R1 000-million project near Trichardt and has vacancies for 300 employees. Sasol 2 will be one the world's biggest gasification project.

## PROJECTS

Wherever possible, the company will employ local labour and materials. The second oil from coal project will be 10 times bigger than the present one at Sasolburg.

Work on the project is expected to take five years. Fluor, with its headquarters in Los Angeles, is one of the largest heavy engineering and construction companies in the world and has completed projects in Australia, Korea and Ibadan on the Persian Gulf.





C  
1

### CLIVE EMDON

DEVELOPMENTS of the order of £200 million in

199000 tons

	Tons per annum
Ethylene	100,000
Chemicals	10,000
Ammonia	1,000
Sulphur	50,000
By products	2,000

AT&CE has a £100 million development programme much of which is geared to receiving investments from the private sector and the Government. The Clive Emdon project is a £100 million development programme which will produce 100,000 tons of ethylene from coal derivative.

a development programme which will produce 100,000 tons of ethylene from coal derivative. The Clive Emdon project is a £100 million development programme which will produce 100,000 tons of ethylene from coal derivative.

183

260B

WILLIAMSON

Limestone and ammonium nitrate store for fertilizers at the Modderfontein Ammonia 4 plant. Here acting supervisor Mr Henrie Nel and administration officer Mr Abel Legodi collect samples.

# Spectacular growth prospects

ALL THE experts in the chemical industry predict growth which, after Sasol II is on line, could prove spectacular.

Mr Stuart Squires, MD for Shell Chemicals, says the Economic Development Programme, forecast for the chemical industry of growth at 7.4 per cent a year until 1979 is too pessimistic.

He estimates growth in chemical by multiplying the Gross National Product (GNP) by two. Thus a conservative 5 per cent a year on the GNP will give a 10 per cent growth in the industry unless constraints are applied.

He sees many of South Africa's problems in chemicals as being resolved by Sasol II, but stresses that urgent consideration be given to new sources of ethylene and aromatics after Sasol II is on line when further capacity will

to produce some 100 000 tons of PVC a year from coal derivative.

• A giant ethylene from coal project based on a Mobil invention which will produce a wide variety of products polyethylene, ethylene oxide, ethylene glycol and feedstocks for fibres, detergents, explosives and many more. A by-product will be petrol.

• A polyethylene plant to be commissioned by 1981 to produce some 140 000 tons a year.

The first two projects are expected to be saving upwards of R140-million in foreign exchange by 1980 in a chemical market which, with allied industries currently depends on about R700-million in exports a year.

This estimate was given by Mr E. J. Smale, AF & CI director of plastics, who says polyethylene and PVC could be costing

came out stronger than first anticipated although markets in certain sectors were collapsing around us," he said.

In spite of adverse conditions which were experienced in several fields of activity of Sontrachem group companies, pre-tax profit was up by just over 23 per cent for the 1974/75 financial year.

The group's profit before taxation increased by R4 377 000 the previous year to R23 337 000. Profit after taxation and outside shareholders' interests increased by R2 600 000 to R14 210 000 which also represents an increase of 23 per cent. Earnings per share rose to 13 cents against 26 cents for 1973/74.

The breakdown of pre-tax profits of the group's

extent based on local raw materials including feedstocks which will become available from Sasol II. Expansion opportunities which are expected to occur in products and markets that will integrate well with the group's existing activities, are considered first.

The group's R900-million plus development programme is designed in such a way that it will not jeopardise short to medium-term profit and dividend growth, said Mr Le Riche. To avoid cutting back on some major growth opportunities which would otherwise strain resources, the group

① 112 / 183  
② 210 000

(1) WINNER	1.50
(2) DEACON TOP	1.1
(3) MOON HOLO	1.3
(4) COOL COIN	1.2
(5) MAGIC NIGHT	1.1
(6) CRYSTAL	1.15
(7) KINNOCK	1.2
(8) SILVER SON	1.1
(9) CRYSTAL	1.25
(10) RIVER CHRYSLER	1.15
(11) MARKET	1.15
(12) SELECTIONS	1.1
(13) HENT	1.1
(14) SELECTIONS	1.1
(15) SELECTIONS	1.1

...the group's profit before taxation increased by R4 377 000 the previous year to R23 337 000. Profit after taxation and outside shareholders' interests increased by R2 600 000 to R14 210 000 which also represents an increase of 23 per cent. Earnings per share rose to 13 cents against 26 cents for 1973/74.

The breakdown of pre-tax profits of the group's

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The breakdown of pre-tax profits of the group's



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Hansard 2 col 117 6/2/76

Iskor: New steel works

221. Mr. T ARONSON asked the Minister of Economic Affairs:

- (1) Whether Iscor intends to establish a new steel works other than those at Newcastle and Saldanha Bay;
- (2) whether the precise location has been determined, if so, by what method will the land be acquired.

The MINISTER OF ECONOMIC AFFAIRS

- (1) No
- (2) Falls away.

264

Memorandum 2 col 108 6/2/76

Repayment of external borrowings by Iscor/Sasol/Escom

42 Mr. D. D. BAXTER asked the Minister of Economic Affairs:

What additional sums will have to be provided (a) to service annual interest payments on and (b) to repay external borrowings by the public corporations Iscor, Sasol and Escom, respectively, as a result of the devaluation of the rand on 21 September 1975.

The MINISTER OF ECONOMIC AFFAIRS

(a) and (b) The commitments of ISCOR and ESCOM in regard to interest and redemption on practically all their external borrowings are covered against foreign exchange risks in terms of forward exchange contracts with the South African Reserve Bank

In regard to those loans not covered against foreign exchange risks the additional commitments for the two organizations based on the exchange rates which prevailed on 31 December 1975 will amount to the following:

Iscor: Interest: an average of R330 000 per annum.

Repayment a total of R12 400 000.

Escom: Interest: an average of R191 385 per annum.

Repayments: a total of R5 700 000

Because interest rates will vary from year to year average annual figures are being furnished.

All Sasol's commitments in this regard are covered against foreign exchange risks. Consequently no additional expenditure is at stake for the Corporation



The University of Cape Town will be running a two-week introductory course during February 1976 for first year students who have been accepted for registration in the Faculties of Arts, Law, Music and Social Science. The aim of this course is to enable students to gain a better understanding of the nature of university study prior to the commencement of the academic year and to facilitate their transition from school to university. The course is being run as a pilot scheme in the faculties listed above, and may be introduced for all faculties during 1977. The Faculties of Arts and Music have made attendance mandatory for all first year students entering these faculties in 1976, while the Deans of the Faculties of Law and Social Science have strongly recommended that all first year students entering these two faculties attend.

It is suggested that students attend the activities in the Faculty in which they intend to register, although they are free to attend activities in more than one faculty. All students participating will be able to take advantage of the two areas common to all four faculties: a course on university study methods and library instruction periods. A detailed programme will be sent to students during January 1976.

**FACULTY OF ARTS**

The Faculty of Arts has decided to make attendance at the introductory course mandatory for all first year students. The Bachelor of Arts degree course may be regarded both as an educational and as a professional qualification. Therefore a wide choice of subjects is offered, and this can lead to difficulty with regard to the choice of a suitable curriculum. The transition from school to university can also cause difficulty, especially in relation to study methods and subjects not taught in schools. The introductory course run by the Faculty of Arts is consequently designed to help

students choose a suitable curriculum and to introduce them to some of the essential aspects of university study. The programme will include lectures on the content of courses and discussion on each subject, library instruction and introduction to study methods. Students who intend registering for the Bachelor of Primary Education degree are urged to attend this introductory course in view of their participation in the Faculty of Arts during their curriculum.

**FACULTY OF LAW**

The Law faculty's programme a student should have a clear idea of what the average, the broader function of law society as well as a picture of the requirements for its degrees. It is suggested that students visit a court of law, an opportunity and to visit the University staffed and run by students. There are possible careers for those on the Law faculty both from a practical point of view. To give those participants of what is expected of law students set which participants can work together with the staff of the Faculty. The Dean of the Faculty of Law strongly recommends that all first year students intending to register for the B.Proc. and B.A.L.L.B. degrees attend this introductory course. Students registering for the B.Com.L.L.B. or B.Bus.Sci.L.L.B. degrees are most welcome to attend this course even though the Faculty of Commerce will not be running an introductory programme during 1976.

**FACULTY OF MUSIC**

There are many specialised types of study within the field of music and the Faculty of Music has prepared a course of lectures and seminars designed to assist new students in choos-

ing a study apt for their talent. The various facilities at the College of Music will be demonstrated, including the Music Library, Programmed Ear Training and the proper use of practising time and facilities. All B.Mus. students have to take two subjects in other faculties and the course will assist new students in choosing courses appropriate to their chosen music course. The Introductory Course is, however, also open to students registering for all Diplomas in the Faculty. The Faculty of Music has made attendance at the introductory course mandatory for all first year students entering the faculty in 1976.

**FACULTY OF SOCIAL SCIENCE**

Through a series of meetings with new students who are interested in the Social Sciences offered at this University, the Faculty of Social Science hopes to acquaint students with the typical atmosphere and character of Psychology, Sociology, Applied Sociology in Social Work and Public Administration. Discussion will examine the difficulties which a student might meet when first tackling a social question in a scholarly way, and career opportunities in the Social Sciences will also be explored. The Dean of the Faculty of Social Science strongly recommends that students intending to register in this Faculty attend the introductory course.

**UNIVERSITY STUDY METHODS**

A series of lectures and discussions designed to introduce new students to methods of study at the University will form an integral part of each faculty programme. Skills to be discussed include reading, note-taking, essays, research, tutorials and examinations. Furthermore, students will be divided into small groups in order to learn how to use the Library. Each group will visit the library for two hours during which students will be given an introductory talk, followed by simulated search problems and general discussion.

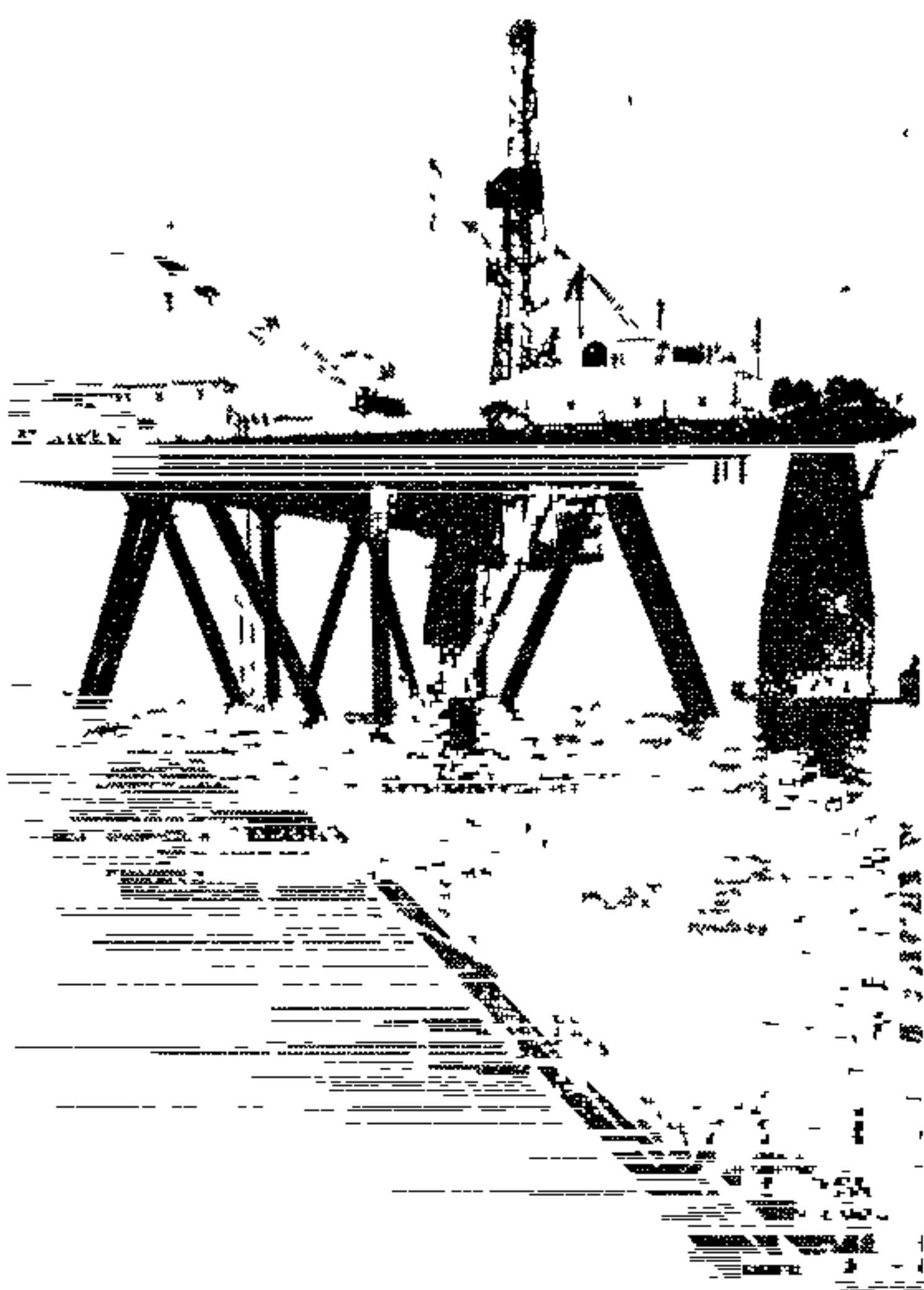
Second Sasol: Anticipated cost  
 97. Mr G. H. WADDELL asked the Minister of Economic Affairs  
 What is the latest estimate of the total anticipated cost of the second Sasol  
 The MINISTER OF ECONOMIC AFFAIRS

R1900 million based on October 1975 price levels.

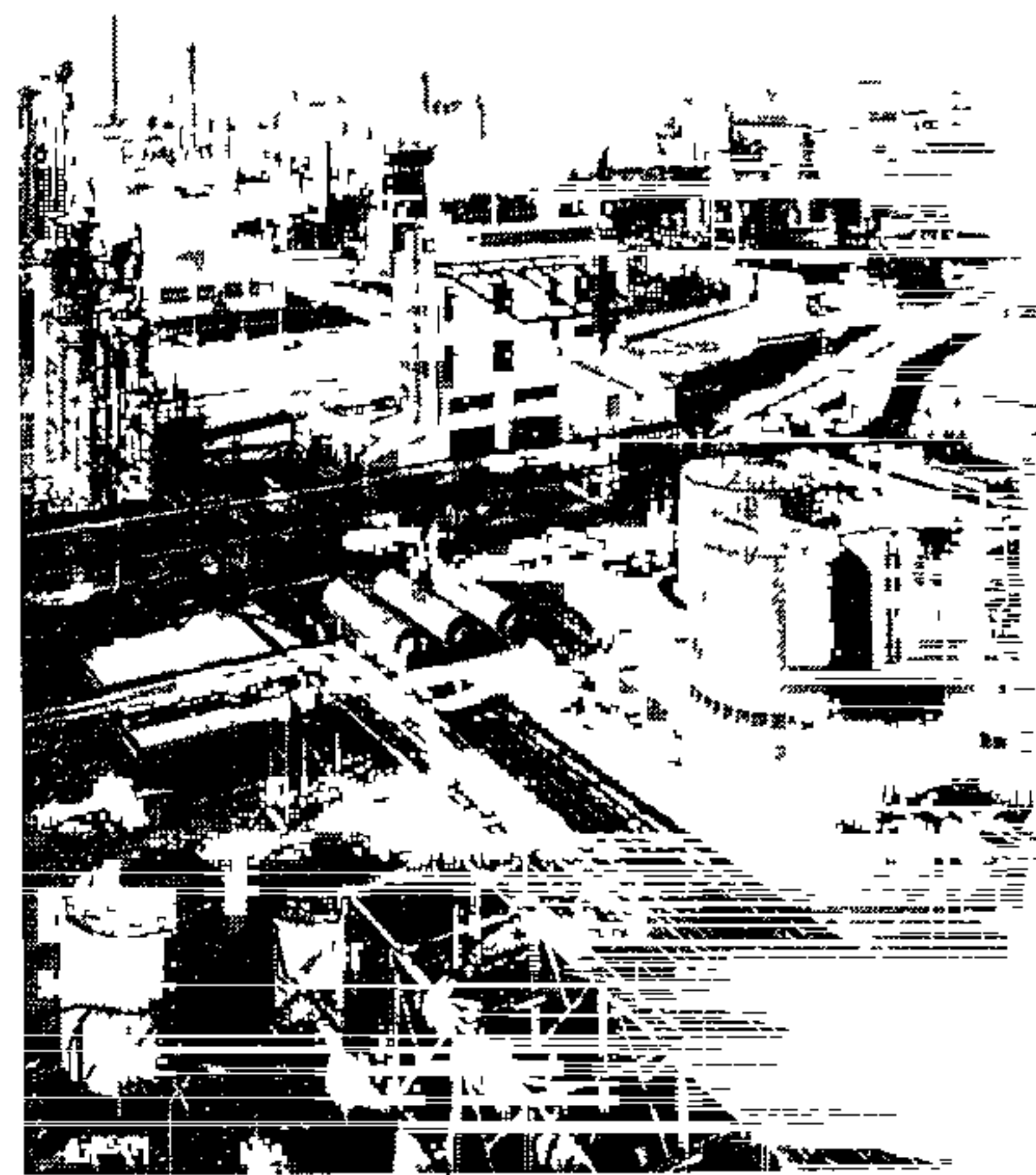
264

Heard in C.C. 198 12/2/76





Sasol's De Villiers . . . the boys on the rigs can't save us from that horribly expensive paraphernalia on the right



# The sky's the limit for Sasol II

INSIDE INDUSTRY

① Energy

F.M. 27/2/76

② 260 B

But strategic necessity or not, the poor taxpayer should have been told what the *real* bill might be

There's a hard lesson to be learnt from Sasol II's estimated costs, which have almost doubled in less than two years. That is, that capital projects of this magnitude cannot be mooted and approved as if they were yesterday's grocery bill.

For that really is what government allowed, indeed encouraged, in the case of Sasol. The original cost projection publicly announced by government was R1 021m, excluding operating capital, township costs and interest during construction.

But this figure was based on February 1974 cost and price levels and, to quote Sasol MD David de Villiers, was based on a broad concept (to within 20% plus or minus) after two visits abroad by groups of Sasol officials to likely supply countries.

Latest estimates, now based on October 1975 prices, put the cost at R1 900m. At this rate, by 1980 when the giant complex is scheduled to come on stream, it could be as high as R3 000m — though De Villiers insists this is most unlikely.

The disturbing thing is that no provision whatsoever was made in the first estimate for rising plant and engineering costs. In fact, De Villiers tells the *FM* "We were given very short notice — and we told government it was not for us to

make estimates of price escalations."

Furthermore, Sasol's "short notice" estimates were themselves 9,6% too low, even on 1974 prices.

Secondly, world inflation pushed chemical plant costs up 40,3% between February 1974 and October 1975.

Thirdly, since Sasol used the dollar in calculating the imported element in the project (the percentage of which it declines to specify), the effect of two devaluations of the rand was to add another 29,8% to the original figure.

There is little doubt that Sasol's figures on plant cost escalation are realistic, and in line with those experienced by other engineering sectors. Recently Iscor, for example, stated that its plant costs had risen over 40% between January 1974 and December 1975.

Another error (with hindsight) was that, in calculating the economic viability of Sasol II, Sasol assumed that plant costs would rise approximately in line with crude oil prices. This has not been the case. Moreover oil prices, following Iran and Iraq's lead, appear to be coming down.

De Villiers agrees, but stresses that this should make a difference on projected return on capital of only minus 1%. But on the other hand, we don't know what the projected return is — the *FM* could

only ascertain that it would be more than 8,5% and not as much as 15%, despite some vigorous questioning.

"If you want to go for substitute energy you must make assumptions," defends De Villiers. "You must be courageous."

He's courageous enough to be adamant that, in face of what appears to be a sky's the limit cost for Sasol II, the project will still have many advantages.

The equivalent oil refinery, he says, would cost only R900m. But estimates of the net foreign exchange savings from using our own coal, as opposed to imported crude, and from Sasol II's petrol production, plus chemicals and gas, amount to R360m pa.

"The great advantage will be that the capital is fixed and we mine our own feedstock. Coal to us will not be a price — it will be a cost."

But suppose SA discovers oil (De Villiers is also chairman of Soekor, the State oil exploration group)?

"In energy today," he replies, "diversification is the name of the game. Why should the Shah of Iran go for nuclear power when he sits on so much oil? If we discover oil we must be very conservative about its use."

"Anyway, if we find oil we expect it in the sea. After that it would take two



(1) Energy  
(2) 760 B

# SASOL II COST HITS R1900m <sup>13/2/76</sup> <sub>NN</sub>

**Mercury Correspondent**  
**CAPE TOWN** — The costs of the second Sasol have soared by a staggering 86 percent in less than a year, the Progressive Reform Party's Mr. Gordon Waddell, MP for Johannesburg North, revealed yesterday.  
Mr. Waddell was responding to a reply by

the Minister of Economic Affairs, Mr. Chris Heunis, that the latest estimate of the total anticipated costs for the venture would be R1900 million.  
This represented an increase of R879 million in less than a year, and was a classic example of the ravages of inflation

and devaluation on the South African economy, Mr Waddell said.  
What made the answer even more revealing was that it was based on the October, 1975, price levels.  
Mr. Waddell said it was true to say that inflation had affected other countries but cer-

tainly not to the same dimension  
"These are horrendous figures."  
He warned that it was going to be extraordinarily difficult to recover the ground which South Africa had lost in terms of the other countries with which it traded.

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Hansard 7 col 535  
10/3/76

**Financing of Soekor**

510 Mr G H WADDELL asked the Minister of Mines

What amount of the revised estimate of R12 618 000 to finance Soekor is to be spent (a) on shore and (b) off-shore

The MINISTER OF MINES

In addition to the amount of R12 618 000 provided for in the revised estimate, an amount of R7 259 489 was

available in the Strategic Minerals Fund and Soekor's total requirements for the year ending 31 March 1976 amount to R19 866 489. A precise division between expenditure on shore and expenditure off-shore cannot be made as certain costs, for example, office expenditure, relate to both. The following division of expenditure can, however, be given:

	R
Drilling costs on shore	4 173 141
Drilling costs off-shore	3 642 971
Mobilization costs of off-shore rig	3 500 000
Supplies (mostly for off-shore drilling)	6 500 000
Office and other non-allocatable expenses	2 050 375
<b>Total</b>	<b>19 866 489</b>



Hansard 8  
col 586  
18/3/76

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Tabel 10 Getal plaaseenhede, totale plaasoppervlakte, getal werknemers, getal werknemers per plaaseenhede en getal werknemers per 1000 hektaar in die Republiek van Suid-Afrika, 1954/55 tot 1972/73

Jaar	Getal Plaaseenhede	Totale plaas-	Getal werknemers			
			per plaaseenhede	Seisoens-	per 1000 hektaar	Seisoens-
1954/55	111586	1	7,5	-	9,6	-
1959/60	110362	1	6,9	5,4	7,1	5,6
1963/64	101387		7,5	-	8,3	-
1968/69	91855		9,0	8,5	9,3	8,7
1972/73	81935		8,9	7,7	8,3	7,1

Bron: Landbouensensus

**Capital requirements of public corporations**  
474 Mr T ARONSON asked the Minister of Economic Affairs  
Whether he has any information on the future capital requirements of public corporations; if so, what are the capital requirements of each public corporation for the next five years.  
**The MINISTER OF ECONOMIC AFFAIRS**  
The estimated capital requirements of each of the public corporations which fell under my jurisdiction for the next five years are as follows

	R million
SASOL	2 000
ESCOM	5 020
ISCOR	3 131
FOSKOR	221
IDC	1 200
FISHCOR	2

The estimates make provision for escalation and is subject to alteration according to changes in economic conditions

- ① Capital
- ② 317
- ③ 260B

**BLOW FOR SASOL II**

*F.M. 19/3/76*

The Ford Administration has decided to maintain the 12-year-old ban on loans over \$2m to SA by the Export-Import (Exim) Bank — which finances foreign purchases of American goods on advantageous terms — despite heavy pressure from business and conservative members of Congress.

Technically, the ban is still "under review", but White House officials made it clear this week that it would stay in effect for the foreseeable future. They revealed also that a special meeting of a sub-committee of the National Security Council to reappraise the ban had been cancelled.

The immediate effect of the Administration's decision is to raise a question mark over plans for a consortium of American companies to build the Sasol II project. An initial request for an Exim Bank loan of \$225m, and a loan guarantee of a similar amount, had been made in connection with the project. Total financing needs were expected to

approach \$2bn. The ban also means Exim Bank financing will not be available for other potential large-scale business transactions between the US and SA, though the bank is still allowed to make loans and give guarantees of up to \$2m to stimulate trade with SA.

Fluor Corporation's attempt, for example, to raise in the US almost \$450m in loans for its work on Sasol II now seems in dire straits. The outlook for another \$1.5bn of direct American investment in SA factories and mines each year could also be called into question.

In late January, a group of 21 conservative Senators sent President Ford a letter urging the lifting of the ban which they claimed "limited US influence in SA". They were supported by the Commerce Department, which wanted the bank to be allowed to make up to \$450m worth of loans and guarantees to SA.

However, the State Department strongly argued that it would weaken

American influence in Black Africa at a time when it had already been undermined by communist successes in Angola. President Ford's political advisers also feared an end to the ban would cost Black votes in the coming election.

The White House also came under pressure from Congressional liberals to maintain the ban, which reflects American opposition to apartheid. Republican Senator Jacob Javits and Democrat Senator Dick Clark wrote the President urging continuation of the ban, as did a group from the House Representatives.

Meanwhile, Democrat Representative Charles Diggs has urged Secretary of State Henry Kissinger to visit SA while he tours Africa in April. However, State Department officials doubt that Kissinger will, arguing that in an election year all he could do would be to criticise the apartheid system in South Africa and the country's racial policies.



(1) 260 B  
~~(2) 43~~

# Iscor still has finger in Saldanha pie

RDM  
27/3/76

**Industrial Editor**  
THE announcement by Economic Affairs Minister, Mr. Heunis, in Parliament this week that the South African Railways is to take over the control and management of Saldanha Bay has led to confusion.

The interpretation given to the statement in certain quarters was that Iscor had — against its will — been forced to hand over control of the Sishen-Saldanha rail route and the ore terminal at Saldanha.

This is far from the case, however, Iscor keeps control of these two operations.

The SAR has merely taken over the broader control of the greater Saldanha harbour which has been in the hands of the Department of Industries.

This puts Saldanha on the same footing as South Africa's other ports, including Richards Bay, which the Prime Minister, Mr. Vorster, officially opens next week.

The exception is that the

fishing fleet operating from Saldanha will continue to remain under the jurisdiction of the Department of Industries.

Mr. Heunis said the decision for the control change was based on the realisation that Saldanha Bay was destined to become more of a commercial shipping harbour than just a port of call for ore carriers.

The next logical step to bringing to fruition this enlarged goal for Saldanha could be the conversion of the northern side of the causeway leading to Iscor's ore terminal into berths for loading general cargoes.

Iscor would present no objections to such a scheme, provided it did not interfere with the working of the main terminal. The project would cost less than putting up a similar facility on a green-field site elsewhere in the harbour.

## DREDGING

One of the more costly and time-consuming aspects of such a conversion would be dredging the harbour alongside the berths to take vessels of large tonnage.

But this should present no obstacle as dredging would have to be undertaken at any other site.

However, because of the problems Iscor experienced in dredging the channel for the iron-ore terminal, the cost of this further dredging should not be underestimated.

The conclusion is that these extra berths are unlikely to be built before business in the Western Cape and Saldanha Bay in particular has built up sufficiently to ensure that they will be used adequately.

# N-station: Name of builder soon

CAPE TIMES 6/4/76

Chief Reporter

ONE OF THREE powerful international consortiums is expected to be named in the next few weeks as the successful tenderer for construction of a nuclear power station at Duinefontein, near Cape Town, the ultimate total cost of which has been estimated at R1 150 million.

This is to be South Africa's first N-power station, and there has been stiff competition around the world to land the contract for its establishment.

A spokesman for the Electricity Supply Commission (Escom) said from Johannesburg yesterday that there was no truth in rumours that Germany would refuse to supply plant for the station if South Africa did not first sign the nuclear non-proliferation treaty. The West German firm Kraftwerk Union is among the tenderers for the power station contract.

"We do not want nuclear arms and radio-active fallout on our continent," he told the West German Deputy Foreign Minister, Mr Hans-Juergen Wischniewski.

The South African Minister of Economic Affairs,

Mr Chris Heunis, has told Parliament the first phase of the Koeberg project will cost about R600m and the second phase another R550m. A further R350m will be accrued on interest during the construction period.

(1) 65  
(2) Energy  
(3) 260 R

## FINAL TENDERS

The three consortiums that were invited by Escom last year to submit final tenders for what is to be known as the Koeberg power station were:

- General Electric of the USA and Brown Boveri of Switzerland;

- Framatome and Spie Batignolles of France; and

- Kraftwerk Union and Murray and Roberts of South Africa.

These consortiums were selected by Escom after an "outline inquiry" about the Koeberg project was issued internationally in February, 1974, to nine leading manufacturers of light-water reactor power stations.

The N-power station is scheduled to become operative in 1982, and fully operative in 1983.

Last December the Upper Volta Ambassador to West Germany, Mr Aisse Mensha, urged West Germany to take African interests into account before it decided on supplying South Africa with a nuclear power station.



260 B

# Steel price rise looms as rocketing costs hit Iscor

RDM

7/4/76

ANOTHER steel price rise, in the second half of the year, is considered certain, authorities said yesterday, and the Public Relations Manager of Iscor, Mr J. C. Jerling, confirmed yesterday that cost increases were biting deeply into the corporation's potential profitability. To combat escalating costs a price rise, he stressed, was urgently necessary.

"There is no area of Iscor's activities where costs have not rocketed during the past 12 months," he said. Iscor suffered substantial losses of R37-million in 1974, and R35-million last year. This was in spite of a total sales revenue in 1974 of R444.8-million, and R601.8-million in 1975. Increased earnings for the corporation's 53 000

workers, 24 000 of them White, had also contributed to the formidable financial difficulties. The spokesman said new demands for wage increases from June 1 would be the subject of negotiations soon. Another factor contributing to the big losses of the past two years was the high interest rates the corporation had to pay for overseas loans.

## Regional

RDM 14/4/76

# What the new Sasol will do for economy

By JOHAN BUYS

SASOL 2 at Secunda in the Eastern Transvaal will replace about three million tonnes of crude oil imports per year, and save the country about R360-million in foreign exchange annually.

This futuristic peep into the impact the R2 000-million oil from coal project will have on the South African economy, was given to delegates at the Eastern Transvaal regional congress of the Afrikaanse Handelsinstituut at Standerton yesterday.

Mr H. R. Wigget, assistant general manager of Sasol, told delegates that Sasol 2 would produce the equivalent of 40 per cent of the country's 1974 pet-

rol consumption and create employment for 8 000.

The project will make a valuable contribution to the increasing demand for energy from low-grade coal deposits.

Although Sasol 2 will not produce as big a variety of by-products as Sasol 1, it will, apart from petroleum products and diesel oil, be an important source for additional ethyl supplies from the start.

The plant will also be able to supply to existing industries: Fuelgas through its sister company, Gaskor, propyl, a whole series of alcohol products in the ethyl, methyl, propyl and butyl alcohol range, as well as tar, creosote, ammonia

and sulphur.

Mr Wigget said Sasol 2 will, apart from the long-term effect, also have certain immediate short-term effects on its immediate surroundings and the country as a whole.

● Five hundred houses will have to be built at Secunda by the middle of this year. During the next two years, 2 500 units must be completed.

● An infrastructure providing for banks, building societies, service industries and recreational facilities, will have to be established. These homes and services are to cater for an estimated White population of 13 600 at Secunda by 1980.

The project will also, over a four-year period, provide for the sinking of shafts and the construction of the coal mine complex which will deliver about 14-million tonnes of coal per year, as well as the factory complex, at the October 1975 price level of R19 000 million — excluding working capital and interest during construction and township development, Mr Wigget said.

He added that the gold-mining industry in the secunda area was expected to decline gradually, but Sasol 2 and its satellite industries would help to offset the disrupting effects of the declining mining industry.



264

Capital Works held in abeyance: Cost 842

682 Mr. T ARONSON asked the Minister of Public Works:

(1) (a) What will be the cost of completing the capital works held in abeyance owing to the reduction in Government expenditure during the financial year 1975-'76 and (b) when is it expected that these works will be proceeded with,

(2) what is the estimated additional cost that will be incurred owing to their completion at a later date.

The MINISTER OF PUBLIC WORKS:

(1) (a) and (b) The projected estimated costs and provisional tender dates are as follows:

Utrecht Bergs School Sports Facilities	R65 000	January 1977
Isipingo Police Station	R330 000	April 1976
Pretoria S.P. College, Swimming Bath and Club Room	R880 000	April 1977
Stellenbosch Agricultural College	R820 000	July 1976
Worcester Institute	R600 000	February 1976
Port Elizabeth Police Station	R120 000	October 1976
Port Elizabeth Police Station	R340 000	February 1976
Port Elizabeth Police Station	R170 000	March 1976
Port Elizabeth Police Station	R170 000	March 1976
Port Elizabeth Police Station	R1 350 000	April 1976

Carnarvon Research Station Offices and laboratories	R130 000	September 1976
White River Burgershall Research Station Offices and laboratories	R340 000	April 1976
Cape Town SA Cultural Historical Museum Store and Workshop	R130 000	*October 1977
Kimberley Danie Theron Combat School D.R. Church	R435 000	April 1977
Klippan Military Base Recreation Complex	R440 000	January 1979
Potchefstroom Military Base Command Headquarters Workshop	R250 000	January 1976
Potchefstroom Military Base Powder Store	R140 000	February 1976
Verwoerdburg Waterkloof Air Force Base Store	R190 000	February 1976
Zeerust Military Base Recreation Complex	R770 000	January 1978
Vredendal Boring Depot	R170 000	October 1976
Bellville South (Proteaville) Training College for Coloureds Contract 4 Balance of Sports Facilities	R110 000	July 1976
Herdelberg (Tvl) Military Base Transport Park Engineering Services	R755 000	March 1976
Jagersfontein Charlesville Settlement Sewerage Works	R77 000	April 1976
Cape Town SA National Art Museum Fire Protection	R32 000	June 1976
Kimberley Danie Theron Combat School Improved Power Supply Contract 4—Balance	R170 000	January 1977
Leeuwkop Prison Farm Tarmac of Roads and Stormwater Drainage	R725 000	August 1976
Modderbee Prison Bridge over Railway Line	R165 000	January 1977
Pietermaritzburg Fort Napier Hospital Tarmac of Roads and Stormwater Drainage	R320 000	October 1977
Potchefstroom Military Base Improved Power Supply Contract 2—Balance	R560 000	July 1976
Pretoria Westfort Institute Tarmac of Roads and Stormwater Drainage	R250 000	July 1976
Queenstown Komani Hospital Civil Engineering Services	R600 000	October 1976
Worcester Prison Civil Engineering Services	R650 000	April 1976
W Stellenbosch Elsenburg Agricultural College Power Supply to Residential Buildings	R270 000	August 1976
Worcester Military Base Improved Power Supply Contract 2	R340 000	August 1977

It is not possible to calculate the additional cost at this stage because the final cost of the services will be determined by the actual interim increase in building costs and the degree of competition which will exist between contractors at the time the services are put out to tender.

The service was initially postponed for 9 months owing to the reduction in Government expenditure. It has since been further delayed by alterations to the drawings as a result of the user Department amending its accommodation requirements.



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WEDNESDAY, 21 APRIL 1976

†Indicates translated version

For written reply

Fruitless expenditure on capital works

624 Mr. T. ARONSON asked the Minister of Public Works:

(a) What was the amount of the fruitless expenditure on capital works for the latest financial year for which figures are available; (b) what is the date in respect of which the figure is given; (c) what were the projects involved; (d) what was the estimated total cost of the projects not proceeded with; and (e) for what reasons was each project not proceeded with?

The MINISTER OF PUBLIC WORKS:

(a) and (b) An amount of R52 668,95 being fruitless planning expenditure on capital works was reported to the Auditor General and debited to the vote of the Department of Public Works during the financial year 1975-76.

(c) and (e) (fruitless expenditure in respect of (a) project in brackets)

- (1) Cape Town Wingfield S.A. Navy Workshop (R379,14)

Planning cancelled owing to proposed rerouting of roads, railway line and power line by local authority and SA Railways

- (2) Pretoria S.A.P. College Improved Sewerage System (R356)

A portion of the system had to be repanned as a result of subsequent increased sewage flow in the Municipal sewer

- (3) Berseba Nama Primary School Additions (R1 257,25)

Planning for a permanent building had to be scrapped as it was decided to erect a temporary building when it became known that the settlement may have to be moved in future

- (4) Vereeniging: Arcon Park Automatic Telephone Exchange (R136)

Plans for the cable vault had to be revised at the request of the local Municipality

- (5) Kriel Police Station (R600)

Planning was scrapped as it was decided to erect the Police Station on an alternative site and the plans could not be adapted for the new site

- (6) Louis Trichardt Schoemansdal School Additions and Alterations (R1 560 19)

Planning was stopped when the Department of National Education decided to close the school permanently

851

THURSDAY,

- (7) Pretoria Social Welfare and Pensions Building Additions and Alterations (R2 407,88)

A portion of the planning had to be revised as a result of subsequent additional requirements

- (8) Kempton Park Police Station (R9 828,11)

Planning had to be scrapped when it was decided to erect the Police Station on an alternative site owing to a revision of the Town Planning Scheme by the local Municipality

- (9) Bethlehem Commercial High School Hall and Hostel (R24 476,91)

The school was transferred to the Provincial Administration in terms of Act 41 of 1967 after planning was completed but the Administration decided not to proceed with the project

- (10) Langebaanweg Military Base Improved Water Supply (R255,47)

A drawing in respect of steel reinforcing had to be revised due to a mistake by a departmental engineer-in-training

- (11) Keimoes, Oranjezicht Coloured School Additions and Erection of New Hostel (R1 103)

The original planning was for industrialized buildings but as tender prices were excessive, plans for conventional buildings were prepared in order to obtain more competitive tenders.

R1 944 000.



# Sasol 2 will open up new world of expansion

## blue-chip

### Sentrachem 5

SENTRACHEM'S subsidiaries, keen to follow the group's policy on making South Africa self-sufficient, are eagerly awaiting the commissioning of Sasol 2.

That commissioning, early in the 1980s, will herald a new era of diversification for the Sentrachem group,

based on Sasol's raw materials.

There are many new and exciting plans afoot which should result in a considerable saving to the country in terms of foreign exchange.

Dave Marlow, senior general manager, briefly outlined a few of these prospects, saying that the group is always looking at ways of extending its activities.

"We are significantly expanding our production of synthetic rubber (SBR) and are considering putting in additional facilities at Sasolburg to make another important variation of SBR. This will enable more applications for rubber which are presently being catered for by imports of natural rubber.

"It is this type of extension and refinement of our existing product lines which is going to take a lot of the additional investment," he said.

Mr Marlow said that Sentrachem was fully aware of the need to make South Africa self-sufficient. A further example of this self-sufficiency is a salt project, designed to safeguard Coalplex. Coal and salt are the two

main raw materials for Coalplex. In the past, salt has been obtained from pans but in months of heavy rain the pans get flooded.

To ensure the salt supply, Sentrachem has joined a company which pumps brine from underground at Walvis Bay. The brine goes into pans and is being continually replenished from the sea.

"We are looking at some of our operations to see if there is something else that we can get out of them. One project leads to another, one project leads to technology in another. We are continually extending our area of interest and investigation and from time to time something comes up which we crystallise and implement," he said.

Sentrachem is also constantly looking overseas for

new ideas, joint ventures and investment in South Africa.

The cost and manpower required for chemical research is high, too high for South Africa's scale of operation in most cases. So Sentrachem executives often travel overseas.

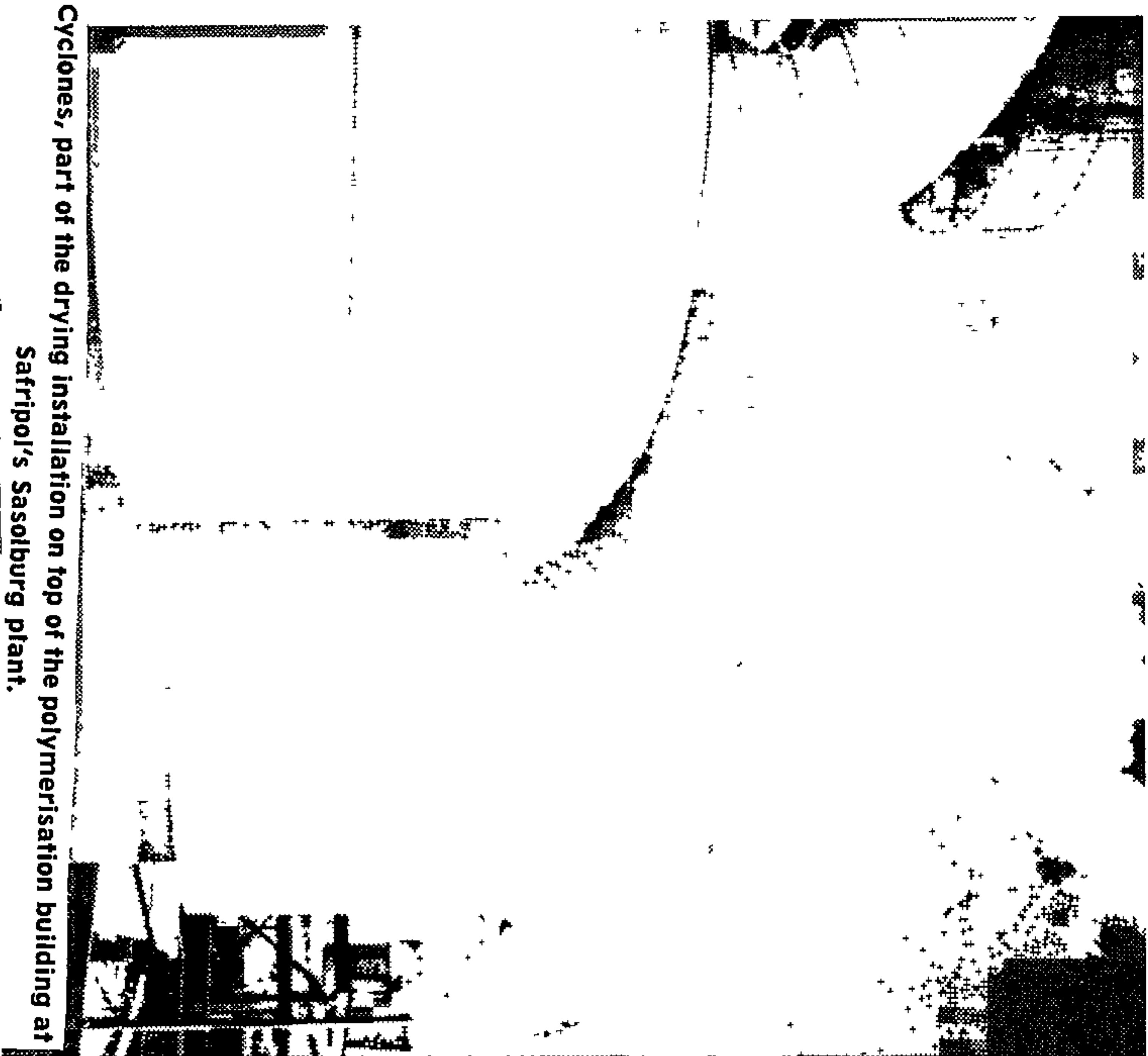
"We have very many friends in the big companies overseas and get from them the picture of what is happening. We are able to keep tabs on what is there for the having if we care to make a deal.

"There is also the desire to involve major overseas companies in the South African economy — on a basis where the control is located in South Africa. We don't want to get into a deal where we wouldn't have con-

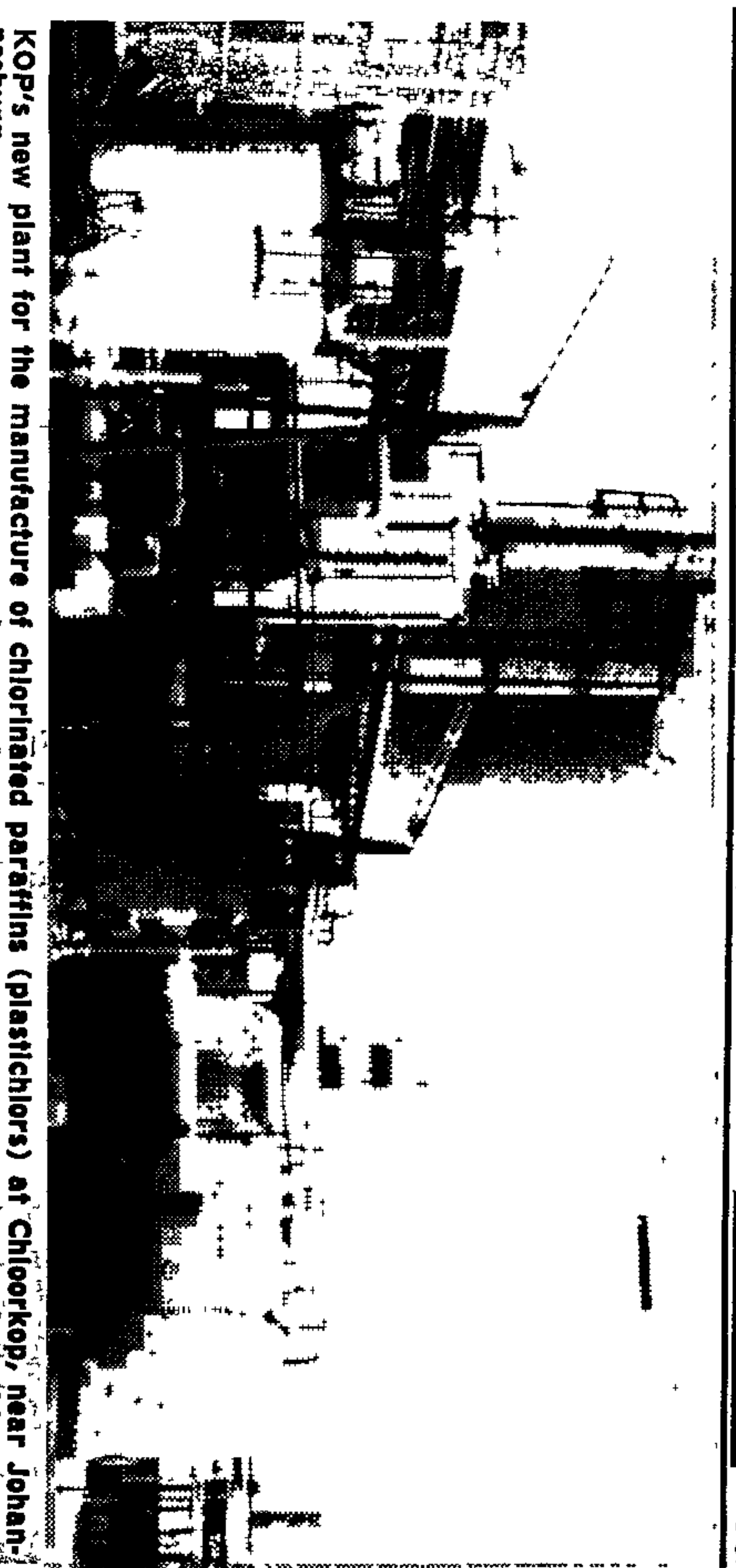
"We want overseas companies to take a significant financial stake to be sure of their know-how commitment to look after running-in problems of new plant," he said.

Mr Marlow said that there are too many opportunities worldwide to take advantage of all of them. Sentrachem would rather get into two lines by partnership than restrict itself by trying to go it alone on one project.

"Thus way we can diversify and expand more rapidly," he said.



Cyclones, part of the drying installation on top of the polymerisation building at Safripol's Sasolburg plant.



KOP's new plant for the manufacture of chlorinated paraffins (plastichlor) at Chioorkop, near Johannesburg.

(L) 260 B  
2 40

# 'Millions of rands involved'

By NEIL HOOPER <sup>5 TIMES</sup> 9/5/76

**POLICE are investigating allegations of fraud and corruption that could have pushed up the cost of the third Iscor plant at Newcastle by millions of rands.**

The chief of the CID, Major-General P. W. Kruger, said this week that a number of Iscor employees had been questioned. He emphasised that Iscor itself was not involved.

One person had still to be questioned. General Kruger said he expected the case to come to court within a month.

He was amazed that the Press had not become aware earlier of the investigation.

An Iscor spokesman, Mr J. P. Jerling, said this week he knew of the investigation but denied that any Iscor employees were involved.

He said the investigation concerned sub-contractors at the Newcastle construction site who had been paid for work they claimed to have done, and in fact had, not completed, and for equipment they claimed to have used

Mr Jerling said a considerable amount of money was involved. Iscor security men had got wind of the irregularities and told the police

The case is being handled by Colonel T H Scherman of the police Commercial Branch

Last year Colonel Scherman told me he was involved in a major investigation that would shake South Africa when certain prominent people were brought to court. He said millions of rands were involved.

At the time he also said his investigation was being carried out at the request of the Minister of Justice and Police, Mr Jimmy Kruger

In January he said the investigation had been delayed because one of the people he wanted to question was on holiday

# ISCOR FRAUD PROBE



donated three farmers' centres to the KwaZulu government to help the education process on its way

Natal's labour resources, particularly the skills of the better educated Indian community have often been cited by economists as one of the province's major assets. Expansion has drawn on these resources with the result that Black living standards are improving and in the Indian community population growth is slowing down. In the decade from 1960 to 1970 it grew at an annual rate of 2.75%. Economist Dr Lawrence McCrystal estimates that by 1986 it will have slipped to 2.6%.

Indians are moving into White-owned offices as clerks and sometimes onto the lower rungs of management. They are driving buses used predominantly by White passengers.

In Durban harbour the cranes are being manned by Africans. Black shunters or "train compilers" are old hat. When Professor Ntsanwisi of Gazankulu complained at a seminar last week that Black graduates were being pinched from Homeland schools by industry, he was strongly supported by Chief Buthelezi. An advertisement placed in the national Press by Hulett's Corporation this week may be a pointer. It invited applications

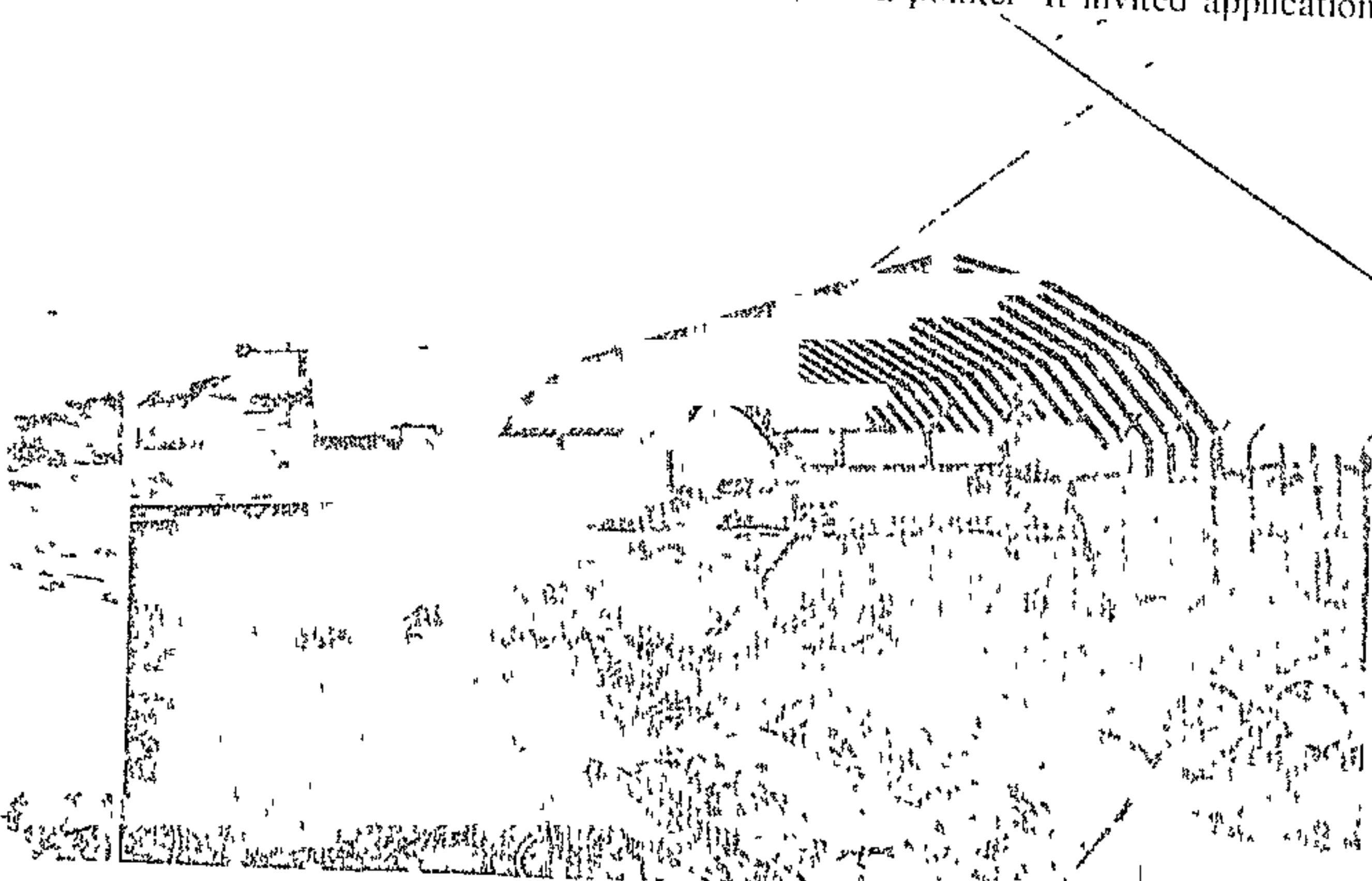
for the job of Black accounts assistants. "Applicants should have recently obtained a CIS qualification or BCom or other university degree which includes accounting/administration as major subjects."

Natal's tourist industry is benefiting from events in Rhodesia in two ways. Rhodesians are unable to holiday in Mozambique and many South Africans feel that Natal sharks — both land and marine — are a lesser danger than terrorist gunfire or a Frelimo government. Hotels had a bumper Easter and are optimistic about prospects for the July season.

The building industry is, as elsewhere, depressed. The latest Stellenbosch Bureau opinion survey points to Durban and Pinetown as particular areas of low activity and pessimistic outlook.

In Durban there is still a heavy oversupply of office space and in the opinion of some property men it may be a decade before this disappears. The office tenant has never had it so good. All manner of concessions are being made to draw him into new buildings and landlords of old buildings are prepared to talk turkey about the rent and other facilities if he threatens to move. Under these circumstances it is hardly surprising the shelves are groaning under the weight of postponed office developments and naturally this has its effect on the building industry.

But if activity is subdued because of financial constraints there is general agreement that Natal has a lot going for it in the short term and even more in the long term.



Richards Bay and Triomf's half-completed phosphoric acid plant signs for the banana province happy

# Turning the screw

F.M. 28/5/76 (1) 97 (2) 260B

Clamps, controls, curbs and censures; regulations and restraints — what's happening to free enterprise?

"When in a capitalist country be a capitalist when in a communist state be a commissar" so says Confucius, or one of his friends. SA businessmen at the present time could well be excused from wondering to which extreme they should turn.

Government encroachment on private enterprise has been the subject of considerable clamour, particularly over the last few years. Internally it has been described as "creeping socialism", and "a spreading cancer". Externally, even our friends have expressed doubt as to our capitalistic credentials.

Fundamentally, criticism has been levelled at the growth of State controlled industries. Much of this emanates from the disrupting effect that the borrowings of these State backed activities have on the borrowing efforts of the genuinely private sector in local and overseas money markets, and the degree to which they clash with private industry in a manufacturing sense.

Bodies such as the Federated Chamber of Industries, the Afrikaanse Handelsinstituut and the Associated Chambers of Commerce have criticised and investigated. Industrialists and busi-

nessmen have condemned and protested. The government's Economic Advisory Council has set up a Standing Advisory Committee on State Competition which ICI executive director Dr Hennie Reynders suggests should tackle the task of delineating the respective spheres of interest of State industry and the private sector.

But there's more to State encroachment than the muscle flexing of Sasol, Iscom, Iscor and Railways. An even more disturbing phenomenon is the growing inclination of government to interfere directly with the private sector.

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# Sasol II to cost R1 900 m

STAR  
20/6/76

Sasol II is expected to cost a minimum R1 900-million at 1975 price levels. This figure does not include the cost of constructing the town, housing, interest payments during construction and operating capital.

Mr J. A. Stegmann, general manager of Sasol, told the Akademie vir Wetenskap en Kuns in Pretoria last night contracts of R240 million had already been signed. The first mine shaft had reached 70 m and should intersect the coal layers by the middle of next month.

By then 60 houses should be ready for occupation.

### OIL FUND

He said the funds for the building of the factory and mine would come from the strategic oil fund — funds voted by Parliament — and export-credits supplied by overseas suppliers.

Sasol itself intended financing the building of both the town and the houses for Whites from its own financial resources. Operating capital would be supplied by Sasol until such time as income was derived from sales of products from the new factory.

Mr Stegmann said Sasol II would have been totally uneconomic if it were not for an increase in Sasol's profits due to higher oil prices.

By 1980, total production of oil from coal in the two Sasol plants would be about 40 percent of the 1975 fuel consumption of the country.



F.M. 9/7/76

## CURRENT AFFAIRS

### 'WE WANTED TO LEND YOU THE MONEY'

Former Exim Bank chairman William Casey welcomed the idea of a Sasol loan two years ago. Casey had lost a top State Department post because of frequent clashes with Secretary Henry Kissinger on encouraging increased business with SA. In part, in the Sasol loan he saw both a business and personal opportunity

He tells the *FM*. "The South Africans toured all the industrial countries to see what kind of financing and procurement they could get. They were received with open arms by the French, Germans, British and Japanese and the best we could do under existing US policy was to offer them loan guarantees, which are

more expensive.

"I thought that the sheer size of the deal afforded Fluor, Combustion Engineering and others a chance to gain experience in the technology of metals and coal liquifaction. So we tried to get out guarantees-only policy reversed and I'm still convinced that with time we could have done it."

have approved the first stages of a much bigger deal — \$850m ultimately — for a petroleum project in Asia. So we are not against high-technology, high-risk projects"

And at Fluor Corporation — the US giant chosen to manage the Sasol project — a spokesman explained that the company had been told by Exim not to worry about political difficulties, notably the anti-SA bloc led by Diggs and Clark

He tells the *FM* "We were told by the bank it would take time. It was an election year, so everyone would lie low. We were not really worried about the Diggs-Clark hearings"

So is Sasol II in jeopardy? "No," says Andries Bedeker, Sasol's company secretary "It was US suppliers like Combustion Engineering and Fluor that urged us to apply for the Exim Bank loans. It was never part of our financial planning. We never counted on it and it does not affect our plans to build Sasol II at all"

He's right, of course. The French want a big piece of Sasol — bigger than the \$100m that Air Liquide already has. And German, Swiss and Japanese high technology firms are eagerly bidding to provide the complex machinery that will turn SA's coal into gas — all with favourable government-backed financing.

Nevertheless a little more forbearance on Pretoria's part could have seen a US commitment to both Koeberg and Sasol, with tremendously valuable spin-offs in commercial diplomacy for SA. In the event the Sasol loan rebuff gave SA's Congressional Democratic Party foes two unearned and surprise victories in their once low-key effort to break-up closer trade links.

A Democratic president next year may find this boosted Congressional opposition a useful springboard for a harder line against the Republic when fashioning his African policy. A Republican president even Gerald Ford — may not be strong enough to alter this in a Congress his Party does not now, and will not in 1977, control

## Was Sasol loan bungled?

What was really behind the rejection of the \$550m Sasol loan by the US Export-Import Bank (Exim)? The official reason — that the request was for too much money and was too politically controversial — now appears to be only half the story

Business sentiment in the wake of the Exim decision a fortnight ago suggests that the prime factor mitigating against Sasol may have been Pretoria's overhasty rejection of the General Electric-Brown Boveri-Dutch consortium tender for the Koeberg N-power station on the grounds that the Dutch and American authorities were procrastinating

So what went wrong? Says Exim vice-president Walter Sauer. "The General Electric nuclear deal fell apart just as they (Congress) started hearings on US-SA ties." And that, he feels, was the single most important boost to the prestige of the anti-SA lobby led by African Affairs Committee Chairman Charles Diggs and Senator Dick Clark

Exim Bank chairman Stephen DuBrul adds "We were astounded. The Dutch were really astounded. They had the largest share of the deal, about \$770m of the financing. We know Dutch politics is confusing. They have a minority government so when their parliament voted to delay their share of the financing we checked with them. Our application from General Electric was for only \$220m so if the Dutch weren't going to back the consortium we had to find out. But we were told flatly, 'give it time, and we (the Dutch) will get consensus on the \$770m'"

DuBrul, Sauer and other US government officials privately agree that Pretoria's "to hell with you" response when governments and businesses outside SA run into political difficulties that inconve-

Sasol's Bedeker . . . "never in our plans"

nience South African timetables was — at best — unhelpful to the Sasol deal.

Sauer, involved with the Sasol loan application all along, tells the *FM*'s Washington correspondent "I concede it was not the size of the deal that caused us to finally say no. By coincidence we



The country desperately needs a ruthless referee to control, and if needs be, scrap State projects which are bleeding it dry

## Financial Mail

# Blow the whistle!

F.M 3/9/76

If the average company were run the way Pretoria has recently been managing the South African economy, it would have been insolvent long ago

Imagine a chief executive giving the green light to a series of new plants without first examining in detail where the capital will come from, how the projects will be co-ordinated, how much they will cost, what the cash flow will look like and what the priorities are

Imagine the same chief executive, subsequently faced by a sharp decline in demand, a tight capital market and internal liquidity problems, simply pressing on regardless because he couldn't bear to see any of his pet projects scrapped

But countries don't go bankrupt. Nor do the men in charge of economic policy face the disciplines and penalties of the market place. What happens is that when the system is allowed to become overloaded the people's money is debauched, the currency becomes suspect overseas, eventually the brakes have to be slammed on, and living standards suffer causing hardship, dissatisfaction and unrest

This is precisely what has happened. South Africa finds itself saddled with a whole clutch of capital intensive projects which along with the rest of public spending will need more money than we can raise internally (at present interest rates) and more foreign currency than we can hope to find overseas (at any interest rates)

### Through the roof

Not only that. The big projects are coming off the drawing board at a time when State spending in general has gone through the roof (another 22% up in 1975-76), much of it having to be financed by the printing press. Nor is this a sudden or temporary phenomenon. Government has over the years been grabbing an ever increasing share of the national cake

Take investment. In the late Nineteen Forties the public sector accounted for 37% of total fixed investment, today it provides close to 50%. If this trend continues — Dr Albert Wessels calls it creeping socialism — even more of our economic life will be decided not by consumers and businessmen but by politicians and bureaucrats. And look what a sorry mess they have landed us in already

Politically, and often economically, each new expenditure item can be backed up by a good case. And the men in government departments and public corporations understandably push their favourite schemes with enthusiasm and dedication and will fight to the death to defend them. And who can blame them?

But who is supposed to evaluate their relative merits, aggregate the claims they will collectively make on the nation's resources, and establish priorities? Who is supposed to decide which we can, and which we cannot, afford?

The answer is no-one. So we go on blithely committing vast amounts of money which we haven't got: two billion here on Sasol II, one billion there on Koeberg power; another billion elsewhere on uranium enrichment, and countless other billions on ports, harbours, power stations, dams, roads and railway lines. Not to mention Airbuses, Boeings, submarines and expensive Colour TV

The stark truth is we can't afford them all, certainly not with the gold price through the floor, energy costs through the roof and an ever escalating Defence vote

So will someone in Pretoria please show some guts and some economic horse sense and admit we have to go in for some drastic public sector pruning. And acknowledge that some major projects will have to be scrapped or mothballed, regardless of how much has already been spent on them.

Having done that, a small top level committee should be formed whose job

## A HEAVY DRAIN

If anyone doubts the extent of the public sector's spending spree, take a look at the list below. It gives rough costs, but certainly not of some of the projects which are in the pipeline. In no order of their total outlay, but undoubtedly in the present cost-price ratio, they are a heavy drain on the national treasury.

Project	Estimated cost
1. The new steel works at Brakpan	R1 100m
2. The new aluminium works at Brakpan	R1 100m
3. The new iron and steel works at Brakpan	R1 100m
4. The new steel works at Brakpan	R1 100m
5. The new aluminium works at Brakpan	R1 100m
6. The new iron and steel works at Brakpan	R1 100m
7. The new steel works at Brakpan	R1 100m
8. The new aluminium works at Brakpan	R1 100m
9. The new iron and steel works at Brakpan	R1 100m
10. The new steel works at Brakpan	R1 100m

it would be to evaluate the merits of each item of proposed public sector expenditure over (say) R100m and set it against the resources available, against other big claims in the pipeline and against a forward projection of what the country is likely to be able to afford in the years immediately ahead

### Sacred cows

In other words subject every big project to the sort of process which takes place in private enterprise every day. And since this is an unfamiliar discipline for politicians and civil servants to apply it is essential that half the committee comprise businessmen who know exactly how such a process works and how to set about it

To do its job properly such a committee would need a small team of professional advisers (which hopefully Piet Riekert, the PM's Economic Adviser, can provide). And, most important of all, it must be directly responsible to the Prime Minister. Only the PM has the authority to arbitrate finally between competing Ministers each anxious to protect his own sacred cows from the chopping block.

The Economic Advisory Council meets next week. It should spend most of the time confronting this urgent problem. Its aim should be a strong and effective recommendation on which the Prime Minister can act



FOR IMMEDIATE RELEASEPRESS STATEMENT BY THE MINISTER OF ECONOMIC AFFAIRS REGARDING  
THE MOVING OF A PART OF THE PRETORIA WEST WORKS OF ISCOR TO  
ROSSLYN

Part of the Iscor works at Pretoria West, i.e. the metallurgic processes of the steel-melting plant must for various reasons be removed to another site. The necessity for moving is in the first instance due thereto that the current works for the metallurgic processes of steel-melting cannot be structurally altered to comply with the requirements set by the health authorities in terms of the Atmospheric Pollution Prevention Act, 1965. In order to modernise and expand the production capacity of this part of its works, Iscor has investigated all feasible sites in the vicinity of its existing works.

Virtually only two sites are suitable from an economic and a technical point of view, namely Kwaggasrand and Rosslyn, both within reasonable distance from the present works. From an atmospheric pollution point of view the site at Kwaggasrand is unacceptable to the health authorities. The other site at Rosslyn where on account of the topography atmospheric pollution will be much less of a problem is the only acceptable alternative. The Government has therefore granted approval to Iscor to establish facilities for the metallurgic processes of a steel-melting plant at Rosslyn provided that the eventual production capacity of the facilities at Rosslyn shall at no stage exceed 3 million ingot tons per annum.

Iscor will consult with the State Departments concerned namely Planning and the Environment, Health and Bantu Administration and Development in the detail planning regarding the siting of:

- (a) the facilities at the most acceptable part of the site; and
- (b) the different components of the works, in order to secure the best possible arrangement with a view to

physical planning and the preventing of atmospheric pollution.

Iscor proposes to expedite the establishment of the works at Rosslyn as much as possible but due to the present shortage of funds the erection thereof will not be proceeded with at once.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF  
THE MINISTRY OF ECONOMIC AFFAIRS

PRETORIA

20 SEPTEMBER 1976



151  
264  
136

# Attack on SAR by major union

Mercury Correspondent

PRETORIA — The most powerful of the seven railway unions — the Artisan Staff Association — yesterday attacked the SAR and H administration for taking over the Sishen - Saldanha railway line at a cost of more than R500 million.

The general secretary of the ASA, Mr. Wally Grobler, said the R500 million plus would have to be borrowed at high interest rates, adding to

the already heavy interest load being carried by the Railways. For the past financial year this load amounted to R226 million.

"While we wholeheartedly support the concept of a single railway administration in South Africa the question arises whether now is

the appropriate time to embark on the Sishen-Saldanha project."

Mr. Grobler asked whether the Richards Bay project was not enough for the present.

"Is it right that the SAR and H should now be called on to come to the financial rescue of Iscor?"

Mr. Grobler said the fact that the Government had appointed an inter-departmental committee under the chairmanship of the Secretary for Finance, Mr. Brown, to "determine priorities of schemes currently under construction was an indication that the Government was losing touch with reality.

"It is a pity the committee had not started functioning at an earlier date.

"It seems that once again the stable door has been closed after the horse has bolted."

14 The Cape Times, Wednesday, October 13, 1976

# Iscor shows net loss of R30m for year

**PRETORIA.** — The South African Iron and Steel Corporation (Iscor) showed a net loss of R30 057 000 for 1976 compared with R35 874 000 last year, according to the corporation's annual report.

The report said the corporation was still pursuing the conservative policy of providing in production costs for the ultimate higher replacement cost of fixed assets.

During the year a further R49m was reserved for this purpose, so that in spite of the net loss of R30m for the year, "distributable reserves" actually rose by R19m. However, this provision, together with other items of internal cash flow and finance charges, satisfied in total only 10 percent of the net requirement.

"It is imperative, therefore, that a larger proportion of the extensions programme be financed out of own sources. The Franzsen Commission recommended that public corporations should finance not less than 40 percent of their capital requirements out of current revenue.

"To achieve this ideal state of affairs, further price increases would be unavoidable," the report said.

## Expansion

The magnitude of the corporation's development was evident from the fact that an amount of R638m was applied during the financial year for the acquisition of fixed assets. However, the value of extensions under construction, which included an amount of R455m for the Sishen-Saldanha Bay project, increased during the year by R353m to R905m.

At this stage of the expansion programme, the cost of extensions under construction was out of all

proportion to the depreciated value of Iscor's fixed assets in operation, which at the end of the financial year amounted to R1 304m.

The latest steel price increase was not intended to contribute towards financing but only to make up to some extent for the rise in production costs, brought about by the spiralling rate of inflation, the report said.

When the extent of the price increase was determined, no account was even taken of the financing charges of R88m incurred during the year by the abnormally high loan financing.

## Production

To utilize the corporation's production units fully, about 282 100 tonnes of miscellaneous steel products were exported to overseas countries during the 1976 year. The corporation also continued to supply steel products to neighbouring African countries. However, the demand for steel in these areas declined considerably with the previous year. In addition, 419 300 tonnes of iron ore were exported to Japan, Europe and the USA.

Particularly good progress was made with construction work on the Sishen-Saldanha Bay project during the year. Negotiations were entered into with the South African Railways after the end of the financial year to investigate a possible take-over of the railway system and harbour facilities by the SAR. If everything goes well, the railway line will be fully electrified by mid-1978.

Sapa



# Newcastle Iscor losing thousands

Own Correspondent

DURBAN — The giant Iscor steel works at Newcastle is losing an estimated R100 000 and R200 000 a day because commissioning of a new blast furnace has been delayed.

The general works manager of the Newcastle steel works, Mr Floors Kotze, said yesterday the loss in income was due to technical delays which had resulted in the late commissioning of the R80-million blast furnace. Mr Kotze said the furnace should have been in operation over a month ago.

### Problems resolved

According to Mr Kotze the problems have now been resolved and the matter will be the subject of a court sanction? He refused to elaborate on the details of pending action.

The story of the massive loss was first denied by Iscor's public relations manager, Mr H C Jerling in Pretoria, who said this week that the Newcastle plant had already contributed 1 352 887 tonnes of ingot over the past year.

Mr Jerling admitted there had been "some delay in opening the blast furnace because suitable coking coal was not available".

### "Contractual problems"

Pressed to confirm or deny the reported loss in income, Mr Kotze finally admitted losses in income because of "contractual problems" and said that the estimated loss was only in terms of possible losses because of the delay.

He said the blast furnace was due to start working towards the end of the month.

17/11/76

# Iscor hopes to start on Cape project in 1977

PRETORIA. — Iscor and its partners in Western Europe and the United States are still "very eager" to go ahead with the R1 300 million steel semis project at Saldanha Bay and it is hoped to give the go-ahead in the middle of 1977, an Iscor spokesman said yesterday.

He said reports that the project had been indefinitely postponed had been taken completely out of context and added that no fixed date for its start had ever been set.

Lack of finance was delaying the scheme, which would have been virtually completed by now were this not the case. The delay was a worry because costs were escalating at the rate of 50 percent a year.

There was no question of any holding back in Iscor's general expansion programme, he added.

And in Johannesburg, a spokesman for Senbank said the bank, along with Union Acceptances, started to market the sub-underwriting on a R20m loan stock issue

for Iscor yesterday morning.

Iscor postponed a R15m loan stock issue in August because of the acute tight conditions in the capital market.

Soundings in the capital market on a rate of around 12,35 to 12,40 percent were made then, but the corporation was advised by Senbank and UAL that the market at that stage could not find R15m.

Now, however, their advisers are confident. The Escom R20m, Transkei (R15m) and Johannesburg (R20m) loans, had all been successful, said the Senbank spokesman, "and we expect a very good response for Iscor".

Three loans, over 5, 15 and 20 years, are involved, at rates expected to be marginally higher than those mooted earlier this year.

Iscor's four partners include the Austrian steel producer Voest-Alpine AG. The others have not been named, except as coming from Western Europe and the US.

No political pressures of any sort had been involved in the delay, the spokesman added.

"The demand is there. It's just that the original estimated cost of between R600m and R700m has jumped to about R1 300m and that has got to be found". — Sapa



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## Oil rumour: Soekor, Govt are silent

Industrial Reporter

THE State-backed oil exploration group, Soekor, and the Government yesterday refused to confirm or deny rumours that the giant American off-shore oil rig, Sedco K, had struck oil off Mossel Bay.

Responding to Cape Times queries on the possible strike, a Soekor spokesman yesterday said the rig had not yet "carried out any tests". Asked if they had encountered an oil "show" he said Soekor could not commit itself.

"That's all I can say. It would be up to the Minister of Mines (Mr S P Botha) to make any announcement."

The Minister was also unwilling to say whether oil had been found.

Sources in the oil industry yesterday told the Cape Times that tests would normally be necessary only to determine the extent of the strike. An oil "show" should be a matter of record.

● A scheduled visit by a party of journalists to the rig earlier this month was cancelled with the explanation that the Minister of Mines had other commitments.

### Electricity supply not secure, says Escom official

26/11/76

THE SUPPLY of electricity to the City of Cape Town is less secure than Escom would wish, a top official of the commission told the symposium yesterday.

The manager of Escom's Cape Western undertaking, Mr R P A Muburgh, said this was due to delays in

obtaining servitudes on land for power transmission lines. A realistic target date had been set for the completion of two lines from Muldersvlei to Acacia distribution station, but it would now take an all-out effort to have the lines commissioned in time for winter.



**SASOL II COSTS**  
**Up and up**

FIN. MAIL  
3/12/76

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Fears that the total cost of Sasol 11 might approach R3 000m (from 1974's R1 400) appear real enough in the light of the annual statement by the chairman, Dr Etienne Rousseau

Rousseau states that estimated capital cost at 1975 prices is R1 900m *excluding* cost of the township and housing, interest during construction and working capital

This figure also excludes escalation, so all in all the R3 000m mark could well be reached by the time the oil-from-coal

project comes on stream, hopefully by 1980. Rousseau says that after finalisation of the majority of important contracts towards the beginning of next year, a detailed revised estimate, allowing for escalation since October 1975, will be prepared.

To date contracts or commitments totalling more than R600m have been awarded.

Original plan was to restrict overseas borrowings for Sasol 11 to 20% of the total cost. Rousseau says, in fact, that actual net outlay of foreign exchange up to the end of this decade will be about R250m. He adds that the total outlay of foreign exchange will be recovered within two years after commissioning. Since Sasol 11 should, on the Corporation's reckoning, save R350m in foreign exchange a year, it appears that the foreign input of total cost is some R700m.

But where's the rest of the money coming from? Earlier this year Sasol explained that cost would be met 80% by non-interest bearing finance, including direct Parliamentary allocations, plus drawings from the fuel levy. The fuel levy fund is unlikely to contribute more than, say, R100m. Does this mean that the taxpayer must come up with the balance?

What's more, surely at a revised cost estimate of R3 000m the viability of the entire project must have changed?

Contends Rousseau "Present indications, taking into account known rates of escalation and already received bids for supply and erection of plant and equipment on the one hand, and product price movements (prices of petrol and the other by-products such as ethylene, ammonia, sulphur etc which Sasol 11 will produce) on the other hand, are that original estimates of return on capital employed remain virtually unchanged."

If so, it's a somewhat fortunate coincidence. It would, however, be considerably more comforting if Sasol actually took the trouble to spell this out, with the relevant prices and equations.

There's still a lot the public needs to know about Sasol 11's costs and viability. Hopefully we'll be the wiser when the revised estimates appear — if not sooner

# BIG ISCOR DEAL SINKS IN CHAOS

5/12/26

by RENNIE BOTHA

ISCOR's multi-million-rand coal drilling contract is in chaos, according to one of the drillers who worked on it.

The driller, who resigned this week, said: "Soon the whole show is going to come to a standstill. "Drilling is my life. But this contract has turned into a fiasco."

The Sunday Times revealed last week that Explo, the "ghost" company owned by former Potchefstroom dominee Mr Dawid Plessis which originally won the steel giant's contract, had gone bankrupt, and that the contract had been taken over by an equally inexperienced import firm, Protea Distributors.

Protea's deputy chairman, Mr J A R. Alty, said then that the contract could develop into a R7-million venture. Its first stage — drilling 150 exploratory holes —

## Top drillers resign in

## 'fiasco' row

was worth R1.5-million, he added. "And we expect to drill many more than that."

But this week, three of the most experienced men on the site resigned — among them the chief foreman, Mr Flip Schutte.

One of the three, who didn't want to be named, said: "You won't believe what is happening on site."

"Morale, among Whites and Blacks, is rock-bottom because nobody's been paid on time. "There's gloom over the

whole site. The men just aren't interested any more."

Sunday Times investigations, and a visit to the Southpansberg site, have revealed that

● Iscor, which had originally specified that the contractor should work with 15 drills, dropped the requirements to nine a month after Explo won the contract

● Eight of these drills were imported through Protea at a cost of R25 000 each — although there are equally efficient drills available in South Africa for R15 000.

## 'Not fishy'

● The head of Iscor's drilling department, Mr B S. Liebenberg, helped Explo hire its drillers — although it was supposed to have had a drilling team

● Protea has now hired Eagle Drilling, owned by a Mr D Douglas, to carry out the contract — although Eagle, like Explo and Protea, is little known in the drilling field

Mr Douglas, who lives in Springs, could not be reached for comment

Mr Alty also admitted that the men on site had not been getting their pay on time

Iscor's public relations officer, Mr H C Jerling, said he hadn't known of Mr Liebenberg's work for Explo

He added: "There is nothing fishy about it."

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# ISCOR IN

# HOST DEAL

SunTimes

By RENNIE BOTHA

**ISCOR, the State-run steel giant, gave a multi-million rand drilling contract to a ghost company, a court heard this week.** 28/11/76

## How ex-dominee landed a giant drilling contract

The company, Explo, did not have any drillers on its staff. It had no drilling equipment. It was not even registered as a company until after it won the contract.

Yet it beat the tenders of some of South Africa's leading drilling firms. Now Explo has gone bust.

And unless Protea Distributors, the import firm which has taken it and the contract over — and whose chief admits that his staff have no drilling experience either — can deliver, Iscor could lose thousands of rands.

This is because the delay caused by the Explo's collapse has, thanks to inflation, sent drilling costs soaring.

The contract was for 150 exploratory holes to be drilled in the Soutpansberg in the Northern Transvaal where Iscor is looking for coal.

So far, according to an Iscor spokesman, more than 100 have been drilled.

### Extraordinary

Part of the extraordinary story of how a complete unknown managed to win such a valuable contract was in papers before the Johannesburg Supreme Court this week when the Protea takeover was approved.

But Mr. L. J. Nel, a senior official in Iscor's buying department, which gave the contract to Explo said after the brief hearing: "Nobody will ever find out why the contract was given."

"It will never be allowed to be known."

All the same, the questions remain.

● WHY did Iscor hand out the contract without investigating the background of the company it was dealing with?

far as we are concerned, the drilling is carrying on and we are happy with the progress."

Protea's deputy chairman, Mr J A R Alty, has promised meanwhile to try to recover the loss made by Explo.

He said confidently "The contract could develop into at least a R7-million venture."

"It's worth R1.5-million to us once we've sunk the first 150 holes to the required depth. And we expect to drill many more

than that."

Yesterday the former dominee at the centre of the mystery was still not available for comment despite numerous attempts to reach him.

He is Mr Dawie Plessis, who was Explo's sole shareholder.

He resigned recently from his job as a financial adviser to Potchefstroom University.

Mr Du Plessis's wife said at their home in Potchefstroom "You won't ever be able to find him".

● WHY, if it had investigated, did Explo get the contract?

● WHY, when Explo went broke was the contract not put out to tender again?

Mr Nel flatly refused to answer the questions. Asked whether there was any special reason why Explo got the contract, he said: "I'm not prepared to speak to you about that."

### 'Above board'

Iscor's public relations officer, Mr D. C. Verhulst, insisted later that the whole thing is above board.

Mr Jerling had had 15 tenders for the contract. He said it had been the best position for drilling.

He said, though, that Iscor had not known it gave the contract to Explo was not a registered company. He added he has no further comment on that question.

On the takeover by Protea, Mr Jerling said:

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# BIG ISCOR DEAL SINKS IN CHAOS

SUNDAY TIMES 5/11/76

by RENNIE BOTHA

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The driller, who resigned this week, said: "Soon

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"Drilling is my life. But this contract has turned into a fiasco."

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Protea's deputy chairman, Mr J. A. R. Alty, said then that the contract could develop into a R7-million venture.

Its first stage — drilling 150 exploratory holes —

though Eagle, like Explo and Protea, is little known in the drilling field. Mr Douglas, who lives in Springs, could not be reached for comment. Mr Alty also admitted that the men on site had not been getting their pay on time. Iscor's public relations officer, Mr H. C. Jerling, said he hadn't known of Mr Laebersberg's work for Explo. He added "There is nothing fishy about it."

## Top drillers

### resign in

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# Mutual chief hits at State pension plan

ARGUS 9/12/76

**THE national contributory pension scheme recently put forward by the Government was sharply attacked by the chairman of the Old Mutual, Mr. J. C. van der Horst, at the annual meeting of the society in Cape Town today.**

He warned that the pension scheme, as proposed, was fundamentally unsound.

The proposed contribution rate of 7 percent of earnings would, in the long run, have to be increased many times over to support the benefits promised under the scheme.

Should the pension scheme be introduced as at present envisaged, a likely sequel could be the large-scale winding-up of private pension funds or, at least, the rapid running down of such funds, and the contraction of the life assurance industry, as well as the building society movement and other savings media, he said.

The attendant financial and economic implications are so vast and dangerous that it is well nigh impossible to predict where the introduction of the proposed scheme will eventually lead.

The scheme was completely socialistic in concept.

In the first 10 to 20 years of the scheme it would be exceedingly difficult, if not impossible, for any soundly run private fund to exist with the State scheme.

# High cost of independence

FIN. MAIL

10/12/76

264

Sasol 2 remains a bone of contention. But there are compelling arguments in its favour

**Much** of the apprehension about the soaring cost of Sasol 2 can be dismissed as over-reaction, suggests Sasol MD designate Johannes Stegmann

Reason is, he explains, that while cost escalation has pushed the anticipated final tally well over the R2 000m mark, product prices have risen in tandem. Sasol's own projections, Stegmann tells the *FM*, suggest that for every 1% pa escalation in capital costs, product prices must rise by 0,7% to maintain parity. Otherwise, any significant rise in product prices means that the returns from the project will be that much greater.

To date, though, product prices have risen at a slower rate than that of escalation in capital cost. The effect, maintains Stegmann, is an anticipated drop in return on investment of something like 1,5%. In October last year the reduction in return on investment was calculated at 1%.

While it's true that capital cost escalation during the period October-April this year (at 10% pa) was higher than expected, since that time, Stegmann

avers, the escalation rate has receded. The full picture will only emerge early next year when Sasol intends to re-estimate the situation based on actual contract prices and publish a revised estimated total cost figure.

Last time the budget was re-analysed was in October last year when a cost of R1 900m was provided for (compared with the original R1 021m in 1974) and the economics were calculated on "prevailing product costs". In short, if Opec decides on a 10%-plus price hike early next year then the economics of Sasol 2 will improve considerably.

Meantime, calculations undertaken in the US suggest that to produce the synthetic product will cost more than \$20 a barrel, of crude oil equivalent just about double that of the prevailing \$11,50 a barrel crude oil cost from the Middle East.

However, as far as the SA project goes government only expected a "modest return on investment" — enough to service that investment though not attractive enough to tempt the private investor

What that return is, though, Sasol is not prepared to say.

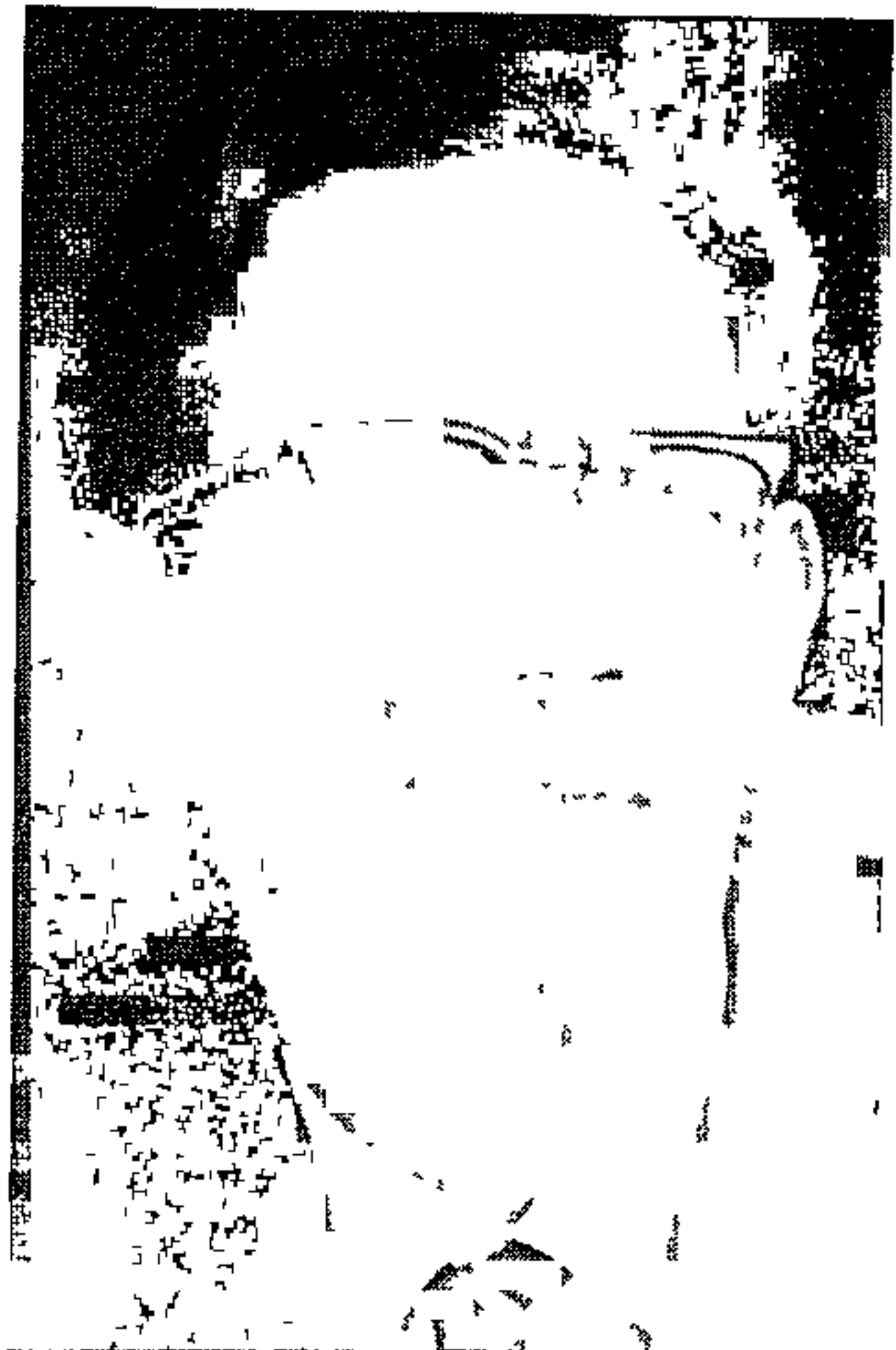
Even so, Stegmann expects that Sasol 2 will produce oil at a price comparable to that of the natural product delivered inland. This is also true for the secondary products. "Products will be marketed," avers Stegmann, "in competition and at the going prices."

Largest slice of the product cake will be the petrol, diesel and light fuel oil component with an anticipated off-take of around 1,5Mt. At today's level of demand that production would account for just less than 35% of the domestic petrol market. By 1982, though, that market share will have fallen to between 25% and 28%.

The revised production figure for ethylene is 165 000t pa compared to today's production of around 142 000t. Sasol's sulphur production, at 75 000t pa, will similarly account for a fair slice of the 250 000t annual market projected for the end of the decade.

Also provided for is 110 000t pa of ammonia, 60 000t of pitch, 90 000t of creosote plus 155 000t of alcohols and acetones as well as crude tar acids. Earnings are not projected as such, though Sasol estimates net foreign exchange savings of R350m/year at full production.

Meantime, Stegmann maintains that the arrangements for funding the project are well in hand. "We've been very successful in arranging export credits," he says, "in fact we've provided for more than we'll need." He's still vague when it comes to details of foreign borrowings,



The Sasol pilot plant . . . and navigator Johannes Stegmann



# Old Mutual Business report tells why it rejects State pension scheme

THE CHAIRMAN of Old Mutual yesterday gave policyholders reasons why he had no alternative but to ask that the Government reject the proposed State pension scheme based on the recently published report of the Department of Social Welfare and Pensions.

Addressing the annual meeting in Cape Town, Mr J G van der Horst, warned that the proposed scheme would undermine the incentive to save in South Africa and would destroy the country's basis for capital creation

"Let there be no mistake, the introduction of a State pension plan on the proposed pay-as-you-go basis will set in motion additional inflationary pressures which it may be difficult, if not impossible, to control and which will, furthermore, destroy the incentive to save and the discipline of saving"

The pension fund movement and the savings institutions in Southern Africa had done well in fulfilling their functions, particularly if the circumstances prevailing in Southern Africa were borne in mind

Adequate benefits could

also be provided in future provided an "orderly society based on free enterprise and freedom from unwarranted Government interference" were maintained

The proposed State pension scheme, if introduced on the basis proposed in the report, may well sound the death-knell of the private pension fund movement and of a large portion of the life assurance industry

"It will do untold damage to the other savings institutions through which persons make provision for some of their financial requirements in old age

"The reason this major disruption is likely to happen is because the proposed contribution rate of seven percent of earnings is fundamentally unsound, in that it will, in the long run, have to be increased many



Mr M de W Marsh (above), of Safmarine, has been appointed to Old Mutual's board

times over to support the benefits promised under the scheme"

In the short term no private pension fund, whether underwritten by a life assurance organization or not, would be able to co-exist with the proposed State scheme.

## Pension funds

"A likely sequel to this could be the large-scale winding-up of private pension funds, or, at least, the rapid running down of such funds and the contraction of the life assurance industry, as well as the building society movement and other savings media. The attendant financial and economic implications are so vast and dangerous that it is well-nigh impossible to predict where the introduction of the proposed scheme will eventually lead"

Mr Van der Horst said the proposed State scheme was "completely socialistic in concept in that, because it will be Government controlled and will affect the whole population, it will remove from the people the personal incentive to provide for their own future

"Secondly, it will at least during the first ten to twenty years, until contribution rates rise significantly, be exceedingly difficult, if not impossible, for any soundly run private fund to exist together with the State scheme. By then the damage to, or the destruction of, the existing schemes would have been accomplished

"Thirdly, when the cost of the scheme starts rising, as it inevitably will, it is extremely likely that the State will, for political reasons, prefer to

subsidize rather than raise contribution rates fully to the required levels. This has happened in other countries

"It has not been unknown, in certain countries, for a State pension scheme, run on the lines proposed, to become a political football, with the various political parties vying with each other to promise the most generous benefits at the lowest contribution rate and highest subsidy from taxation. When the day of reckoning comes, those who made the promises and raised the expectations are usually no longer there

"The report of the Department of Social Welfare and Pensions criticizes the private pension fund movement on a number of matters. These include inadequate provision for the preservation and/or transferability of pension rights, the payment of benefits on death or retirement in lump sums rather than in the form of monthly pensions, the lack of uniformity in pension benefits and the fact that there are still large numbers of employers who do not provide pension plans for their employees.

"These are all measures that can, and must, be rectified through remedial legislation within the present structure. None of these defects warrants the introduction, on the proposed scale, of a State scheme with its consequent unpredictable and, at this stage, immeasurable effects on the economic and social structure of South Africa

"A State pension plan on the proposed basis will lead to the belief, among the great majority of people, that it is no longer necessary to make provision for their own future through their own savings and their employers' savings on their behalf

"Instead they will come to rely on the next generation to support them. The next generation will do this only as long as, and to the extent that, it is able and willing to do so

"To the extent that the members of the next generation are able to enjoy an acceptable standard of living, they will be willing to do so. Their ability so to do may be considerably influenced by what they inherited from their predecessors in the nature of productive capital resources

"The proposed scheme will be funded on the pay-as-you-go basis. It will, therefore, not set out to accumulate capital and may even destroy or critically reduce the capital generating ability of private pension funds, life assurance organizations and other savings media. If inadequate capital formation is thus sponsored by Government, it will make it very difficult for the next generation to support the pension scheme

"This will result in an unnecessary reduction in the standard of living, not only of the pensioners, but probably also of the working population at that time

"It has been the tendency, for a long while, to emphasize the redistribution or sharing of wealth, rather than the creation of wealth. We must not forget that, in order to create wealth, we must continually strive, continually save and continually invest for the future. If instead, we concentrate mainly on the sharing of wealth, be it between different classes or between different generations of people, which the proposed State pension scheme will, unfortunately, tend to do, then the only thing that we may be able to share in the long run is poverty

"I therefore have no alternative but to ask the Government reject the proposed State pension scheme. I furthermore ask that the provision of pensions be left, as far as possible, with private enterprise and that remedial legislation be considered to eliminate deficiencies in the present pension fund structure"

*Cape Times 15/12/76*

## Iscor postpones work on mine

Own Correspondent

JOHANNESBURG. — Iscor has postponed work on its R200 million Grootegeluk coal mine and plant near Ellisras in the Waterburg district because of lack of funds

Mr Hans Coetzee, Iscor's managing director, said he was satisfied the mine would be an economic proposition. He hoped that work on its development would be resumed in a year. It would be completed at the end of 1979 instead of the second half of 1978.

Mr Coetzee said that Iscor was negotiating the sale of the Sishen-Saldanha railway to

the Railways administration and the money from this would enable Iscor to complete the Grootegeluk mine

The Sishen-Saldanha railway, according to reports, cost about R200m

Mr Coetzee countered theories in the coal mining industry that Grootegeluk would be a highly costly mine with a relatively small output for its capital investment

Mr Coetzee said that if the Sishen-Saldanha deal did not come off "we shall struggle a bit more but we shall get Grootegeluk going. It is one of our top priorities".



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# Search must go on for oil bonanza

**Sunday Times Reporter**  
OIL WILL be found off South Africa's coast in economically viable quantities but not before months or even years of expensive geological work

This is the opinion of geological experts who commented yesterday on the statement by the Minister of Mines, Mr S P. Botha, that oil has been found off Stilbaai on the Cape coast

Dr P J van Zijl, general manager of Soekor, said yesterday "South Africans must not think that large quantities of oil will be found soon

"We are working on the geological facts we have

at our disposal and think we will find oil in larger and more satisfactory quantities. But I do not know when

"Even with higher prices it would not pay to exploit the Stilbaai strike"

Dr Van Zijl said it would cost between R1 000-million and R2 000-million to exploit a viable oilfield

"Compared with the cost of the Sasol plants, this would not be a lot of money if it meant we would be able to produce our own oil and petrol. We would be mad to give up now

"We have drilled two holes and will probably drill another eight within the next two years"

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# Huge Sasol 2 orders available for SA firms

*Cape Times 12/1/77*

By CHRIS CAIRNCROSS  
JOHANNESBURG. — If most business on the R2 000m Sasol 2 chemical complex goes to overseas contractors then South African industry has but itself to blame for not being competitive enough or, in some instances, having a poor track record on deliveries.

This message comes from Sasol's deputy managing director, Dr A H Stander, in an address to members of the SA Stainless Steel Development Association.

His comments provide the answer to those few South African contractors who have complained that too much of the work on the oil-from-coal plant is being placed overseas.

Dr Stander says that every effort is being made to buy as much as possible in South Africa, "because we know it is in our interest to assist local industry to develop".

Based on experience obtained in expanding Sasol's gas-making facilities at

Sasolburg — recently completed at a capital cost of about R100m — Dr Stander says his company is aiming to spend up to 50 percent of the R2 000m in South Africa on the Sasol 2 project.

## Tight budget

Dr Stander says that this cost consciousness extends to capital works.

"The Sasol 2 project is subject to very tight budget control," he says.

Competitive prices are one aspect that can assure South African industry of a prominent role in the Sasol 2 project. Adherence to promised delivery times is another, which has been an aspect apparently not rigidly attended to in the past.

Dr Stander says: "During our gas expansion project, promised delivery times were exceeded by an average 20 percent

"It requires little mathematical ability to calculate the cost of delaying a R1 900m project, but it seems that some South African manufacturers still do not appreciate the seriousness of such delays and the fact that the buyer may not want to take a risk when he can buy in countries like Japan where delay hardly ever occurs."

Dr Stander estimates that the steel requirements for Sasol 2 will be about 186 000 tonnes, which figures excludes such speciality items as turbines and compressors

About 65 percent of this

tonnage could be supplied from South African sources.

Of the quantity required, he estimates that 46 000 tonnes will be structural steel, obtainable in South Africa; 10 500 tonnes of manufactured steel, including stairways, platforms, of which 10 000 tonnes could be produced here.

A further 43 000 tonnes is allocated for pressure vessels and tanks of which the local content could be as much as 50 percent.

Pipes and the pipe fitting could take up as much as 50 000 tonnes, of which the local content would only be as much as 8 percent because of the limited manufacturing capabilities of South African industry

Reinforcing steel will take up a further 36 000 tonnes all of which could be procured from domestic sources. And a further 3 000 tonnes will go in stainless steel, much of which will probably come from overseas.

## Competitive

But he also stresses that sentiment had no role in any of Sasol's decisions to place business with South African firms as the contracts were entered into "because it pays us to do so"

For South African industry this is its best assurance that Sasol will place business here. In other words, tenders submitted by South African firms must be competitive.



# The case for controlling the State corporations

19/11/77 EDM



MIKE MITCHELL

SOUTH AFRICA'S giant corporations — which use taxpayers' money to manufacture electricity, oil and — should be controlled by Parliament

Dealing with the parliamentary control of corporations in his work on the relationship between Parliament and Executive, Mr Mitchell points out that in the budgets of the biggest State corporations, Iscor, Sasol, and the Industrial Development Corporation, more than 100 million the budget of the whole of South Africa.

He points out that the corporations have a "found influence" on economic life blood of South Africa, that they use State money voted them by Parliament and protected from the tax, and that they have been founded by an Act of Parliament.

Yet, although the annual reports and statements of the corporations are laid before Parliament "the information contained in them is minimal"

He claims that the reasons advanced by the Government for refusing to set up machinery to provide for proper accountability to Parliament for activities and spending of State corporations is inadequate.

The reasons given by the Government are so flimsy as to amount to a determination not to have public control by Parliament

They are backed by a majority of Members of Parliament whose duty, they see it, one must decide, is to back any enterprise against public examination of its activities and the amount of spending of the money on them —

because such an examination might reveal something untoward which could affect 'the party' "

The State corporations fall under the control of Cabinet Ministers with the relevant portfolios

The only control that Parliament has over the corporations is the fact that the annual reports are laid before Parliament, and that individual members may ask questions of the Minister.

Mr Mitchell quotes Mr P. A. Moore, MP, in Parliament in 1970.

Mr Moore said, "If we ask the Minister of Economic Affairs (a question) he shrugs his shoulders and says that it is an autonomous company, that all he does is appoint the directors."

## Attitude

He then quotes a speech made by the then Minister of Economic Affairs, Senator Owen Horwood, in Parliament in 1974 as "the most recent Government attitude"

Senator Horwood said: "Once these directors (of Iscor) have been appointed, they are absolutely autonomous I could no more prescribe to the board of Iscor . . . than I could prescribe to the man on the moon . . . nothing could stop the board of Iscor taking any decisions which they deem fit, that is perfectly clear"

"The budget, the financial statement, the whole basis on which this corporation is to operate in the year ahead is not presented to Parliament. It never has been and it never will be . . ."

In contrast, Mr Mitchell quotes "the example" of the South African Railways and Harbours

"This is a large undertaking, run so far as pos-

sible on business principles, with a budget of upwards of a thousand million rands

"A special Select Committee of the House of Assembly has always sat every session to examine the accounts of the South African Railways and Harbours.

"Why should this principle not apply to other State-sponsored corporations?" Mr Mitchell asks

He points out that in Britain — the Mother of the Westminster System — Select Committees are set up each year to examine the reports and accounts of the nationalised industries

Turning to delegated authority, Mr Mitchell says it is the field which best demonstrates the encroachment of the executive on the legislative and judicial organs of the State

Delegated authority is the field in which Parliament delegates to the Executive its powers to legislate, and invests the Executive with powers of a judicial or quasi-judicial nature

In other words laws are then made by the various Government departments under the control of the Cabinet. These laws are issued by promulgation. They are not, when issued debated and decided upon by Parliament or anybody at all

Mr Mitchell quotes from "The New Despotism" written in 1929 by the Lord Chief Justice of England, Lord Hewart

Lord Hewart wrote of disturbing new tendencies in Government, "Intending to produce, and in practice producing, a despotic power which at one and the same time places government departments above the sovereignty of Parliament and beyond the jurisdiction of the Courts."

Pointing out that the two leading features of the Westminster Constitution were the sovereignty of Parliament and the Rule of Law, Lord Hewart said an attempt was being made to use one to destroy the other.

"The new despotism gives Parliament an anaesthetic . . . the goal is to subordinate Parliament, to evade the Courts, and to render the will, or the caprice of the Executive unfettered and supreme," Lord Hewart wrote.

Mr Mitchell makes two points based on Lord Hewart's observations

## Despotism

The first is that the "scope of the powers of the new despotism in South Africa are infinitely greater than those exercised in Great Britain.

The second is that in spite of "every opportunity and encouragement the South African Parliament has declined to set up any additional machinery to secure the principles of the sovereignty of Parliament and the supremacy of the law."

In an annexure, Mr Mitchell lists more than 280 Acts in which authority has been delegated to the Executive since Union.

The contents of this annexure indicate the enormous range of powers the Executive has in South Africa to legislate for matters which affect the everyday lives of most South Africans

"Powers which Parliament, the sovereign and the legislative organ of our Constitution, has steadfastly refused to allow itself to control on behalf of the people affected thereby, although ostensibly it represents the interests of those people," Mr Mitchell says.

The meaning of the annexure is that "the real and effective decisions on the subject matter of the Act, the manner in which the Act will apply to the public at large, is in the hands of the persons who draft the regulations in terms of the Act, and those persons (often the same persons) who administer the Act

"The persons making such decisions are members of the public service, presumably acting in the performance of such duties under the direction of the Minister in charge of the functions entrusted to him in terms of the Act, who is, one would presume, responsible for the proper performance of such duties to Parliament.

"Parliament originally granted the powers, but did not, it is strongly suggested, accept a corresponding duty to control the exercise of such delegated powers," Mr Mitchell says

Hansard 1 col 3 25/1/77

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**Cost of the Second Sasol**

\*7 Mr. G H WADDELL asked the Minister of Economic Affairs:

What is the latest estimate of the total cost of the Second Sasol.

†The MINISTER OF ECONOMIC AFFAIRS

Based on 1975 price levels and at an average escalation of 8% per annum during the construction period R2 458 million. This estimate excludes working capital, township development, housing and interest during the construction period.



Hansard 4 col 309

14/2/77.

**Sasol II**

400 Mr G H WADDELL asked the Minister of Economic Affairs

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- (1) What is the value of contracts awarded for Sasol II to tenderers (a) in the Republic and (b) outside the Republic,
- (2) whether contracts in excess of the value of R10 million have been entered into with foreign firms, if so, for what equipment and/or services

The MINISTER OF ECONOMIC AFFAIRS

- (1) (a) R570 120 862,  
(b) R733 010 522,
- (2) yes, one contract for the overall co-ordination of the design and erection of the factory, including engineering and buying services, as well as certain construction work excluding the oxygen and steam plants, and eight other contracts for design, engineering and buying services for specific sections of the factory, namely the refinery, gassing, rectisol, phenosolvan and ancillary sections, the design, manufacture, buying, supply and erection of the synthol, oxygen, steam, C2-removal, hydrogen and ethylene plants, the design, manufacture and supply of oxygen and other compressors, and the provision of temporary engineers during construction

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## Iscor—Wassenaar 'delighted'

Own Correspondent  
JOHANNESBURG. — Dr  
Andreas Wassenaar,  
chairman of Sanlam, was  
delighted yesterday by the  
news that the giant State-  
owned steel empire, Iscor, was  
up for sale to private  
enterprise.

The announcement was  
made by the chairman of  
Iscor, Dr Tom Muller, barely  
10 days after Dr Wassenaar's  
criticism of Government  
interference in business in his  
book: "Assault on Private  
Enterprise—freeway to  
Communism".

The book earned him a  
stern rebuttal in Parliament  
from the Prime Minister, Mr  
Vorster.

Although excited yesterday  
at the possibility of Iscor  
being handed over to the

private sector, he would not be  
drawn on the possibility of  
other State corporations being  
dismantled.

"I will be satisfied if we got  
busy on Iscor and started  
serious negotiations with the  
Government."

### No problem

Dr Wassenaar was certain  
there would be no problem  
involved in taking over Iscor.

"This must be tackled in a  
businesslike way. Private  
enterprise must look at it very  
carefully and investigate the  
reasons why Iscor is running  
at a loss. They would have to  
see all the accounts before  
negotiations started about a  
price," he said.

"They will find out where it  
needs new policy and

administration."  
● Sapa reports that the  
chairman of Iscor, Dr Tom  
Muller, last night said he was  
not against the sale of Iscor,  
but there were practical  
problems.

Interviewed on SATV he  
said: "Iscor's production at  
present is very low and it is  
not an attractive investment."

One of two things could be  
done to improve this, he said.  
The price of steel could be  
increased — which would have  
far reaching repercussions on  
the economy, or Iscor could  
begin producing a smaller  
variety of products to become  
more economical.

Both of these steps,  
however, held certain  
implications which would  
have to be considered and put  
into perspective. — Sapa



# Iscor — steeled for the future

What's wrong with the continually loss-making State-owned steel corporation? And what could it do to put things right?

With Iscor making loss after loss and the outlook for the steel industry increasingly uncertain as the economy writhes on its sick bed, the *FM* spoke to Iscor chairman Tommy Muller about the state-owned giant's targets

**FM: How optimistic are you about the steel market in the next 12 months?**

The International Iron and Steel Congress in Japan last October was quite the gloomiest international congress I've ever attended. Everybody was complaining about the market and they're all working at well below capacity. General feeling was that working to 60%-65% capacity is the norm

**What are the prospects for exports in the coming 12 months?**

Our budget targets for the year ending June anticipates exports around 1,2 Mt. We've really had little alternative but to go out and sell our product overseas. The domestic market has slumped

**How, then, will Iscor be affected by the EEC's, particularly the UK's, move against steel imports?**

That's not specifically against Iscor. It's essentially an anti-dumping duty of R54/t and right now the EEC countries are discussing the importation of SA steel. Just what will happen? Well, we just don't know

**On the domestic front, what sort of effect has the economic showdown had on Iscor's labour force?**

We haven't retrenched at all, but we have slowed down drastically on our local recruitment and we've cut out enlisting overseas almost altogether. Our production is rising pretty steadily with a fixed labour force. In short, we're becoming more efficient

**How then do you view Iscor's immediate financial position assuming no immediate rise in the price of steel?**

Iscor has a cash flow problem. We think we're in for a lean time for a year or 18 months. After that we can see things improving. If the local market hadn't dropped so badly then we wouldn't have been in much trouble right now. But, within a year or two, we should be out of our cash flow problems.

**And short-term profits?**

In the steel industry about 70% of the costs are fixed and about 30% variable. Therefore, you can really sell on the export market at variable costs plus a contribution to fixed costs. It's worthwhile still producing but you're not making a profit that way. Thus, we're still going to make a loss this year. I've no doubts about that at all

**What sort of loss?**

I'd rather not get drawn on that one. In that case can we assume there will not be a rise in the price of steel between now and next June?

I think we can say that, yes. And between now and the end of the year?

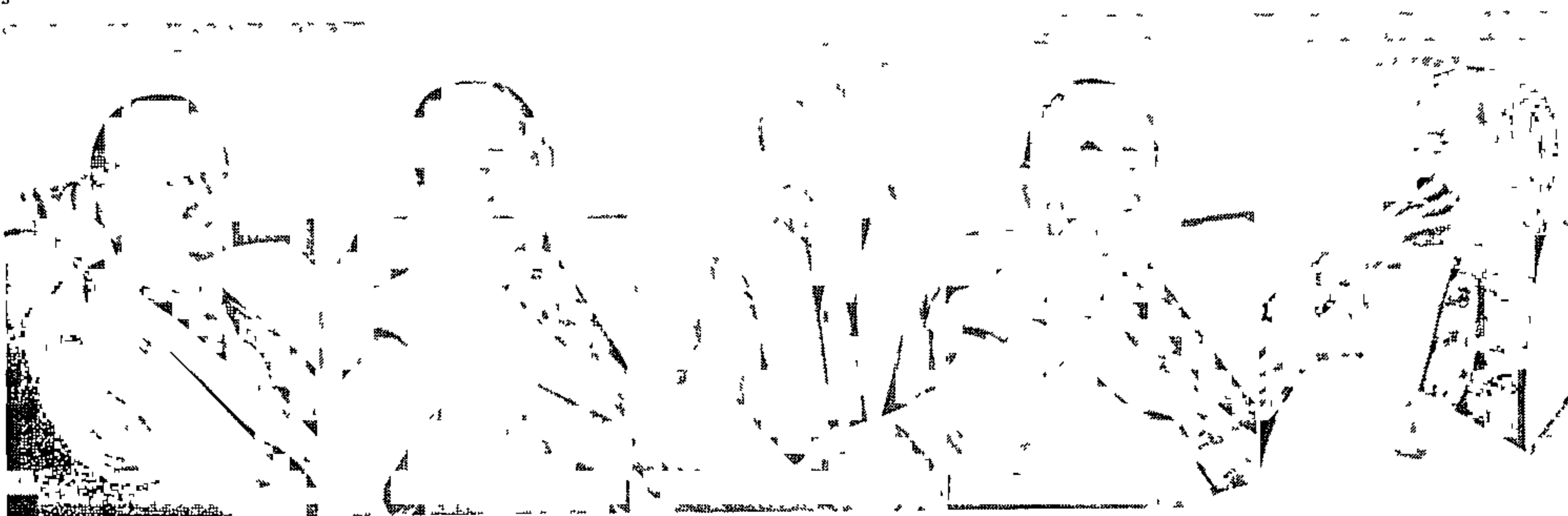
That's up to the Cabinet, but we haven't got an application in right now. However, we can get taken unawares. For example, this latest (25%) hike in the cost of electricity will cost us an extra R4m on production costs

**What has been the result of the Pistorius Committee's investigation into corporation finances?**

The investigation has confirmed, among other things, what we've been saying for a long time. That is, there should be a regular pricing policy which takes cognisance of inflation as it applies to Iscor. The Corporation should be allowed to make profits and build up reserves — and that hasn't happened in the last six to eight years. The Corporation has had to finance all its expansions out of loans

**What, then, would you have to charge for your steel to go on to a profit footing tomorrow?**

If the market were to recover and we could apply price increases according to inflation as it applies to Iscor, then I think we could get into a satisfactory profit position. We would then be able to build up reserves and finance most of our requirements internally. If that had been done since 1952 then it would have been possible for us to finance almost all of our extensions ourselves



Iscor chairman Tommy Muller. "The Corporation should be allowed to make profits and build up reserves — and that hasn't happened in the last six to eight years."

**What are your plans for foreign borrowings over the next 12 months to five years?**

Firstly foreign money is, very tight, secondly, we are carrying a very heavy interest load. I'm not very keen on increasing our debts. I'd much rather get by on our internal cash flow and some assistance from government — though not the R25 000m that Dr Wassenaar talks about.

**What is the Corporation's reaction to suggestions of selling off Iscor?**

The whole scheme is up against practical difficulties. Just to put it in a nutshell I don't see how the private sector could be interested in investing in Iscor while it is running at a loss. The company would first have to become viable and show a reasonable return on investment.

**What, then, would be the direct effect on steel prices?**

My own guess is that they would go up drastically. It would also mean that many, if not all, of the unprofitable lines would go to the wall and that means importing the shortfall at higher prices and at a substantial cost in foreign exchange.

**To what extent are we reliant on imports right now?**

A few types of special steels, but they're a relatively low percentage of the total. However, if the economy picks up there is going to be a big shortage of steel again. For example, by 1980/81 the Western world including Japan may well be battling with a shortage of 100 Mt a year.

**The Ellisras coking coal plant has been described as the cornerstone of our smelting industry. We're talking about R200m for development — where's the money to come from?**

It'll come from our internal cash flow. Even though we may show a loss, our internal cash flow may well be positive. We write off depreciation and we make provision for replacement costs — that figure at the moment is about R12m a month.

**What about cash from the sale of the Sishen-Saldanha line?**

If Railways take over both the line and the harbour they have to pay us for any cash we've spent and take over responsibility for loans. As far as the cash goes we are talking about R115m. From our side things are more or less finalised; it's now up to them. We reckon they'll take over within months.

**What's the latest on the proposed deal with Tweefontein for the supply of coking coal, and possibly, for a formcoke plant?**

Formcoke at this stage is a doubtful starter. There isn't any production size formcoke plant anywhere in the world. As far as Tweefontein is concerned we are going to buy blend coking coal from them at the rate of about 2 000 t a week.

**We understand that if enough high grade coking coal were available then existing blast furnace capacity could increase. By how much?**

We could well up capacity by something like 10% — without adding any equipment.

**What about the export of iron ore from Saldanha Bay?**

We're way ahead of schedule. I think

it's fair to say that by the end of June, and since the end of September, we'll have exported more tonnage than in the whole of our history. Indeed, by the end of March we'll have exported 4 Mt. In total those exports should represent between R150m-R200m worth of foreign exchange this calendar year. They should settle down to around R250m going to Japan and Western Europe.

	<u>See</u>	PUBLIC SECTOR - Government - Asian Affairs
	<u>See also</u>	{ EDUCATION TEACHERS - Asian
	<u>See</u>	PROFESSIONS
	<u>See</u>	FOREIGN TRADE
	<u>See also</u>	ECONOMY - GENERAL
	<u>See</u>	FINANCE
Dept.	<u>See</u>	PUBLIC SECTOR - Government - Bantu Administration & Development
	<u>See also</u>	{ HOMELANDS MIGRANT LABOUR - S.A. URBAN AFRICANS
	<u>See</u>	URBAN AFRICANS
	<u>See also</u>	{ HOUSING & HOSTELS LIQUOR RESETTLEMENT SERVICES & AMENITIES FOR BLACKS
	<u>See</u>	CONSTRUCTION - Labour
	<u>See also</u>	WAGE REGULATION - Bantu Building Workers' Act
ment	<u>See</u>	PUBLIC SECTOR - Government - Bantu Education Department
	<u>See also</u>	EDUCATION, HOMELANDS, TEACHERS
	<u>See</u>	RESETTLEMENT
th. ex. lea. bec. of t.	<u>See also</u>	URBAN AFRICANS
	<u>See</u>	SERVICES SECTOR - Accommodation, liquor and catering
	<u>See</u>	MANUFACTURING - Iron, Steel, Engineering & Metallurgical Ind.



Hansard 5 Q cols 477-478 25/2/77

Iscor: Loss situation

⑤ Mr T ARONSON asked the Minister of Economic Affairs

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- (1) Whether the Government intends to take steps to eliminate Iscor's present loss situation, if so, what steps,
- (2) (a) whether the reasons for the loss showed by Iscor in the past financial year have been investigated by the Government and (b) when is it anticipated that the State will receive a return on its capital investment in Iscor

†The MINISTER OF ECONOMIC AFFAIRS (Reply laid upon Table with leave of House):

(1) and (2) I am fully acquainted with the reasons for the loss showed by Iscor during the past financial year. The high rate of capital expenditure since 1973 caused additional finance and depreciation charges which could not be met by the throughput of plants which were not yet fully commissioned. The high level of construction activity, moreover, disturbed the normal course of production to a certain extent. At

the same time Iscor experienced serious problems with the quality of available coking coal and the market weakened as a result of the economic recession. The aforementioned extensions gradually reach their optimum production capacities and this, together with the considerable internal savings and improvements in productivity brought about by Iscor, will enable Iscor to utilize fully any improvement in demand, local as well as overseas, and to yield a greatly improved return.

I do not regard it advisable under prevailing conditions to grant further price increases in order to improve Iscor's earning capacity.

Act No 20, 1977

ARMAMENTS DEVELOPMENT AND PRODUCTION  
AMENDMENT ACT, 1977

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## ACT

To amend the Armaments Development and Production Act, 1968, so as to provide for the vesting in the corporation established by the said Act of all the assets, rights, liabilities and obligations of the Armaments Board established by the Armaments Act, 1964, and for the transfer of the officers and employees of the said Armaments Board to the said corporation, to extend the powers of the said corporation, to provide for the furnishing of a guarantee in respect of the repayment of loans obtained by certain subsidiary companies, and to repeal the said Armaments Act, 1964, and to provide for matters connected therewith

(English text signed by the State President)  
(Assented to 15 March 1977)

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa as follows —

1. Section 1 of the Armaments Development and Production Act, 1968 (hereinafter referred to as the principal Act), is hereby amended—

- (a) by the substitution for the definition of "armaments" of the following definition
- "armaments means any vessels, vehicles, aircraft, bombs, ammunition or weapon or any appliance, material, raw material, components or articles of whatever nature capable of being used in the manufacture thereof or for defence purposes or other purposes determined by the Minister with the concurrence of the Minister of Economic Affairs
- (b) by the substitution for the definition of "corporation" of the following definition
- "corporation means the Armaments Corporation of South Africa Limited, established by section 2 and
- (c) by the deletion of subparagraph (ii) of paragraph (b) of the definition of "employee"

2. Section 2 of the principal Act is hereby amended by the addition of the following subsections:

- (3) (a) As from the commencement of the Armaments Development and Production Amendment Act 1977, the corporation established by subsection (1) shall be known as the Armaments Corporation of South Africa Limited
- (b) The Registrar of Companies shall at such commencement record such change of name in his register
- (4) Any reference in any other law or elsewhere to the Armaments Development and Production Corporation of South Africa Limited, or to the Armaments Board shall be construed as a reference to the Armaments Corporation of South Africa Limited"

Amendment of  
section 1 of  
Act 57 of 1968  
as amended by  
section 1 of  
Act 65 of 1972

Amendment of  
section 2 of  
Act 57 of 1968



Act No 20, 1977

ARMAMENTS DEVELOPMENT AND PRODUCTION  
AMENDMENT ACT, 1977Insertion of  
section 2A in  
Act 57 of 1968

3 The following section is hereby inserted in the principal Act after section 2

*Vesting of assets, rights, liabilities and obligations of Armaments Board in corporation* 2A (1) As from the date of commencement of the Armaments Development and Production Amendment Act, 1977—

- (a) all the assets, rights, liabilities and obligations of the Armaments Board shall vest in the corporation, and
- (b) anything done prior to that date by the Armaments Board in terms of the provisions of the Armaments Act, 1964 (Act No 37 of 1964), shall be deemed to have been done by the corporation in terms of the provisions of this Act

(2) The registrar of deeds concerned shall, as soon as practicable after the date mentioned in subsection (1), make such entries or endorsements in or on any relevant register, title deed or other document in his office or submitted to him as he may deem necessary in order to give effect to the provisions of subsection (1) (a) and no transfer duty, stamp duty, office fee or other charge shall be payable in respect of any vesting in terms of the said subsection (1) (a) or in respect of any such entry or endorsement

Amendment of  
section 3 of  
Act 57 of 1968,  
as substituted by  
section 2 of  
Act 65 of 1972

4 Section 3 of the principal Act is hereby amended—

(a) by the substitution for subsection (1) of the following subsection

“(1) The objects of the corporation shall be to meet as effectively and economically as may be feasible the armaments requirements of the Republic, as determined by the Minister, including armaments required for export and firearms ammunition or pyrotechnical products required for supply to members of the public”

(b) by the insertion after paragraph (f) of subsection (2) of the following paragraphs

“(fA) to erect, construct or maintain or enter into contracts for the erection, construction or maintenance of any buildings, structures or other works required by the corporation for the performance of its functions or by the State for such purposes as the Minister may determine,

(fB) to obtain or establish facilities in order to achieve the objects of this Act,”

(c) by the insertion after paragraph (k) of the said subsection (2) of the following paragraphs

“(kA) to undertake or cause to be undertaken in the Republic or elsewhere any investigation or research in connection with the manufacture, maintenance, testing, inspection or development of armaments

(kB) to promote and co-ordinate the development, manufacture, standardization, maintenance, acquisition or supply of armaments by collaborating with, or assisting or rendering services to, or utilizing the services of, any person, body or institution or any department of State, or by taking such other steps as the corporation may consider necessary

(d) by the insertion after paragraph (l) of the said subsection (2) of the following paragraphs

“(lA) to exercise control over the manufacture, acquisition or supply of armaments,

(lB) in the Republic or elsewhere, to acquire, modify, test, inspect, lease, dispose of, lend or let armaments,

(lC) to enter into contracts with persons in the Republic or elsewhere for the manufacture, modification, maintenance, testing or inspection of armaments,

(lD) to render to any person, company, body established by or in terms of any law, department of State or provincial administration such services as may

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ARMAMENTS DEVELOPMENT AND PRODUCTION  
AMENDMENT ACT, 1977

- from time to time be determined by the Minister who shall, if the services are required by any person, company or any such body, act with the concurrence of the Minister of Economic Affairs,
- (IE) on behalf of any person, company, body established by or in terms of any law, department of State or provincial administration to enter into contracts with persons in the Republic or elsewhere for the supply or rendering of armaments or services, which services shall be determined as in the case of services mentioned in paragraph (ID),
- (IF) to make such arrangements as the Minister may with the concurrence of the Minister of Economic Affairs consider necessary for the stock-piling of strategic raw materials, materials and components for the manufacture of armaments,
- (IG) to collaborate with any educational, scientific or other body or institution in connection with the provision of instruction for or the training of persons for professional or technical service or as skilled artisans in the manufacture, maintenance or development of armaments, and to provide on such conditions as it may deem fit financial or other assistance to such persons in order to enable them to receive such instruction or undergo such training," and
- (e) by the insertion after paragraph (m) of the said subsection (2) of the following paragraph
- "(mA) to advise the Minister on any matter relating to armaments which he may refer to the corporation or as to which the corporation may consider it to be necessary to advise the Minister,"

Insertion of  
section 4A bis in  
Act 57 of 1968

5 The following section is hereby inserted in the principal Act after section 4A

- Staff of Armaments Board to become employees of corporation
- 4A bis (1) As from the date of commencement of the Armaments Development and Production Amendment Act, 1977, the service, with the Armaments Board, of every person who is on that date in the service of the Armaments Board shall terminate and he shall become an employee of the corporation
- (2) Save in pursuance of disciplinary measures applied by the corporation, the salary or scale of salary of any person who so becomes an employee of the corporation shall not be reduced without his consent
- (3) Any leave which may have accrued in favour of any such person before he so became an employee of the corporation, shall be deemed to have accrued in his favour by virtue of service with the corporation
- (4) Subject to the provisions of subsections (2) and (3), the corporation may determine the remuneration, furnishing of benefits and other conditions of service of persons who become employees of the corporation in terms of subsection (1), as it may deem fit"

Amendment of  
section 6A of  
Act 57 of 1968,  
as inserted by  
section 7 of  
Act 65 of 1972

6 Section 6A of the principal Act is hereby amended by the substitution for subsection (2) of the following subsection

- (2) The Minister may in consultation with the Minister of Finance, on behalf of the State, and on such conditions as the Minister may deem fit, guarantee the repayment of any moneys raised, borrowed or obtained by the corporation in terms of subsection (1) or by any subsidiary company, together with any interest thereon and any charges incurred in connection therewith"



Act No 20, 1977

ARMAMENTS DEVELOPMENT AND PRODUCTION  
AMENDMENT ACT, 1977Insertion of  
section 7B in  
Act 57 of 1968

7 The following section is hereby inserted in the principal Act after section 7A

Funds of corporation

7B (1) The funds of the corporation shall consist of—

(a) the share capital mentioned in section 6,

(b) moneys appropriated by Parliament in order to enable the corporation to perform its functions,

(c) moneys raised, borrowed or obtained by the corporation in terms of section 6A (1),

(d) moneys obtained from any other source

(2) The corporation may receive donations or contributions from any person and shall use any moneys so acquired for such purposes and in accordance with such conditions as the donors or contributors may specify

(3) The corporation may utilize any balance of its moneys remaining at the end of any financial year of the corporation for any expenses in connection with the performance of its functions

Substitution of  
section 13 of  
Act 57 of 1968

8 The following section is hereby substituted for section 13 of the principal Act

Repeal of Act 87 of 1964

13 (1) Subject to the provisions of section 2A (1) (b) and subsection (2) of this section, the Armaments Act 1964, is hereby repealed

(2) Subject to the provisions of section 2A (1) (b), anything done under any provision of the Armaments Act 1964, which could have been done under any provision of this Act shall be deemed to have been done under such later provision

Substitution of  
long title of  
Act 57 of 1968

9 The following long title is hereby substituted for the long title of the principal Act

"ACT

To establish a corporation for the development and production of armaments, to repeal the Armaments Act 1964, and to provide for other incidental matters

Short title and  
commencement

10 This Act shall be called the Armaments Development and Production Amendment Act, 1977, and shall come into operation on 1 April 1977

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# Sasol signs big deal with Japan

R.D.M. 29/3/77

By CHRIS CAIRNCROSS  
Industrial Editor

SASOL, South Africa's oil-from-coal giant has sold a unique method of upgrading low grade coal to a Japanese consortium which plans to use the process to exploit major coal reserves in Australia.

The contract was announced last night by Sasol's chairman, Mr D. P. de Villiers. The process was chosen over other similar technology being developed in the United States.

Mr De Villiers gave no indication of the contract's value. This is being kept

secret pending other possible contracts elsewhere.

The Japanese consortium consists of Kobe Steel, Nissho-Iwai Company and Mitsubishi Chemical Industries.

The Sasol process, which the South African chemical giant has been experimenting with for some years, is known as the "solvent refined coal" process.

It can improve the quality of low grade coking coal used in steel-making. Further developed, the process is able to produce a pollution-free fuel, or even oil.

According to Mr De Vil-

liers, the process is still embryonic and it could be 10 years before it becomes commercially feasible.

Of more immediate use, particularly to South Africa, is its potential to refine low grade coal for the metallurgical industries.

The country suffers from a lack of good quality coal for this purpose and the further development of the process could well be the means of solving this problem, as well as ultimately saving millions of rands in foreign exchange.



# Iscor coal strike boon to industry

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Natal

Mercury

Mercury Correspondent

15/4/77

PRETORIA — Promising deposits of coking coal have been found in the Northern Transvaal, north of the Zoutpansberg range, and in the far eastern part of Vondaland, according to a statement from Iscor headquarters yesterday.

Iscor was heavily committed financially in its expansion programme and South African mining companies would be welcome to participate in developing the newly found deposits together with or on the corporation's behalf.

This would benefit both the corporation and the private coal mining industry, as the industry would be assured of a long-term market, said Iscor.

Iscor regards the new coking coal finds as a major breakthrough in the metallurgical field in South Africa.

Borehole samples indicated coal of straight coking quality. This made the deposit of economic importance to Iscor and the entire South African steel industry.

Up to now Iscor has had to purchase about 85 percent of its coking coal from suppliers in the private sector.

This is used for blending with the straight coking coal obtained from its own Durnacol mine in Northern Natal, but the end product has not been satisfactory.

The deposits in the eastern Vondaland area should permit mechanised board and pillar mining, the statement said.

At this stage a deposit of about 100 million tons in-situ of straight coking coal was indicated.

~~216~~  
~~264~~  
~~413~~

Since deviations from the median estimate are more likely to be autocorrelated than random, one can have more confidence in the shape of the unemployment rate curve than in its position. It should be noted however, that the method of estimating historical agricultural unemployment tends to diminish the deviation of the unemployment rate over the period 1961 to 1973.

FRIDAY, 22 APRIL 1977

† Indicates translated version

Finally, *For oral reply*  
 to : **Coking coal for Iscor plant at Newcastle**  
 a) a \*1 Mr G W MILLS asked the Minister of Economic Affairs  
 b) a (1) Whether supplies of South African coking coal are sufficient for the requirements of the Iscor plant at Newcastle, if not, (a) what is the annual tonnage of imported coking coal required to keep the plant in operation and (b) from which countries does South Africa import coking coal.  
 E  
 t (2) whether the Iscor plant at Newcastle is working at full production, if not, why not

rate of growth which will lead under various assumptions? to construct the following

GROWTH RATE

MENT: RATE & NUMBER, 1973 and 1977

†The ACTING MINISTER OF ECONOMIC AFFAIRS

			ow serv. emp.	Autonomous prod.	Propl. prod.
Stable rate	1973	(1) Yes, (a) and (b) fall away;	5,9%	6,0%	5,6%
	1977	(2) no; as the plant is still in the running-in production stage it is not yet in full operational production but it does already produce the planned running-in tonnage.	5,8%	5,9%	5,5%
Stable Number	1973		6,8%	6,5%	6,7%
	1977		7,0%	6,7%	6,7%

V11. INTERPRETATION OF RESULTS.

A note on interpretation. As already noted, we have produced figures for employment and unemployment by ignoring the categories of employment at very low incomes, underemployment and disguised unemployment. Accordingly, it may be argued that, say 14% unemployment in South Africa does not have the same implications as it would in Western Europe or North America. Three principal reasons could, I think, be adduced for this view. Firstly, faced with a chronic shortage of employment opportunities and a set of controls over permanent migration by households from the rural to the urban areas, the African working class and peasantry manage to some extent to share jobs and incomes by :

/cont :



Hansard 15 col 1057 9/5/77

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**Capital requirements of public corporations**

796 Mr T ARONSON asked the Minister of Economic Affairs:

Whether the future capital requirements of public corporations for the next five years changed in any way since his reply to Question No 474 on 18 March 1976, if so, in what way.

The MINISTER OF ECONOMIC AFFAIRS:

Yes. The revised estimated total capital requirements of the public corporations

which fall under my jurisdiction for the same five-year period as that covered by my reply to question No 474 on 18 March 1976 are as follows

	R million
SASOL	7 500
ESCOM	2 818
ISCOR	1 673
FOSKOR	46
IDC	1 000
FISHCOR	2

## A PEEK BEHIND ARMSCOR'S SHROUD

FIN. MAIL 27/5/77

Armcor will spend about R1 000m this year on military equipment. Senior GM Leendert Dekker recently gave the Afrikaanse Handelsinstituut a peek at how this large chunk of public money will be spread around

Between three-quarters and four-fifths of Armcor's local spending, which itself constitutes 60% of the corporation's total spending, goes into the pockets of private enterprise. The remaining 20-25% represents work by Armcor subsidiaries.

Last year, Armcor concluded about 25 000 contracts with SA suppliers. Private firms were appointed both as chief contractors (in the fields of telecommunications, electronics, radar, computers, missile boats, and armoured cars), and as sub-contractors (for weapons and ammunition, electro-optics, aircraft and pyrotechnics).

Armcor purchasing policy falls into three categories

⊙ Multi-source purchasing used mainly for everyday and non-sensitive requirements. Armcor and its sub-



Armcor HQ . . . R1000m to spend

264  
sidiaries invite tenders, but, warns Dekker, "Armcor will not hesitate to negotiate if it seems that proposed conditions are unrealistic"

- ⊙ Restricted source purchases, limited to two or three potential suppliers, and
- ⊙ Single source purchases

In the latter two cases, large sums are involved and "the subject is without exception technically and often politically delicate"

Dekker says the corporation knows which companies are able to meet its requirements. He has nevertheless invited businessmen who think they should be getting a slice of the action, but aren't, to contact Armcor

Dekker also issued a word of warning to weapons touts "There are South Africans who are trying hard to share in excessive or reckless profits as intermediaries. To them we say firmly that it remains Armcor's prerogative to take the initiative in international transactions, and that they should seriously consider the negative effect of intermediaries on relationships which still benefit us"



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# CSIR bans black soccer players

*Cape Times*

11/6/77

PRETORIA — The Scientific and Industrial Research (CSIR) Amateur Football Club has been ordered to drop all its black players using the recreation site near Pretoria — or face further action

In a letter sent to the club secretary, the staff association of the CSIR said that the National Institute of Transport and Road Research soccer team had been admitting black players to its ranks and was infringing the association rules by allowing them to use the facilities at the CSIR recreation site

## Restricted

"In terms of our constitution, membership of the staff association is restricted to white members of the staff association who have access to the facilities on the recreation site," the letter said

"Moreover, it is stipulated that only members of the staff association may become members of affiliated cultural, social and sports associations"

The staff association then expressed its hope that it would not be necessary for it to take any further action in the matter

When approached for comment, the chairman of the CSIR staff association said he could not understand how internal correspondence had been leaked to the press

He said he would report the "leakage" to the CSIR president. He gave no further details. — Sapa

views of the landowner  
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# Bureaucracy: Govt warned

23/6/77 J.A.

## Pretoria Bureau

The chairman of the Bantu Investment Corporation, Professor S P du Toit Viljoen has called on the Government to reduce the size of its bureaucracy and warned against increased State involvement in private enterprise fields of operation

He has also said that, unless restrictions on black business advancement are lifted, the present polarisation between whites as a capitalist-managerial class and blacks as workers, will increase.

This will seriously en-

danger the continuation of South Africa's free-market economy Professor Viljoen made the call in a speech to the Pharmaceutical and Chemical Manufacturers' Association.

The contents were made available yesterday His call follows similar demands made recently by Dr Andries Wassenaar head of Sanlam

Professor Viljoen said increasing State interference could rob the free-market economy "of both its vigour and those qualities which arouse in

its citizens the affection and spontaneous loyalty that makes them want to defend it"

The public sector already employed a third of economically active men and 42 percent of graduates, whereas the private sector employed only 35 percent of graduates and a further 23 percent were self-employed

"Further, the public sector is claiming an increasing share of the private sector's income through taxes and loans to finance its increasing role in the country's total expenditure"

### TENDENCY

"The tendency had developed where an increasing number of market functions were being replaced by administrative processes which damaged the free-market system. This created serious problems for the continued purposeful functioning of South Africa's free market economy."

"For political, economic and cultural reasons, the free-enterprise system and the limited democratic system are being associated with oppression by blacks."

"As in the rest of Africa, there will be an increasing movement towards a polarisation of interests and ideology."



Sake-Rapport 26/6/77 (264)

# YSKOR SNOEI SY SKULD LAS

Na die grootskaalse uitbreidinge word die totale vermoë nou op 7,2 miljoen ton geraam

'n Onlangse kooksteen-koolvonds in Noord-Transvaal, wat Yskor se kookspesie aansienlik sal verlig, het die metallurgiese eenhede by die verskillende werke se produksievooruitsigte verder verbeter

**YSKOR sal oor 'n paar jaar weer taamlike bedrae geld vir verdere uitbreidings kan leen as kapitaal beskikbaar word. Dit is so omdat die korporasie se jongste korporatiewe plan hom in staat behoort te stel om sy skuldverhouding wat op 30 Junie 1976 sowat 68 persent beloop het, oor die volgende vier jaar tot minder as 30 persent te laat daal.**

'n Woordvoerder van Yskor het aan Sake-RAPPORT gesê dat die produksieplan van Yskor oor die kort termyn nou kwartaalliks hersien word.

Volgens die woordvoerder is R41,3 miljoen se staalprodukte in die eerste kwartaal vanjaar uitgevoer, terwyl die uitvoer van ystererts op R40,8 miljoen te staan gekom het

In die boekjaar 1970-71 het Yskor se totale vloei-staalproduksie in sy twee werke by Pretoria en Vanderbijlpark (Newcastle het later in bedryf gekom) 3,5 miljoen ton staal beloop

Met die uitvoervooruitsigte van Sishen toon hierdie gunstige faktore dat die bedryfsverliese van die laaste aantal jare hoogstens tydelik is, het die woordvoerder gesê. Dit behoort spoedig uitgewis te word wanneer die mark herstel

Die korporasie se sterk verdienvermoë sal hom na verwagting daarna in staat stel om verder op normale wyse uit te brei

Hy leen nou prakties gesproke niks meer in die buiteland nie. Dit beteken dat hy nou op interne konstantvloei, nuwe aandelekapitaal van die staat en plaaslike lenings staatmaak

Yskor moes noodgedwonge sy uitbreidingsplanne inkort met die wêreldwye resessie en 'n daling in die vraag na staal in die binne-land. Terselfdertyd moes hy steeds met die inflasieprobleem rekening hou

Volgens die hersiene uitbreidingsprogram wat in November 1976 bekend gemaak is, is die besteding vir die vier jaar tot Januarie 1980 met sowat R310 miljoen of 31,6 persent besnoei

Dit word in 'n hoe mate deur die uitstel van projekte gedoen sonder om die langtermyn-planne te verander. Daar is byvoorbeeld R117 miljoen se kontrakte tot later uitgestel

Intussen bly Yskor gereed vir enige ekonomiese oplewing in Suid-Afrika sowel as in die buiteland. Weens noodgedwonge uitbreidings beskik hy nou oor soveel moderne aanlegte dat meer as die helfte van sy produksie met nuwe staalsmelterye en walswerke gelewer kan word

En hoewel Yskor weens die huidige insinking van die plaaslike mark nie teen volle vermoë produseer nie, word waardevolle buitelandse valuta op die oomblik vir die land verdien

Which of the above alternatives is correct? Explain briefly.

(5%)

Assume a farmer could produce either 40 bushels of wheat or 30 bushels of corn on the available land.

assume	Rent	R100
	Wheat price	R 20 per bushel
	Corn price	R 50 per bushel

Which choices are open to the farmer in the short and long term? What is the best course of action? Explain your assumptions.

(15%)

Output (No. of units)	Labour (No. of men)
0	0
1	6
2	11
3	15
4	21
5	31
6	45
7	63
8	85
9	111
10	141

Using wages of R5 per man, fixed cost of R100, calculate Total cost, Variable Cost, Average Fixed Cost, Marginal Cost.

Draw graphs to show the relationship between these curves.

(30%)

# Rent

S125 16/7/77

# curbs

(264)

# likely

# to go

Tim Patten

The Government is seriously considering the abolition of rent control in South Africa.

It has been established that the principle of abolishing rent control already has strong support within the Cabinet — although formal approval is not expected for months.

The abolition of control, as set out by the Fouché Commission on housing, would not mean immediate huge increases in the rent of buildings now under rent control.

The Minister of Community Development, Mr. Steyn, said in an interview today that he was studying the report of the commission which was tabled in Parliament last month.

The Minister said he could not predict what the Government's decision would be, but added that legislation would be needed to abolish control — should the Government decide on abolition.

The earliest that legislation could be introduced would be in January or February.

**Watchdogs**

strongly recommended that control be phased out gradually, and pointed to the danger of sudden rent increases if control was scrapped overnight.

Rents would not be increased by more than 10 percent a year for the first two years after a building had been excluded from rent control.

Legislation, it was learnt, is unlikely to include the scrapping of Rent Control Boards. The boards would be retained as "watchdogs" and as appeal boards which could investigate complaints of exploitation by owners who raised rents unjustifiably.

The rent potential of buildings, once control had been lifted, would make it worthwhile for landlords to improve old flats.



HANS. 21

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Cols 1383-4

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ration's annual report 1975 which was Tabled on 12 April 1977 and wherein it is indicated that FISHCOR thus far granted 327 boat financing loans amounting to a total of R11 510 065 in addition to a number of housing loans totalling an amount of approximately R3.7 million.

(b) and (c) the furnishing of information in the requested form may result in the publicizing of private business aspects of individual companies or persons and are therefore not prepared to furnish the required particulars.

(2) FISHCOR grants loans on a business footing with all the risks involved therewith and it is therefore to be expected that cases of financial loss may occur. In the case of International Fishing Corporation (Pty.) Limited (IFCOR) as indicated on page 50 of the aforementioned annual report, a distinct possibility of such loss for the Corporation exists. At this stage it is not possible to furnish an estimate of the possible loss in respect of loans to IFCOR, and

(3) in view thereof that the process of liquidation of IFCOR is currently under way I do not deem it feasible to make a statement at this stage.

Fisheries Development Corporation: Finance

X 1129 Mr. I. ARONOFF asked the Minister of Economic Affairs

(1) whether the Fisheries Development Corporation has granted any loans to fishing companies, if so, what is (a) the amount of the loans, (b) the purpose of and (c) the security for each loan.

(2) whether there is any danger of financial loss to the Corporation, if so, what is the estimated amount of the loss.

(3) whether he would make a statement on the matter.

The MINISTER OF ECONOMIC AFFAIRS

(1) Yes

(a) the hon. member's attention is drawn to page 50 of the Corporation's

# Unions agree to blacks being trained

Labour Staff

WHITE artisan unions have agreed to several thousand blacks and coloureds being trained for semi-skilled jobs at Sasol 2 after hearing rumours that the US contractors for the project proposed bringing in 3 000 to 4 000 South Koreans

Fluor, the US managing contractors of the project, at Secunda in the Eastern Transvaal yesterday confirmed that the white unions blocked them from bringing in up to 2 000 "white Americans"

Enthusiasm for the training of blacks and coloureds developed when the representatives of the 10 building and engineering unions concerned heard rumours in late March of the possible introduction of South Korean labour.

A training agreement was negotiated between the construction employers association and the unions and was signed early this month.

Yesterday Sasol confirmed that at peak employment in 1978-79 there will be 14 000 or more workers involved in building the R3 000-million coal gasification plant which will produce up to 40% of South Africa's fuel requirements. An estimated 8 000 people will be employed when the plant opens in 1981.

Mr A J van der Watt, an official of the 16 000 member Boilermakers, Iron and Steel, Shipbuilders' and Welders' Society, first realised that it was Fluor's intention to use foreign labour when he was inquiring in January about their labour requirements.

"It became apparent that it would be impossible for South Africans to provide the necessary labour, unless there was some kind of training programme. Fluor had done nothing about planning such a programme."



SAKE - RAPPORT  
31/7/77

# Metkor sit op miljoene

Deur DAVID MEADES

**TWEE** van Yskor se genoteerde maatskappye het vandeeweek hul winssyfers vir die afgelope ses maande en jaar tot 30 Junie bekend gemaak. Die een se wins na belasting het met byna R5 miljoen gedaal, terwyl die ander een ook 'n swakker syfer getoon het.

Samancor se wins na belasting het in die halfjaar van R26,7 miljoen tot R22 miljoen gedaal of van 95,4c tot 78,5c per aandeel. Hierdie daling kom in 'n stadium waar daar heelwat bespiegelinge oor die beheer van hierdie maatskappy was

Die notering van sy aandele bly steeds opgeskort weens die onderhandelinge wat aan die gang is waardeur Yskor dalk sy beherende belang aan General Mining sou verkoop

Dit is egter baie stil op hierdie front Dit wil voorkom of daar nog hard onderhandel word Die kansse dat daar wel 'n transaksie gaan plaasvind, lyk nou al hoe skraaler

## Dividend

Samancor het egter sy tussentydse dividend onveranderd op 20c gehou en die direksie sê dat hoewel

daar verwag word dat die winsdaling sal voortduur, die dividend vir die jaar op 65c per aandeel gehandhaaf sal word.

Die ander Yskor-filiaal, Metkor-Beleggings, se wins na belasting het in die jaar tot 30 Junie van R3 911 000 tot R3 482 000 of van 7,24c tot 6,44c per aandeel gedaal

Maar hierdie daling is hoofsaaklik weens die feit dat Fowler geen dividend verklaar het nie en Wispeco sy dividend verlaag het Met die oog hierop is die vertoning van Metkor dus nie so swak nie en kon hy sy dividend op 5c handhaaf.

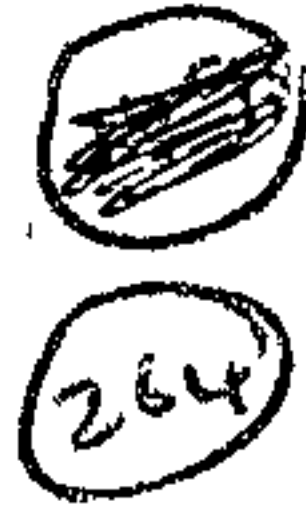
Uit die winsverklaring blyk dit dat Metkor die afgelope jaar weer 'n kapitaalwinst van R1 233 000 getoon het wat nie by sy winssyfer hierbo ingesluit is nie

Die syfer vergelyk met R1 934 000 verlede jaar. Die

afgelope jaar se kapitaalwinst spruit uitsluitend uit die verkoop van 186 800 aandele in Samancor. In die vorige jaar is 394 500 aandele in Samancor verkoop en Metkor se belang in Samancor staan dus nou op 1 088 000 aandele, wat 'n boekskoste van sowat R2 miljoen het

Die oorblywende Samancor-aandele het teen Samancor se prys van 780c voor die opskorting 'n markwaarde van R8,5 miljoen, wat aan Metkor 'n potensiele wins van sowat R6,5 miljoen gee

As daar dus 'n aanbod vir Samancor teen minstens die markwaarde voor opskorting kom, kan daar vir Metkor 'n baie sterk kontantinspuiting kom. Die bedrag van R8,5 miljoen verteenwoordig terloops 15,7c per Metkor-aandeel, teenoor sy huidige prys van sowat 40c



*N. Mercury 2/18/77*  
**Surcharge  
loopholes  
to close**

Mercury Correspondent  
JOHANNESBURG

The Government is to close some of the loopholes that have allowed certain imported goods to escape the 15 percent surcharge imposed in the Budget.

This was announced by the Minister of Finance, Senator Horwood at the week-end

He said that since the introduction of the surcharge, which had not been levied against goods subject to bindings under the General Agreement on Tariffs and Trade, certain anomalies had been found.

Some goods falling under the Gatt bindings were classified under the same tariffs heading as goods not subject to the bindings

The result was that certain goods, because of this classification avoided the 15 percent surcharge. To eliminate this, the Department of Customs and Excise, together with the Board of Trade and Industries, would make specific separate provisions in the Customs tariff for Gatt-bound goods.

**Gatt binding**

Senator Horwood said "This will have the effect that only goods to which a Gatt binding applies may be excluded from payment of the surcharge, while it will be possible to levy the surcharge on goods not subject to the binding."

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EMBARGO: 10h00  
5/8/1977

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PRESS ANNOUNCEMENT BY THE HONOURABLE J.C. HEUNIS,  
MINISTER OF ECONOMIC AFFAIRS, IN CONNECTION WITH  
SOUTH AFRICAN MANGANESE AMCOR LIMITED (SAMANCOR)

Iscor was recently approached by various parties, independent of each other, with a request whether the Corporation would consider offers for its interest in the Samancor company. Iscor agreed to receive and to consider such offers, without commitment to itself. It was accordingly arranged for offers to be submitted simultaneously at a predetermined date and time.

After receipt thereof the Iscor Board carefully studied the offers, as well as the implications thereof. In view of the magnitude of the proposed transaction, as well as the strategic nature of the minerals and products involved, the matter was referred for final decision to the Government, as representative of the State, which is the only shareholder of Iscor's.

After consideration of all factors having a bearing on the matter, the Government has decided to request Iscor not to accept any of the offers and to continue maintaining its present position in Samancor.

J.C. HEUNIS

Issued by the Department of Information  
at the request of the Minister of  
Economic Affairs.

PRETORIA.

5 August, 1977.





# Iron ore record on the way

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RDM  
18/8/77

By ADAM PAYNE

ISCOR is to hit a new high in iron ore shipments next week with tonnage of 800 000 in five ships. It will bring about R12-million in foreign exchange for South Africa.

The improvement in the current balance of payments has been greatly aided by the growing bulk exports of iron ore from Saldanha Bay and coal from Richards Bay. Coal exports reached a record total of R34-million in June.

The iron ore exported through Saldanha is mined in the Sishen area of the North West Cape, where Iscor confirmed this week that its reserves for open cast mining of high-grade haematite ore total 1 188-million metric tons.

Since ore of this grade is worth R15 a ton on world markets, the value of the deposit can be estimated at about R17 800-million.

A similar ore reserve was estimated in 1972 but the latest confirmation, after extensive drilling, shows that this ore contains a much larger percentage of reserves that can now be described as proven.

Ore reserves are considered to be proven only when the spacing of the boreholes is on a grid of at least 100 m by 100 m.

The high-grade haematite deposits in the Northern Cape occur intermittently in the Gamagara Hills and to the west

over a strike length of about 60 km and a width of five to eight km.

Sishen and Postmasburg are at the northern and southern extremities of these hills and the total insitu reserves on Iscor property in the area are estimated to amount to 3 888-million tons.

The number of boreholes on which the estimates of Sishen reserves is based has trebled since evaluations in 1971 and 1972.

With the additional borehole information, a provisional computerised estimate of the potentially insitu open cast ore reserves was made.

This indicated the open cast reserves of 1 188-million tons out of a total insitu reserves of about 2 630-million tons.

"Since the drilling programme is still going ahead these figures cannot be regarded as final," says Iscor.

In all calculations of insitu ore reserves, the quoted figures are based on the fact that only borehole cores showing ore with an iron content of 60% or more are considered to be ore.

However, it is current practice at Sishen also to mine ore with an iron content of less than 60%.

This ore is then upgraded in the beneficiation plants to a high-grade product with an iron content of about 66% — which is high by world market standards.

*Sake - Rapport 28/8/77*

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# YSTER-AFSETTINGE REUSAGTIG

**RAMINGE** oor die omvang van die geweldige reserwe hoëgraadse ystererts van Yskor in Noord-Kaapland twaalf jaar gelede, verskil nie wesenlik met omvattende boorgat-inligting wat sedertdien ingewin is nie, het Yskor bekend gemaak.

*Dit was juis die omvangrykheid van hierdie afsettinge wat Yskor in 'n posisie gestel het om met sy nou bekende Sishen-Saldanha-plan te begin.*

En behalwe die uitvoermark, is Sishen ook besig om in die grootste deel van Yskor se eie behoeftes te voorsien, met die Thabazimbi-myn in Noordwes-Transvaal as die ander bron.

Die hoëgraadse hematiethoudende afsettinge in Noord-Kaapland kom ononderbroke in die Gamagara-heuwels voor en aan die westekant hiervan oor 'n strook van 60 km by 5 tot 8 km Sishen en Postmasburg lê onderskeidelik aan die noorde- en suidekant van hierdie heuwels.

## Gesink

Die totale reserwe van Yskor in hierdie gebied word op 3 838 miljoen metrieke ton geraam, teenoor die vorige raming van 4 284 miljoen kort ton. Daar is ook al voorheen verkeerdelik na hierdie syfer verwys as synde die reserwe van net die Sishen-gebied.

'n Omvattende raming van die ertsreserwe vir moontlike dagmynbou in die Sishen-gebied in Oktober 1971 het op die beskikbare inligting in daardie stadium op 'n syfer van 1 340 miljoen metrieke ton gedui. Die grootste deel van die boorgat-inligting is toe van die suidelike deel gekry.

In April 1972 is groot-skaalse boorwerk in die

noordelike deel begin, terwyl die boorgate wat daarna in die suidelike deel gesink is, hoofsaaklik met die oog op korttermynbeplanning gedoen is.

## Bewese

Die aantal boorgate waarop die jongste inligting gegrond word, is nou byna drie keer meer as vroeër 'n Voorlopige raming wat daarna gedoen is, dui op 'n dagmynboureserwe van 1 188 miljoen metrieke ton uit 'n totale reserwe in situ van sowat 2 630 miljoen ton. Maar omdat die boorprogram nog nie afgehandel is nie, kan hierdie syfers nog nie as finaal beskou word nie.

Die syfer van 1 188 miljoen ton bevat ook 'n baie groter deel wat nou as bewese kan bestempel word.

Wat Yskor se eiendom in die Postmasburg-gebied betref, is daar in 1976 geraam dat sowat 100 miljoen metrieke ton met dagmynbou-metodes gemyn kan word uit 'n totale reserwe van sowat 1 258 miljoen ton.

Dit is voorts ook belangrik om daarop te let dat al die raminge oor die reserwe erts net van toepassing is op erts met 'n ysterinhoud van meer as 60 persent. Dit is egter algemene praktyk by Sishen om ook erts met 'n laer ysterinhoud te myn, wat dan later veredel word om 'n ysterinhoud van sowat 66 persent te hê.



# Long-term future for sugar pleases Lonrho

Mercury Financial Reporter

8/9/77 (264)

LONRHO, which operates a sugar mill in Swaziland, is happy about the long-term future for sugar, although the company expects profits to be lower this year.

Mr Robert Adeane the chairman, said in the annual report that crop prospects were excellent in all areas. There had been a fairly severe attack of insect pest in Mauritius

Record sucrose figures and high sugar yields were expected in Malawi and Swaziland. The current figures show a marked improvement over the previous season

Mr Adeane said it was unfortunate that with the collapse of the sugar market the average prices for the crop would be reduced, compared with last year

But no drastic increase in the price of production was expected except in Mauritius, where salary and wage increases were anticipated

The chairman ascribed the failure of the Geneva talks to be responsible for the current market situation. The foundations of a new sugar agreement were needed

A glimmer of hope was to be seen. Another meeting had been convened this month

Taxed profit for the year ended March 31 was R6 458 000, compared with R10 853 000, on turnover of R59.61 million (R67.64 million previously)

ould languish after the initial en- kadalie was expanding it elsewhere.<sup>11</sup> claiming as many as 250,000 members.

ICU helps to illustrate some of mess as well as some of the tensions

The organizational weakness and ship made a mess of the ICU founda- tion were common. Members lost icularly since the ICU had done action since the dock strikes in in the early 20s. In both of these ore severely than the ANC because it ent and dependent on its ability to mobilized membership. Although

to reorganise the ICU as a proper trade union in by then too late.

olitic nature of the ICU made it very vulnerable p disputes. Less so than with the ANC the per- na of one man, Kadalie, was an important force in

holding the ICU together; challenges to his supremacy would weaken it.<sup>12</sup> The challenge of the Communist Party for control of the ICU, owing to dissatisfaction with his leadership and tactics led to a showdown in which Kadalie exploited the anti-white sentiment within the ICU to consolidate his own support against the white-dominated CPSA.<sup>13</sup> This demonstrated again the potent but dangerous role of racial exclusivism; potent because it was an effective cohesive force, dangerous because it was inimical to the demands of a non-racial society and alienated liberal white sympathy. At the same time, the extra-constitutional tactics and the anti-Christian bias of the CPSA would complicate any cooperation between it and the African leadership elite, including Kadalie.<sup>14</sup>

At any rate, the ICU further disintegrated with the arrival of British trade union adviser W. Ballinger. This led Kadalie to secede and establish the Independent ICU in 1930, following the secession of A. Champion in Natal in 1928. The latter established the ICU yase Natal and led resistance to the Durban municipal beer monopoly until Champion was banished under the new Riotous Assemblies Act.

**Sunday  
EXPRESS**

**Busi**

# Govt refusal leaves Iscor short of cash

By PENELOPE GRACIE  
THE Government's amazing volte face in deciding that Samancor is not for sale has astounded the business community.

Almost four weeks ago Samancor shares were suspended when it became known that negotiations for a change in control were in the offing. Everyone naturally assumed that Iscor was carrying out its stated policy of hiving off its viable interests.

This decision was welcomed by the business community as in the interests of free enterprise. So when on Friday Economics Minister Chris Heunis announced "The Government has decided to request Iscor not to accept any of the of-

fers and to continue maintaining its present position in Samancor" there was a shocked silence.

The Minister's statement read: "Iscor was recently approached by various parties, independent of each other, with a request whether the corporation would consider offers for its interest in the Samancor company.

"Iscor agreed to receive and to consider such offers, without commitment to itself. It was accordingly arranged for offers to be submitted simultaneously at a predetermined date and time

"After receipt thereof the Iscor board carefully studied the offers, as well as the implications thereof. In view of the magnitude of the

proposed transaction, as well as the strategic nature of the minerals and products involved, the matter was referred for final decision to the Government, as representative of the State, which is the only shareholder of Iscor."

What is the outlook now for the ailing Government-owned steel corporation?

Accepting any of the three bids — Anglo American, Barlows and General Mining — would have meant a welcome cash injection for Iscor, helping the lumbering State giant over its present cash hump

Iscor has lost R104-m in the past three years. It has been estimated that for the 12 months ending on June 30, this year, the corporation will have lost around R50-m.

Last year Iscor's financing requirement was R947-m so any cash injection would naturally have been directed to improving its cash position.

The corporation is not planning any major expansion and would undoubtedly have used any cash injection to better its sorry financial position.

Chairman Dr Tommy-Muller must be sad at the outcome; for Iscor's interest in Samancor was the most saleable of its assets.

It is common knowledge that Iscor's holding in the non-strategic Metkor group is up for grabs, but there has been a noticeable absence of bidders rushing for that company. Wispeco and Fowler are less than attractive investments at the moment and any move to pick up Iscor's stakes in Stewarts and Lloyds and Dorbyl would involve protracted and complicated negotiations.

And in any event, after the Government's summary dismissal of the bids by the three contenders, those looking to acquire other Iscor holdings, are going to have to be pretty determined



Sunday Express

7/8/77

264

# Copper back over the barrier

CERTAIN speculators have started to take long-term positions in commodities in the expectation that there will be a pick up in markets later this year.

This however was not true for copper which still reflects an oversold position. This week copper fell through the psychological £700 barrier but failed to stay below that level.

It bounced back to £710 (three months) on the news that one US strike re-



mains unsettled. The news that sent the copper price tumbling — the news that Chile has increased its production 100% on last year — was enough for some speculators to come in with buying orders.

The chartists believe that copper is trapped in a

pattern of cyclical lows and see buying at £680.

Silver had a quiet week with its main factors, gold and the dollar, in conflict. Zinc and lead held up well in the face of the copper collapse but were traded in a narrow range.

Tin is the metal high spot and the absence of physical tin meant that the price moved up to £6 400 (three months) this week and dealers are looking for £6 600 soon.

The speculators are looking at sugar for long-term investment and this week the price again bounced off the downwards trendline. This makes it four times in recent weeks. This week the December price moved to £116 on news that EEC sugar sales were lower and that the huge beet surplus will be fed to cattle as fodder.

Coffee was hammered £200 this week but is looking better in spite of itself. The £200 was recovered very easily as the London dealer, Pacol, came into the market buying for Brazil. The September price of £2 700 is almost 50% better than the price of just a month ago — £1 880. Expectations are that the coffee price will continue to rise.

Cocoa finds itself in an oversold position but manufacturers are nibbling at the market so as to avoid being caught at a later stage. At £2 760 the September cocoa price is more than double that of a year ago (£1 196) but considerably down on its all-time high of £3 150 recorded in June this year.

# Bread rise may spark unrest — State warned

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Source:

PRETORIA — The Government was warned yesterday if it abolished the subsidy on white bread it would risk food price protests and disturbances in the urban areas.

The warnings came from labour leaders who were commenting on a statement by the Minister of Agriculture, Mr Hendrik Schoeman, that the Minister of Finance might find it expedient to abolish the R65 million a-year bread subsidy next year.

They said it was absurd to raise the question — as Mr Schoeman did — that the subsidy money might be better used for defence purposes. There should be no question of a choice between guns and bread.

They stressed to prevent the spread of hunger the urban black townships should be a primary target

of any national security plan.

Bread was the staple diet of millions of urban blacks, even more so than mealie meal. To raise its price by 4c a loaf — this would be the effect of abolishing the subsidy on white bread — would cause severe hardship.

The general secretary of the Trade-Union Council of South Africa, Mr Arthur Grobbelaar, said "There is already hunger in the townships, and to raise the price of bread at a time when unemployment will probably still be rising would be ill-considered, even a dangerous move."

He said there was no way the Government could justify an increase in the price of white bread, especially at a time when the wheat surplus this year would be ex-

ported at a loss of about R17 million.

The president of the Confederation of Labour, Mr Attie Nieuwoudt, urged the Government to abandon any plans it might have to abolish the white bread subsidy. "Now is not the right time to raise the price of foods on which the black population depends. This can only aggravate an already disturbing situation in the urban areas," he said.

The director of the SA Institute of Race Relations, Mr Fred van Wyk, said he was appalled at the suggestion that the white bread price might be raised to 24c a loaf. "The majority of blacks in our townships are living below the minimum subsistence level and the effect of a big rise in the bread price is distressingly obvious," he said. — DDC

TABLE

YEAR	Foreign			All Workers		
	Male	Female	Total	Male	Female	Total
1975	1	1	2	1	1	2
1974	1	1	2	1	1	2
1973	2	2	4	2	2	4
1972	2	2	4	2	2	4

1972-75

## FOREIGN AFRICAN WORKERS IN RHODESIA

TABLE 6.

In terms of the 1976 amendment the Act now makes it not only an offence to engage a 'foreign African' (defined as a person born outside Rhodesia) for employment in a closed labour area (presently the main urban areas) but also to keep in employment such a person already in employment. Initially the amendment to the Act will only apply to men, but the Minister has warned that it could be amended to apply to women. The 69 000 foreign male workers not in agrarian or mining employment would appear to be those most likely to be first affected by this measure. They constitute 35 percent of the total number (196 000) of foreign male workers in 1975.



# BANKS SEEK R120m Iscor Leasing Deal

By Nigel Bruce

ISCOR, the giant State steel works, is negotiating with a local banking consortium headed by Barclays to lease a massive R120-million in capital equipment for its R240-million Ellisras metallurgic coal-mining project.

This will be by far the largest lease ever written in this country, and rank among the world's biggest, if it comes off.

Barclays has 50 per cent of the consortium, Volkskas 30 per cent through its new leasing associate, Volkskas Industrial Bank, and Ned-Nedfin 20 per cent, through

Iscor says that the Barclays consortium is not the only one competing for the project and that negotiations which have only just started are likely to be protracted and hinge on numerous considerations.

Iscor has been drawn to leasing from local concerns because of the difficulty and cost of attracting long-term foreign capital for a project with which it believes it must proceed.

However, leasing may only be used to finance capital works — in par-

ticular a coking coal plant — as the financing of the mine itself does not attract initial and investment tax allowances. Hence it is unattractive to the banks as a leasing prospect.

One of the considerations on which the deal with the Barclay's consortium hinges is Iscor's ability to raise the balance of the capital expenditure required from other non-bank financial consortia.

Iscor's attempted resuscitation of the Ellisras project has its roots in its own need for the coking coal, essential to its steelmaking operations. It has had to import coking coal recently.

A consortium of large banks appears to be needed so that between them there is a sufficiently large tax obligation to enable the fullest advantage to be taken of the various allowances

It is a moot point whether Barclays, as large as it is, could derive full benefit on its own from the allowances.

There is a possibility that were it to take the full amount on its books, the reduction in its ability to benefit from other future leasing deal allowances would inhibit its drive into the leasing market.

Should the deal come off, it will also have important implications for Volkskas, a latecomer to this market, as indeed it has been into other markets into which its competitors have diversified. Its share of a lease of the size contemplated could give it a considerable foothold in the leasing market.

The impetus behind its belated diversification probably springs from two sources. Firstly, like other banks, it has found returns from pure lending are, partly because of the dictates of monetary policy, becoming increasingly less

remunerative

Hence it is seeking fees and commissions from the provision of one-stop financial services to corporate customers. To this end it recently acquired a merchant bank, which has already made significant strides into the bankers' acceptance market.

This week it turned Trans-Orange, an all but dormant hire purchase bank with capital and reserves of R1.6 million, into an industrial bank to spearhead its drive into leasing and to the financing of heavy capital equipment through suspense sale arrangements.

Three weeks ago managing director Dame van Huysteen, intimated to me that Volkskas acquisitions would not end there. Obviously, the next step is for it to acquire a general bank to take it into the retail end of the suspense sale market, hire purchase

Also behind its drive for a

stable fee and commission income is its preponderance of public sector accounts, which are volatile, yield low returns and attract little associate business, which is where the cream now lies.

The second thrust behind its diversification move probably comes from its severed association with Sanlam, whose interest in it has been bought by the more dynamic Rembrandt group. Already its fledgling merchant bank is heavily involved in the provision of facilities for its new shareholder.

Psychologically the row with Sanlam, when the latter attempted to foist an ailing Trust Bank on it, must have been a great fillip to a management already remarkable for its independence of mind.

This must have been especially so as its refusal to accept Trust Bank has, in commercial terms, proved to be correct — that is if what Sanlam says about Trust's bad debt potential is anything to go by. Significantly absent from

this consortium is the country's largest leasing bank, Standard's Stannic. Asked why, its official spokesman said "We never discuss our customers."

The probable reason, is that should the Iscor lease come off, Stannic may no longer be top dog. Maybe, therefore, it's getting up its own consortium, although I guess finding partners of sufficient size could be a problem.

Another lease of this size is unlikely in the foreseeable future here for Escorn believes it would have difficulty justifying leasing capital equipment of the magnitude contemplated for Iscor in terms of the Electricity Act, and few other companies are big enough.

Iscor stresses that it is keeping its options open at present and that negotiations are tentative and delicate. Meanwhile, Barclays, Volkskas and Ned-bank men are hard at work optimistically rounding off the details of their financial package

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# South Africans are putting a premium on alcohol and tobacco

SOUTH Africans have an "Andy Capp" attitude towards insurance and spend more on alcohol and tobacco each year than on policies

In 1975 expenditure on drink alone exceeded that on life premiums by nearly 20% and, says Legal and General's marketing manager Charles Schlamm, "The situation has not changed significantly over the past two years"

Part of this Andy Capp attitude is the belief cherished by the typical South African husband that in the event of his death his wife will remarry and that this relieves him of any long-term responsibility

But, says Schlamm, if the American experience is anything to go by, only a few widows make it to the altar again

Even the comparatively young widow aged between 21 and 25 has only a three out of 10 chance of remarrying. At age 26 to 30 her chance falls to two out of 10, between 31 to 35 to two out of 15, while over 36 and up to 40 she is really "over the hill" with one chance in 15

Husbands should approach the problem of their possible death and insurance requirements with a view to maintaining their families' present life styles, says Schlamm. This means they will need about 75% of their present before-tax income.

"They could get by on less — say 60% — but below this their living standard will be substantially lowered."

So how does a breadwinner decide how much insurance is enough?

Legal & General has designed a Life Cover Guide (LCG) based on the present age of the wife and her future financial requirements, which indicates what

insurance cover is necessary as of today.

The LCG assumes that the cash from the insurance policy can be invested at 5% (tax free) for the remainder of the wife's expected life and that she would live off both the interest and — by the time of her death — all the capital.

The LCG is designed as an income maintenance programme, not an estate building programme. Furthermore, it does not take account of other sources of income such as savings, pensions, real estate or other assets. Some families might therefore require less insurance.

"According to the LCG, a man who wants, his 30-year-old wife to have an annual tax free income of R10 000 should multiply this figure by 17,55 to calculate the life insurance he should hold today — R175 500," says Schlamm.

"If the husband is 35, the premium on a R175 500 Legal & General policy could be as little as R57 per month. This is probably less than 7,5% of his income.

"I want to emphasise that in our experience — and believe me, we often see the consequences — most people are under-insured. The more a person earns, the more under-insured he is likely to be."

has completed courses in a subject or subjects accepted by Senate as equivalent to those required for the B.A. Honours degree of the University; or

- (b) a graduate of any university recognised by Senate for the purpose who has completed courses in a subject or subjects accepted by Senate as equivalent to those required for the B.A. Honours degree of the University.

## 2. B.A. (Honours)

A candidate may, with the permission of Senate, proceed to the degree of B.A. (Hons) if he is:

- (a) a graduate in Arts of the University who has been awarded the B.A. degree with the subject in which he proposes to proceed to Honours as a major subject, or has subsequently met the conditions which would have enabled him to be awarded the degree with that subject as a major subject, and has satisfied such other conditions as departmental regulations may require;
- (b) a graduate in any other faculty in the University who has completed courses and fulfilled conditions as accepted by Senate as equivalent to those required under (a);
- (c) a graduate of any other university recognised by Senate for such purpose who has completed courses and has fulfilled conditions as accepted by Senate as equivalent to those required under (a).











# Buy SA campaign lacking support

(264)

D.D.  
12/9/77

EAST LONDON — Why should consumers continue to support businessmen who refuse to take an active part in the Buy South African — Build South Africa campaign?

This question has been posed by the director of the South African Coordinating Consumer Council, Mr J Verheem, who pointed out that much of the initiative in the campaign, which is in the interests of the entire economy, had been taken by consumers and consumer organisations, supported by the authorities and organised commerce and industry.

Many industrialists and retailers had shown little enthusiasm for the campaign.

"This, once again, came to light during the Pretoria Show. While a large number of exhibitors took part and identified themselves enthusiastically with the campaign, there were some who, despite a direct approach, still remained apathetic."

Mr Verheem said a successful campaign would not only help to alleviate South Africa's current unemployment problem, but would have many other advantages for consumer and businessman alike.

These included the possibility of producing a competitive and less expensive and improved local product, assist in even further improving the balance of payments position, and help to develop a stronger national economy.

Of even more importance, he said, is the fact that every South African made product should be the pride of the country and its people — and it is the duty of all of us to work towards that goal,

said Mr Verheem

But as to Mr Verheem's initial question: consumers SHOULD continue supporting businessmen who refuse to take an active part in the campaign.

Why? The existence of Mr Verheem's organisation is but one answer — part of its duties is to ensure the continuation and non-interference in the free enterprise system.

While you may not agree with it, the system MUST be defended. What Mr Verheem is suggesting is almost communistic in its approach. Will he next ask the Government to withdraw the trading licences of those businessmen who continue to ignore the campaign?

— BUSINESS EDITOR

# ANGER AT R14m PAY RISES

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Mercury Correspondent 16/9/77

PRETORIA — Iscor has granted its workers increases totalling R14-million in spite of an expected loss of substantially more than R50-million for the current financial year.

The loss is expected to be announced by Iscor's chairman, Dr. Tom Muller, at Iscor's annual meeting at the end of November.

Total Iscor losses over the past three years exceed R120-million.

Iscor's increases and those granted recently to Escom employees has deepened dissatisfaction in the public service.

Senior public servants claimed yesterday that if the funds could be found for Iscor increases there was no reason why public servants should not get relief from mounting living costs too.

Iscor and Escom, they claim, are State enterprises and should fall under the same umbrella as State departments.

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Elionurus

capensis.

nly on sandy

nough

this situation.

5.2.1 (i) The Eragrostis chloromelas - Elionurus argenteus - Heteropogon contortus - Setaria flabellata co-dominant grassland community.

This group has representative sample sites in plot numbers 207, 149, 144, 143, 146, 178, 179, 216 and 148.

Physiognomically this is medium high grass (Fosberg, 1961) and grassland according to the annotation classification has a graminoid basal cover of more than one per cent and a dwarf shrub aerial cover of less than two per cent.

Basal cover for this type is generally above four per cent. This grass complex has a photo colour of Brown (Br) with accompanying colours of light yellowy-greyy-purple (lygyp) depending on the total species composition. Where the cover drops there tends to be a grey photo image response to Eragrostis chloromelas dominance.

There is a positive relationship between this community and the micro-relief hillocks which have sandy Clovelly and Mispah form soils associated with them.

These co-dominant species alternate in being the primary dominant. The dominant species are those that make up at least 10 per cent of the total basal cover, while the primary dominant is the species with the highest basal cover. Where overall heavy grazing has been evident, Eragrostis chloromelas occupies the dominant position, especially when damage to the vegetal canopy has occurred and where cover values are lower. Elionurus argenteus is favoured under a lighter selective grazing, particularly on the southerly aspects. This finding is at variance with Roberts (1971) though Opperman and Roberts (1974) suggest that there is a correlation between the occurrence of Elionurus argenteus and the southerly aspect. Heteropogon contortus is associated with Elionurus argenteus in areas of higher cover where soils are slightly shallower. Heteropogon contortus favours the



# YSKOR-BYDRAE

RAPPORT SONDAG, 18 September 1977

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## Dog verlies is nóg groter

Deur VIC DE KLERK

YSKOR het waarskynlik vir sy pasafgelope boekjaar tot einde Junie 'n baie groter verlies as die vorige jaar se R30 miljoen getoon. Maar sy bydrae tot die land se uitvoerprestasie gaan vanjaar enorm wees. Dan praat 'n mens nie eens van die bydrae tot werkverskaffing en die bekamping van inflasie nie.

In die jaar tot einde Junie 1976 was Yskor se totale uitvoerverdienste sowat R45 miljoen. Hierdie syfer het sedertdien egter geweldig toegeneem en sal oor die lopende ses maande tot die einde van die jaar verdere stukrag kry.

Dit wil in hierdie stadium begin lyk of Yskor in die twaalf maande tot einde Desember vanjaar tot tussen R400 en R450 miljoen vir die land gaan verdien. En dan gaan staal en erts nie die grootste deel hiervan uitmaak.

Yskor werk nou teen

sowat 80 persent van sy vermoë en sy staalproduksie vir die afgelope boekjaar behoort ongeveer dieselfde te wees as verlede jaar, naamlik 5,2 miljoen ton.

Maar Yskor beplan om in die huidige kalenderjaar sowat 1,5 miljoen ton staal uit te voer. Dit is byna 30 persent van sy totale produksie of net meer as 20 persent van sy huidige produksievermoë.

### Opgepot

Yskor behoort vir hierdie uitvoer in die kalenderjaar tussen R200 miljoen en R250 miljoen aan buitelandse valuta te verdien.

Dit beteken dat die gemiddelde prys wat Yskor vir hierdie uitvoer van staal ontvang, tussen R120 en R150 per ton is. Dit vergelyk natuurlik swak met die gemiddelde binnelandse prys wat Yskor vir sy staal ontvang.

Vir die twaalf maande tot 30 Junie 1976 het die korporasie byvoorbeeld 3 588 000 ton staal verkoop teen 'n gemiddelde prys van meer as R210 per ton.

In die jaar is egter meer as 1,5 miljoen ton se staal opgepot. Dit is duidelik dat dit meer sin maak om staal selfs teen 'n verlies uit te voer as om voort te gaan met hierdie duur opberging — veral as daar in elk geval nog 'n oorskot

werk en wat inderdaad baie gretig moet wees om hul omset op te stoot.

Met die uitvoer van erts gaan dit ook nog goed en volgens die jongste Yskor-nuus is daar tot aan die einde van Augustus vanjaar reeds erts ter waarde van R124 miljoen uitgevoer. Die uitvoer het maar eers werklik in November, verlede jaar begin en oor 'n tydperk van twaalf maande kan die bydrae hiervan ook byna R200 miljoen wees.

### Prysverhoging

In die laaste agt dae van Augustus is 813 000 ton erts van Saldanha af verskeep. In die tydperk het 'n skip van 230 000 ton daar erts gelaai. Dit is die grootste skip wat nog by 'n Suid-Afrikaanse hawe vrag gelaai het.

### Barrand

BARLOW RAND is vanjaar 75 jaar lank in Suid-Afrika bedrywig, terwyl sy voorsitter, mnr. Punch Barlow, ook vanjaar vyftig jaar lank by die groep is. Met die oog hierop verskyn daar vandag op bl. 10 en 11 van Sake-RAPPORT 'n spesiale oorsig oor hierdie reuse-groep.

Na die jongste verhoging in die prys van elektrisiteit sal Yskor seker binnekort 'n verhoging van die binne-

# YSKOR



D.D.  
28/9/77

# Key is money supply and inflation rate (264)

**EAST LONDON** — There will be no significant general improvement in the South African economy unless and until the rate of increase in the money supply has been brought more closely into line with the rate of inflation. On the other hand, if the inflation rate can be brought closer to a moderate rate of increase in the money supply, so much the better.

This argument is put forward by Dr Johan Cloete, chief economist of Barclays National Bank, writing in the latest issue of the bank's Business Brief.

"Fortunately," he added, "there is some hope that a better balance between the money supply and the rate of inflation can be achieved in the period ahead."

Dr Cloete sees three reasons for this:

1. The improvement so far this year on current account of the balance of payments should result in faster monetary growth, although this depends upon what happens on capital account, particularly on the extent to which repayments of foreign loans and credit are undertaken.

In other words, as the current account of the balance of payments turns progressively more positive (and provided this is not entirely offset by a net outflow of money through the capital account of the balance of payments), the money supply, and hence also wage and profit incomes, are increased.

This should lead to an increase in total expenditure which, in turn, should raise output, particularly the more favourable outcome on the current account should also lead to some increase in confidence so that the additional money coming into the economy is spent on investment (at

least on some increase in stocks) and on consumer goods.

2. The inflation rate should continue to come down in the period ahead, provided administered prices as well as wage increases, can be contained. This should at least help to some extent to protect real incomes, with some positive effect on real expenditure and, hence, on real output.

3. Figures for Exchequer revenue and expenditure published up to the end of July show that the Government has contained its expenditure to a level only a little above that during the corresponding period of the previous year.

This means it is now able to accelerate expenditure quite significantly in the months ahead. As Government revenue appears to be running below budget estimates, this could mean that the Government could also create additional money during the rest of the fiscal year.

An acceleration of Government expenditure could stimulate output not only by helping restore a better balance between the money supply and the inflation rate, but also by speeding up the circulation of money.

The slight change in monetary policy announced recently by the Governor of the Reserve Bank should be viewed in conjunction with such possible stimulation of the economy from a speeding of Government expenditure during the remaining months of the current fiscal year, Dr Cloete believes. And he adds:

"Bearing in mind that in the prevailing business mood, fiscal stimulation of the economy is, in any case, required rather than stimulation by monetary policy, and knowing such fiscal stimulation can take place through a speeding-

up of Government expenditure, all that Dr De Jongh really needed to do was to give a signal that would promote business and consumer confidence, and which would indicate that monetary policy would be aligned with such fiscal stimulation in the period immediately ahead or, if not now, then at least in the near-term future.

"Dr De Jongh has now given such a signal and, although this signal is not particularly strong, it is coming on top of buoyant export earnings and the underlying favourable conditions in mining and in agriculture."

"If, in addition, Government expenditure can be stepped up in the months ahead, even if only to the extent provided for in the Budget, then Dr De Jongh's shift in policy stance might well promote confidence, at least to an extent that would lead to some conversion into spending on goods and services of money currently held in idle or as liquid balances in the private sector."

— BUSINESS EDITOR

that each  
year a year  
and in the  
money

V = Velocity of circulation  
unit of money on average  
This would mean the same  
eg. If it  
spending it. If it  
course of trade 100 times

M = Stock of quantity of money in circulation at any point of time. This is determined by the monetary authorities, the activities of commercial banks, state and public. We can assume that it is changed autonomously by m.a. from time to time.



# Retail turnover on a slow revival

RDM  
7/10/77  
264

THE RETAIL turnover in South Africa next year would be 11,5% higher than in 1977 and would total R19 903-million, Mr Cyril Atkinson, joint managing director of OK Bazaars, told the Business Outlook conference.

He said: "1978 overall increase (in growth) is likely to be between 11,5% and 12% with inflation in the order of 9% and real growth 2,5% to 3%.

"While the real growth might appear optimistic against the 1977 year, one must appreciate that this growth emanates from a very low base and fundamentally it must also be accepted that inflation will decline due to the lack of demand and the stabilisation of retail prices arising from this lack of demand."

Durable expenditure (furniture, appliances, TV, cars) would be influenced by black spending because of a marginally higher income growth than for white. TV sales would drop sharply as the market became saturated and the portable set sales brought down unit prices.

"Lower TV sales will free white spending power for expenditure in other areas."

Semi-durables (clothing, housewares, car accessories) would recover because of lower

spending on durables, and as a recoil against depressed purchasing in 1977

Non-durables (food, drink, tobacco, coal, paraffin, petrol, oil) would continue to grow at the fastest rate as a result of a continuing decline in living standards — reflecting low real economic growth at high unemployment levels, particularly among blacks

Use of services (rent, servant wages, dry cleaning, maintenance) would show little real growth, but the cost of these services would increase expenditure in line with total private consumption expenditure.

"What I am really saying is that the implication for the retail industry for 1978 is low but gradually improving real growth and a slowdown in the inflationary effects on both costs and sales levels.

"Spending will be characterised by greater price awareness and a swing towards credit," said Mr Atkinson.

\*\*\*  
THE important spenders in the public sector — the state corporations — could be expected to increase their capital outlay by 5% in real terms next year, said the Secretary for Statistics, Dr T A du Plessis.

He told the conference it was also expected that the rate of increase in capital expenditure of this section of the public sector would decline from next year.

Unless new projects were undertaken, this section would not maintain the high growth of the recent past.

"We have completed, or are in the process of completing, such large projects as Richards Bay and Saldanha, and are starting to reap the benefits of these projects now. The present mood of the public sector is not in favour of undertaking new schemes."

There were some large schemes still under construction, such as Sasol 2 and Koeberg, but a tapering off of the capital expenditure by the public sector could be expected.

In 1976, there was a sharp reduction to 2% in the real rate of growth in the public sector's capital expenditure. Following this year's Government decision to curtail expenditure, the outlays for both 1977 and 1978 would show only moderate increases.

But because of a sharp rise in the expenditure of the public corporations, spending by the public sector would show a moderate increase in real terms — Sapa.





PUBLIC SECTOR  
GOVT.  
(STATE ENTERPRISE)

NOV. 1977 - 1978

# South African Coal, Oil and Gas Corporation Limited

Chairman's Address delivered by Mr D P de Villiers at the twenty-seventh Annual General Meeting of the Corporation, on 27th October 1977.

FM 4/11/77 (264)

"A project  
of the magnitude and extent  
of Sasol II  
could not have been undertaken without  
the skills and experience  
of Sasol's team  
of dedicated men and women."

This twenty-seventh Annual General Meeting is the first to be held since the retirement of Dr P E Rousseau as our chairman. Firstly I would like to thank him for his willingness to serve a further term on the Board. The continued availability of his advice during the critical phases of the Sasol II project means much to the peace of mind of us all. Dr Rousseau considered Sasol the most important task of his life and this organisation bears the imprint of his absolute thoroughness and persistent drive. Sasol shall always be grateful to him for this.

The past year was again a good one for Sasol. Group profit before tax was R78,9 million and after tax profit R53,7 million. Sales turnover of group products rose to a record of R681,3 million from R562,4 million in the previous year. A preference dividend of R720 000 and an increased ordinary dividend of R9,8 million have been declared.

In June this year the formidable task of compiling the detailed and definitive estimate of the capital cost of the Sasol II project was completed. The previous estimate of the cost of the factory and mine which was made late in 1975 when the final process scheme had been decided, was R1 900 million, based on October 1975 prices, or R2 458 million allowing for escalation up to project completion. I am pleased to say that the definitive estimate shows that the end-of-job cost of the project, excluding as before the cost of the township and housing, interest during construction and working capital, should remain within the previous estimate of R2 458 million.

If proper allowance is made for the effect of the devaluation of the Rand and escalation in material, equipment and labour costs over which Sasol has no control, the definitive estimate again demonstrates, within a margin of error of less than ten per cent, the accuracy of Sasol's first global estimate of the capital cost submitted in May 1974 and on which the Government decision to proceed with the project was based.

From the outset it has been pointed out that the economic viability of the Sasol II project depends on a reasonable relationship being maintained during the construction period between escalation in the capital cost of plant on the one hand, and the price of OPEC crude oil on which the price of Sasol's products largely depends on the other. Taking into account the escalation of capital costs and increases in the OPEC crude oil price to date, the calculated initial profitability of the undertaking at full production remains virtually unchanged. The actual profitability after commissioning could, however, still be influenced by the movement of OPEC crude oil prices during the remaining construction period in relation to the escalation of plant costs in that period.

I should like to remind you that the main object of Sasol II is to diminish South Africa's dependence on imported petroleum and to reduce the heavy outlay in foreign exchange to pay for these imports. The estimated saving in foreign exchange when Sasol II is in full operation, is R350 million per annum.

Because South Africa has to import the bulk of its petroleum requirements and will have to continue doing so even after the completion of Sasol II, any increase in crude oil prices will harm the national economy, and add to the heavy burden which oil imports have already placed on the country's foreign exchange resources.

Should the crude oil price continue to rise after completion of Sasol II, as is widely predicted, the saving in foreign exchange which will be brought about by the project, will not only increase, but the profitability of the project and its value to the country will be enhanced.

The 1976/77 period was very frustrating for energy planners in most parts of the world. Capital cost inflation and the lack of buoyancy in most economies created financing problems for the planners who had envisaged huge energy schemes for the substitution of petroleum immediately after the 1973 oil crisis.

In the United States it was particularly noticeable how the 1977 Carter energy plan, directed largely towards the conservation of energy, differed almost completely from the 1973 Nixon "Project Independence" which had visualised self-sufficiency in energy by the early 1980s, mainly by means of petroleum substitution projects and the development of new domestic energy sources. In fact, oil imports increased in the meantime from 35 to 46 per cent of the total United States oil supply.

In South Africa with relatively low cost coal and a proven oil-from-coal technology readily available, we were fortunate to have been able to proceed with a major coal to oil conversion project so soon after the oil crisis of 1973. There is no doubt that the conversion of coal to oil requires large capital investment. But the same applies even to conventional energy conversion, as evidenced by the financing problems being experienced in furnishing new electricity generation capacity.

Over the last few years a stronger awareness has developed of the need to use to best effect our main source of energy, i.e. bituminous coal. In this regard a brief comparison of the Sasol II technology for producing oil from coal with that of electricity generation from coal, is relevant. The amount of energy in the products of Sasol II which is obtained from a ton of coal, is in fact about 15 per cent more than the energy which is obtained in the form of electricity from the same ton of coal in the most up-to-date coal-burning power station of conventional design.

The team of men who will take up the leading positions in our Secunda operation have now been selected and have begun the task of setting up the organisation that will be responsible for commissioning, operating and maintaining the new works and mine.

Sasol is fortunate to have assembled over the years a strong team of skilled and experienced operating personnel at the Sasolburg plant. Most of the key operating positions at Secunda can therefore be filled from within the organisation with all the advantages which will accrue from this arrangement. For the remainder we will recruit the required staff locally. Detailed programmes have been drawn up for the training of these recruits.

The movement of staff to Secunda will create many opportunities for plant personnel to acquire greater responsibilities at Sasolburg. As staff are reassigned to Secunda, existing departments will be reorganised to achieve even greater manpower efficiency.

## Financial results

The group profit before tax of R78,9 million mentioned in my opening remarks indicates an increase of R26,5 million over the



results of the previous year. Although the continuous increase in profit is a source of great satisfaction to the people of Sasol, it is only fair to remind shareholders that the results of the past two years are not comparable. In the previous year's accounts it was explained that the 'last in - first out' method of stock valuation was introduced for the first time, and this change in method of stock valuation and other non-recurring adjustments reduced the previous year's published pre-tax profit by an amount of approximately R21,5 million. When comparing the pre-tax profit of the past year with that of the previous year, an adjusted figure of R5 million more realistically indicates the actual increase in profit. When evaluating the increase in after-tax profit from R30,1 million to R53,7 million the same considerations apply. Furthermore, you will notice from the accounts that the tax has been materially reduced by higher investment allowances on new plants commissioned in Sasolburg during the year under review.

The sales turnover of group products for the year was R681,3 million. If the cost of purchased feed stocks is deducted from this figure, R389,7 million remains, representing the value added to the raw materials and feed stocks processed. Of this figure, R156,6 million was paid to the Government in the form of excise and income taxes.

The delay in completion and commissioning of the gas expansion scheme, to which I shall refer again later, led to a considerable loss of production which will extend into the current accounting period. Notwithstanding this adverse development and the reduction in demand for a number of products, the turnover at constant factory prices for the year under review, showed a modest increase of 2 per cent.

In last year's Chairman's Address it was pointed out that a large part of the retained profits and other cash flow from existing operations would be applied to the Sasol II project. During the year under review a total of R26,3 million was invested in the establishment of the Secunda township, in housing and in working capital.

The Sasol II factory and mine will be financed from three sources in accordance with the programme agreed upon with the Government. Loan finance in the form of export credits will contribute R492 million. R300 million will be obtained from Parliamentary appropriations for which share capital will be issued and the balance of the funds which has also been earmarked as equity capital will be provided by the State Oil Fund.

#### Sasolburg operations

In spite of poor geological conditions encountered in the southern area of the mine, an increased total of 4,7 million tons of coal was mined at the Sigma Colliery during the year. The longwall unit contributed 1,1 million tons. Nearly two years after installation, production from the unit is still somewhat lower than originally planned, but Sigma's longwall operation is nevertheless regarded as one of the more successful applications of its kind known in the mining world today. The experience gained enabled us to plan improvements to the mining equipment which will be introduced early in 1978. It is confidently expected that these modifications will lead to a further substantial improvement in the performance of the unit.

The longwall operation at Sigma is leading to considerably improved recovery of our coal resources in the Sasolburg area, and the experience gained here, will be invaluable for our Bosjesspruit mine at Secunda.

At Sasolburg, pure gas production from existing facilities exceeded the forecast for the year. Steady and efficient operation of the Fischer-Tropsch synthesis units was maintained throughout the year. One of the three Synthol reactors at Sasolburg was extensively modified. This was done to test at full commercial scale the heat removal system which will be incorporated in the Sasol II reactors. It was clearly demonstrated that the new reactor design represents a substantial advance in Sasol's Synthol technology.

In the previous Chairman's Address the possibility of a delay in the gas expansion scheme due to manufacturing difficulties was anticipated. I regret to say that this project suffered a most serious setback when critical gasification equipment which had been under outside fabrication for a considerable period, could not be completed and supplied to the project. Hurred arrangements had to be made for equipment on order for the Sasol II gasification plant to be diverted to Sasolburg in order to minimise the loss of production as much as possible. Completion of the project is now scheduled for early 1978 but additional gas should already become available before the end of 1977.

Extensions to the coal handling and preparation facilities, oxygen plant and gas purification plant, forming part of the gas expansion scheme, have all been completed and successfully commissioned.

Continued attention is being given to loss control in factory operations. The injury frequency rate during the year per million manhours was reduced to the lowest level yet of 1,38 compared with 2,53 the previous year.

#### Refining

The improvement reported last year in the results of Sasol's crude oil processing in the Natref refinery has been maintained and consolidated. Even though heavier crude oils were processed by Natref, a most satisfactory yield of white products of 84,3 per cent was obtained. This high yield of white products, consisting mainly of motor and aviation fuels, compares very favourably with the yield of 60 to 65 per cent at the coastal refineries. At Natref, therefore, much less imported crude oil is required to produce the same quantity of products than is the case at the coastal refineries. The higher yield at Natref is made possible by the hydro-cracking facilities which have continued to operate satisfactorily during the year.

#### Marketing

Sales of chemicals exceeded R121 million and exports achieved a new record of nearly R12,5 million, compared with R8,4 million during the previous year. The bulk of our exports was high melting-point Fischer-Tropsch waxes, for which the demand increased rapidly during the year.

The down-turn in the economy reduced the demand for a number of our products, mainly ethylene and butadiene which are feedstocks to the plastics and rubber industries, and industrial gas for distribution by Gaskor. The lower demand is likely to extend throughout the present financial year. In the case of Gaskor this should, however, be offset by additional sales in the Olifantsfontein industrial area which has been served by Gaskor from the third quarter of 1977.

Despite adverse conditions in the civil engineering construction industry, sales of bitumen and road tars through our affiliated company, FTS Binders (Pty) Limited, showed an increase.

#### Research and Development

During the year the needs of Sasol II again received the highest priority amongst our research and development activities. Very good progress was made in developing a scheme for the treatment of liquid effluent for Sasol II. The system which was selected will convert aqueous effluent to cooling water.

Further work was done in our Sasolburg research laboratories and pilot plants to ensure that an improved catalyst would be available to the Sasol Synthol process to be used at Secunda.

Apart from continuing our research to improve existing Sasol processes for the production of oil from coal, longer term work is concentrated mostly on the development of alternative processes for converting coal into liquid fuels.

One of the alternative processes on which Sasol is doing a great deal of work, is the solvent refining of coal known as SRC. This process gives either a liquid or a solid product, depending on process conditions. The product referred to as SRC can be used as such as pollution-free fuel or it can be broken down further to yield motor fuels. However, it is still our belief that 8 to 10 years will be required before the SRC process for the production of motor fuels will be ready for full-scale commercial application.

Although our SRC work is primarily directed towards the production of motor fuels, there has been a very interesting spin-off in that it was found that the Sasol process is eminently suited to the upgrading of Australian brown coal to a solid SRC product as a substitute for high grade coking coals used in the Japanese steel industry. A collaboration agreement has been concluded between Sasol and a consortium of Japanese companies, known as Kominic. Under this agreement further pilot plant work will be done in Sasolburg and as soon as this phase has been satisfactorily concluded, a demonstration size plant will be built in Australia, before proceeding to a full-scale commercial plant. Sasol will have no financing responsibility, but will naturally secure licensing fees for the know-how made available to the venture.

Sasol's expertise in the field of coal beneficiation continues to be in demand in many countries of the world. Sasol will this year run a full scale gasification test in Sasolburg on Texas lignite. Advisory services also continue to be provided under agreements with four consortia of American gas distribution companies contemplating the construction of gasification plants to augment their dwindling natural gas resources.

#### Sasol II project

An advanced level of activity has now been reached in all facets of the project. Design engineering work was 50 per cent complete at

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the end of the year under review and 90 per cent of the engineering will have been completed by the end of 1977. Procurement has advanced to the stage where all major contracts and purchase orders will have been placed by the end of 1977. Civil construction work at the Secunda site is in full swing and mechanical erection work has started in earnest.

Up to the end of the financial year 228 contracts had been placed with South African contractors and consultants. The total value of these contracts and purchase orders for equipment and materials placed locally amounted to R838 million.

It is estimated that R1 405 million, or 57 per cent of the total capital cost of the project, will be spent in South Africa. This is a considerable achievement for a project of this magnitude and sophistication. Foreign purchases and contracts are concerned mainly with specialised and proprietary equipment not manufactured or normally obtainable in the Republic. The favourable ratio of South African expenditure to total capital cost could not have been achieved without a deliberate policy of giving preference to South African manufacturers and contractors wherever it was technically and economically justifiable. In this way, despite the economic recession, the workshop capacity of local manufacturers of equipment and materials such as pressure vessels, exchangers, dished ends and piping will be utilised to a very high degree.

By the end of the year under review, approximately 6 million manhours had been spent on construction work. The labour force currently engaged in construction on the site, is approximately 10 000. This figure will increase to about 15 000 when the peak of construction is reached towards the end of 1978. In accordance with Sasol's objective to maximise the use of South African labour on construction, extensive training programmes have been set up by the managing contractor to augment the skilled and semi-skilled workers who are being recruited in the local labour market.

Outside the factory boundary, the infra-structure consisting of rail and road access, drinking water supply, domestic sewage treatment and temporary electricity supply, has been completed. The first heavy equipment to be imported through Richards Bay and transported by road to Secunda, arrived on site in September 1977.

At the Bosjesspruit Colliery, mining operations commenced at the western shaft system on 1 June 1977 to prepare the mine for full

production when the main plant goes into operation. Seventy per cent of the surface facilities have been completed, including the western shaft system.

By using a combination of longwalling and mechanical continuous mining methods, it is estimated that at Bosjesspruit approximately 60 per cent of the mineable coal reserves will be extracted as opposed to an average of about 30 per cent in the case of the conventional board and pillar mining method used in South Africa. Sporadic dolerite intrusions in the Bosjesspruit coal field are expected to complicate mining operations somewhat, and techniques are being developed to establish the presence of such intrusions well in advance of short-term operations.

At the end of the year under review, 585 permanent housing units had been completed in the township of Secunda and the population stood at approximately 2 800. The proclamation of the township took place on 22 June 1977.

#### Conclusion

It would not have been possible to undertake a project of the magnitude and extent of Sasol II without the dedicated men and women of Sasol, those directly engaged on the project, those assisting in specialised fields and in particular the group looking after our existing operations and through their efforts providing the cash so vital to the success of our new venture.

The good progress on Sasol II would have been impossible without the goodwill and excellent co-operation received from the many authorities involved in the planning and execution of the project. We are indeed grateful for the assistance provided by the various government departments, the Transvaal Provincial Administration, the Reserve Bank of South Africa, the Railways and Harbours Administration, the Posts and Telecommunications Authorities, Escom, the Rand Water Board and the Southern Transvaal Bantu Administration Board.

I wish to thank my colleagues on the Board for their loyal support and active co-operation. I welcome Mr G A Macmillan and Mr J A Stegmann, who joined the Board during the year, and wish to pay tribute to Mr E Carter and Mr M T de Waal, who have retired as directors for their valuable contribution during their period in office.



# TO RAGM <sup>Rm 10/11/77</sup> (264)

By CHRIS CAIRNCROSS  
Industrial Editor

THE net loss of Iscor has deteriorated to R19 100 000 (R30 057 000) in the year to June 30, making the 12 months probably the most disastrous in the steel plant's history.

With finance charges rising at a rapid rate (more than 18% to R103 900 000) and little possibility that either domestic or overseas demand for steel will pick up, or that a significant increase in the steel price will be granted, it is clear that the Government will again have to come to Iscor's rescue.

In the year under review this was done to the tune of R120 million, through the usual practice of taking up further shares in Iscor. In the previous year this contribution amounted to R190-million.

This level of subsidisation for that is what it is, will have to be of a similar order, if not more, in the year ahead.

Against these figures it should be noted that Iscor is making provisions for escalating replacement cost of fixed assets and in the review year allocated R64 200 000 to reserves for this purpose.

This compares with R49 475 000 made in the previous year and means that to the end of June this year a total of R329 600 000 is available in the

reserve fund - that could be used in the interim for financing Iscor's more immediate requirements.

Iscor's turnover increased by 27% to R1 003-million in the past year but it had to pay a stiff price for this improvement, according to the annual report.

More than a million tons of steel products - or more than 25% of total sales - was sold on the export market at what was considered to be extremely low prices.

Iscor's chairman, Dr Tommy Muller, says that "the low revenue from export sales has necessarily had a negative effect on Iscor's financial results for the year under review."

However, it is still more advantageous to export steel at lower prices than to put expensive equipment out of production and retrench skilled workers.

"In this manner, both variable and part of fixed costs were recovered while valuable foreign currency was earned."

The export of ore and steel products is estimated to be earning R500-million a year in foreign currency.

But in spite of this expansion into overseas markets, Iscor has had to cut capacity use in the past year - the reduction amounting to about 20%.

This has been a costly exercise and in the case of the Newcast works amounted to as much as R50-million in the financial year.

An illustration of this, together with the effect of the high inflation rate on the corporation's cost structure, is Iscor's net income from trading, which declined to R44 767 000 from R51 342 000.

Dr Muller says the increase in coal and electricity tariffs, as well as the increases in the prices of coking coal and refractories have added a R16 a ton to the cost of saleable steel.

If these increases are calculated on a yearly basis at Iscor's present rate of production, then cumulative cost would be about R75 million.

Dr Muller says it is important that a realistic policy of regular price adjustments, probably on an annual basis, be resumed. These adjustments were temporarily interrupted in December last year as part of the anti-inflation campaign.

On the offers made by various private sector companies for the shares of Samancor - whose sale was subsequently vetoed by the Government - Dr Muller notes that these were for amounts several times the book value of the shares and would consequently have brought Iscor a considerable capital gain.

# Yskor se snood

## ons se

DIE binnelandse verbruiker is nie besig om Yskor se uitvoer van staal te subsideer nie. Uit die ontleding hierlangsaaan is dit duidelik dat die uitvoer van staal wel 'n belangrike bydrae lewer tot die korporasie se bedryfswins.

Dit is verder baie bemoedigend om daarop te let dat die binnelandse staalprys op die oomblik hoog genoeg is om te verseker dat Yskor sy verliese kan uitwis as hy sy volle staalproduksie in die binneland kon verkoop. Dit is wel nog nie voldoende om vir Yskor 'n redelike opbrengs op sy bates te verseker nie.

Maar hierdie twee pluspunte gaan egter nie verhinder dat die staalprys binnekort aansienlik gaan styg nie. Dit help egter om die komende staalprysverhoging in die regte perspektief te sien.

Wat egter wel bemoedigend is, is die feit dat die staalprys in enige sterk oplewing van die Suid-Afrikaanse ekonomie nie verder skerp hoef te styg nie. As die binnelandse vraag gelyk is aan Yskor se totale produksie, kan Suid-Afrika dalk 'n hele paar jaar lank weg kom met baie matige staalprysverhogings.

# WINS WAAS MOONTLIK

Deur VIC DE KLERK

**ONDANKS 'n verlies van byna R50 miljoen vir die afgelope jaar het Yskor glad nie sleg gevaar nie. As hy al sy staal in Suid-Afrika teen die huidige staalprys kon verkoop, sou hy ondanks sy reuserentelas 'n klein wins kon toon.**

*Hy moes meer as 1 miljoen ton staal teen 'n baie laer prys uitvoer. Maar as hy hierdie oorskot nie uitvoer het nie, sou die verlies by die R100 miljoen gewees het.*

Hierdie en ander insiggewende fette blyk uit 'n spesiale onderhoud wat Sake-RAPPORT vandeeweek met 'n span Yskor-amptenare gehad het, fette wat talle kritici van Yskor se monde sal snoer.

Dit lyk ook of Yskor in die komende boekjaar 'n nog groter verlies gaan toon. Slegs 'n aansienlike binnelandse prysverhoging van staal of beter uitvoerpryse of 'n groter binnelandse verbruik van staal sodat minder uitgevoer hoef te word, kan hierdie verliesposisie van Yskor verbeter.

Volgens mnr Nols Olivier, afdelingshoofbestuurder, staalbemarking van Yskor, beplan die korporasie om in die lopende boekjaar 1,5 miljoen ton staal uit te voer. Dit vergelyk met 1,189 000 ton verlede jaar of

Yskor weer 'n aansienlike verlies sal toon.

voeg  
Maar dit sal ook 'n verdere verlies van minstens R70 miljoen vir Yskor beteken en om dit reg te stel, sal die binnelandse prys van staal verder verhoog moet word. Mnr. Olivier wys dus daarop dat hoewel staal teen 'n laer prys as die plaaslike prys uitgevoer word, hierdie uitvoer nogtans daadwerklik help om die binnelandse prys van staal laag te hou.

Volgens mnr Olivier is die verskil van R82 per ton in Yskor se netto verdienste tussen plaaslike verkope en uitvoer grootliks toe te skryf aan, ons ongunstige geografiese ligging teenoor wêreldmarkte waar Yskor met ander groot uitvoerders meeding. Vervoer en ander kostes van die staalwerke of tot binne 'n die rikap beloop R23 per



# Dié staal ook hier te kry

YSKOR beplan om vir die boekjaar tot 30 Junie 1978 4 589 000 ton verkoopbare staal te produseer. Dit is 21 persent meer as die afgelope jaar se prima staalverkope van 3 788 000 ton.

Van hierdie verhoogde verkope beplan Yskor om 1,5 miljoen ton uit te voer, wat op sy beurt 32,6 persent meer is as die afgelope jaar se uitvoer van 1 089 000 ton. Dit beteken dat Yskor verwag dat die binnelandse verbruik van staal in die lopende jaar 3 089 000 ton sal wees, wat 14 persent hoër is as die ooreenstemmende vorige twaalf maande se 2 699 000.

Yskor is ook bereid om staal teen heelwat laer as plaaslike pryse aan plaaslike vervaardigers van sekondêre produkte aan te bied as hulle dit verwerk vir goedere wat bedoel is vir die uitvoermark. Dieselfde sal ook nou vir invoerverplasing geld.

Indien dit binnelandse sal dit Yskor se finansiële resultate aansienlik verbeter.

Volgens hom behoort Yskor vir hierdie staal 'n gemiddelde netto prys van R173 per ton te ontvang. Dit is R82 per ton minder as die huidige gemiddelde binnelandse prys van R255 per ton vir die staal.

Dit beteken dus dat die netto inkomste vir hierdie 1,5 miljoen ton ongeveer R120 miljoen minder sal wees as wat op die binnelandse mark daarvoor behaal kan word.

## Werkloosheid

Maar mnr. Olivier wys daarop dat die grensinkomste (inkomste bo die direkte produksiekoste) op die beplande 1,5 miljoen ton staal nogtans 'n netto bydrae van R70 miljoen bo die reëlestreekse produksiekoste sal lewer.

Indien hierdie staal dus nie uitgevoer word nie sal Yskor se beplande totale verkope van 4,589 miljoen ton vir die huidige boekjaar met meer as 30 persent teruggesny moet word. Dit kan moontlik duisende mense werkloos laat, blanke sowel as swartes. As in aanmerking geneem word dat die amptelike huidige werkloosheidsyfer vir blanke ongeveer 30 000 is, kan 'n drastiese terugsnyn in produksie by Yskor tot soveel as 20 persent tot hierdie werkloosheidsyfer

na die voordeel die hantone en afluakostes R26 per ton en invoerregte 6 tot 9 persent of gemiddeld R15 per ton.

Dit gee 'n totaal van R64 per ton, wat beteken dat die bruto prys wat in die buitenland ontvang word, slegs R18 per ton laer is as die binnelandse prys.

Suid-Afrika se uitvoer na Europa is in albei gevalle minder as 2 persent van die gebiede se totale invoer en is dus so gering dat Yskor prakties nie 'n uitwerking het op prysvasstellings nie. Trouens hulle probeer dan ook om hul prys altyd 'n bietjie hoër te hou as die laagste prys vir staal wat beskikbaar is in 'n spesifieke land en wat deur die groot uitvoerlande bepaal word op proses van vraag en aanbod. Suid-Afrika kan nie die prysleier wees nie, maar volg die prys na om te kan meeding.

In die boekjaar tot 30 Junie vanjaar het Yskor 1 089 000 ton se staal-uitgevoer teen 'n gemiddelde prys van R49 per ton minder as wat in die tydperk in die binneland verdien is. As al hierdie staal in die binneland verkoop word, sou Yskor inderdaad 'n klein wins van een tot twee miljoen rand kon toon.

Dieselfde geld ook in die huidige boekjaar. Maar dit is duidelik dat 'n groot hoeveelheid staal wel uitgevoer sal moet word en dat

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# 'Non-company' got huge Iscor deal

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ISCOR'S chief coal geologist, Mr Barend Liebenberg, this week said he had recommended that an unknown company be given a multi-million rand coal drilling contract in preference to 14 other experienced companies that tendered.

He told a financial court that two days before the final consideration of the tenders by his principals, he had accompanied Mr Dawie du Plessis, financial adviser to Professor Hennie Bingle, then rector of Potchefstroom University, to tell the professor that Mr Du Plessis was capable of doing the drilling.

Mr Liebenberg was being cross-examined by Mr John Coetzee, who appeared for creditors at a court of inquiry into the financial affairs of Mr Du Plessis, a former Hervormde Kerk dominee.

Earlier evidence was that Mr Du Plessis had been managing director of the company Explo, which was given the contract by Iscor. The company operated on credit, then went bankrupt.

It was revealed that when Explo was given the contract, the company had not yet been registered, and had no assets.

Mr Liebenberg told the court that companies that had done drilling for Iscor before were invited to tender for the contract.

He said three or four companies that had started on the job before had either pulled out, or the contract had been taken away from them.

Mr Du Plessis heard about the contract from a third person and approached Mr

## CHIEF GEOLOGIST RECOMMENDED EX-DOMINEE

By DESMOND BLOW Chief Reporter

Liebenberg They had not met before.

Mr Du Plessis had done some drilling before on a smaller scale for Sasol.

Mr Liebenberg said he gave Mr Du Plessis advice on how to tender "as I gave to all the tenderers".

He also told Mr Du Plessis that the machinery he had in the company that had done the Sasol drilling, Ouskor, was unsuitable.

Mr Liebenberg agreed that he accompanied Mr Du Plessis to Protea Distributors, from whom Mr Du Plessis was buying drilling equipment for the contract.

Mr Liebenberg said he had selected necessary equipment.

He said he had not gone into the financial background of Explo before recommending that its tender be accepted because "I am a technician".

But he admitted that after Explo had been granted the contract and had started work, he helped expedite payments to the company.

He said he used to phone Mr Du Plessis' secretary to tell her to fetch the cheques. Explo could not pay R975 000 for drills bought on credit from Protea Distributors, and eventually Protea took over the contract.

In earlier evidence Mr Du

Plessis said the university was to have received all the profits from the venture.

Mr Liebenberg denied he had decided who should be employed by Explo.

He said he saw Mr Du Plessis' secretary, Mrs Felicity Meevis, in a room at the Bugerspark Hotel, Pretoria, to tell her what her duties at Explo would be. But he understood that Mrs Meevis was already employed by Mr Du Plessis.

He said he had seen Mrs Meevis as a favour to Mr Du Plessis, and told him Mrs Meevis seemed suitable.

He also agreed that he had advised Mr Du Plessis to buy an aircraft.

He felt this was necessary to get to the contract site.

Later, Mr Liebenberg and Mr Du Plessis quarrelled. Mr Liebenberg hit Mr Du Plessis on the head with a "little" cosh.

He denied that the quarrel was about a promised share for him in Explo.

Mr Liebenberg admitted he had said "Ek kry stank vir dank" ("I get no thanks") before hitting Mr Du Plessis.

He said he was referring to the fact that he had given Mr Du Plessis much technical advice, and Mr Du Plessis had repaid him by being difficult.

Mr John Coetzee (instructed by Louis Cishen and Peter Louis) appeared for the creditors, Mr R van der Merwe of the Iscor legal department kept a watching brief for Mr Liebenberg, Mr A H J Huisamen held a watching brief for Mr Du Plessis.



~~Handwritten~~  
(2) 264

STAR

November 30 1977 5

# 200 stay away at Sasol 2

## Staff Reporters

More than 200 coloured workers at the Sasol 2 construction site stayed off work today in a second day of protest over grievances.

But a spokesman for Sasol said at mid morning that the workers had indicated after talks that they would resume work tomorrow.

Yesterday 170 to 200 coloured workers from the new coloured camp refused to go to work because they were being transported in open trucks over the 4 km from the camp to the site, in rainy conditions.

Today, covered trucks were provided, but the men were still unhappy, according to one of the workers.

A spokesman for Sasol 2 denied this man's claim that about 600 men had stayed from work. He confirmed that about 170 to 200 had not worked yesterday and more than 200 did not work today.

## FOOD COMPLAINT

The complaints continued by several other workers during a visit to the outskirts of the camp yesterday, included:

- ⊙ Dissatisfaction with food. One man claimed they had eggs for breakfast every day and frequently also in their lunch packets.
- ⊙ Overcrowded dormitories with six men to a room of about 33 square.
- ⊙ Frequently flooding showers and blocked toilets.

22/12/70

Z 264

# Sasol men STARS 1/12/71 go back

About 200 coloured construction workers protesting about working conditions at Sasol 2 went back to work today.

Agreement was reached between Sasol's management and a works committee established by the workers to liaise with the employers.

The workers from a new coloured camp refused to go to work on Tuesday because they were being transported in open trucks over the 4 km from the camp to the site.

Covered trucks were provided yesterday but the men were still unhappy.



# Escom's costs crippling exports Heunis is told

264

S. Tribune 4/12/77

Financial Editor — Alan Peat

NEGOTIATIONS are taking place between Pietersburg-based Silicon Smelters and Minister of Economic Affairs Chris Heunis for a reduction in "crippling" Escom power costs

A successful outcome would be a multi-million rand boost to major exporters whose production plants are high power users. This would include the many companies in the ferroalloy industry which are labouring to compete in an over-supplied world market.

Silicon Smelters have asked Government for an export incentive subsidy rebate on Escom charges, greater than the present 20 percent. Two meetings have already been held with the Minister, but he has as yet not given any indication of his likely decision

The company has been forced to appeal for relief because the vast increase in Escom charges has forced them to close down one of their three smelters and is losing them R10 million a year in potential overseas earnings.

## Escalation

In a statement to Tribune Finance, works manager Paddy Delaney said: "Since commissioning of our first of three smelters in December, 1975, Escom costs for a three-furnace operation have escalated from R2,5 million to R7,5 million in 1978. Today's power costs account for 30 percent of the cost of producing one ton of silicon.

"At full capacity our silicon smelters can earn R30 million in foreign exchange. At present operating levels (one furnace idle) R20 million can be earned during 1978.

"Because our products are 95 percent exported and we compete in a market depressed by over-capacity, it is

not possible to pass these increased costs on to the consumers"

According to Delaney a further rebate would enable the company to open up the third smelter and take full advantage of the foreign exchange potential of the plant.

Silicon Smelters do not expect the Minister to make the rebate purely to the company. According to Delaney they expect that any relief would be made available as an across-the-board incentive for all high-power usage export companies

## Divided

The ferroalloy producers, under their employers body the Steel and Engineering Industries Federation of South Africa (Seifsa), have also held discussions with the Government about the cost of electricity

Opinion about the desirability of the subsidy idea is divided, however.

One ferroalloy producer's spokesman pointed out that there might be distinct disadvantages in a direct rebate scheme.

"You must take into account the fact that the alloy industry uses about 10 percent of the electricity generated in the country. Any direct rebate would have a marked effect on electricity prices generally.

"Also, a rebate might very well be seen by other major alloy producing nations, particularly the United States, as a means of keeping South African prices low enough to allow a 'dumping' of products in already over-supplied markets."

Industry sources also indicate that the 20 percent subsidy only applies to markets other than the US for this very reason.

stav 9/12/77

# SAA reverses loss estimate

264

South African Airways had anticipated a loss of R22-million for the current financial year. Instead, it made a profit of R5.25-million in the past seven months.

The chief executive of SAA, Mr Eddie Smuts, said this at a Press lunch yesterday.

He said the loss had been expected because of the economic slowdown and because the SAA had purchased 10 wide-bodied aircraft.

But the airline cut expenditure and increased productivity, resulting in the R5.25-million profit.

Of the new airbus, Mr Smuts said it had given the least "teething" trouble of all SAA aircraft and it had fully lived up to its manufacturer's claims.

"It uses 50 percent less fuel per passenger than the 707s which it replaced on the Cape Town service, 40 percent less than the 727s and 15 percent less than the 737s," he said.

"Being a wide-body aircraft, it has 15 percent more seats and in addition has a first class for those who are prepared to pay for the luxury," Mr Smuts said.



# Fall in demand may cut Escom's growth

ESCOM'S R1 000-million a year capital expansion programme could be cut substantially or parts of it deferred, if the declining demand for electricity continues. But there is little chance of tariffs being reduced.

The Commission says that while it projected an 8 per cent growth for this year, actual growth was only 6 per cent.

The question now being faced is whether Escom will need all its planned capacity if demand falls to appreciably lower levels. The 6 per cent growth includes 4.3 per cent of imports from the Cabora Bassa hydro-electric scheme in Mozambique, indicating that Escom actually generated only 1.7 per cent more electricity this year.

The plain fact is, that if Escom decides to go ahead in full with the projected R1 000-million expansion programme, it cannot afford to allow anticipated tariff income to fall.

On the other hand, if capital expansion is cut back in accordance with the expected lower growth in demand there will be less fear of further tariff increases in the years ahead.

A final decision on capital spending will not be made until March next year. If deferment is decided upon it could well be in the final capacity of stations such as Matla and Duvha, both scheduled for 3 600 megawatts with six sets of 600 megawatt capacity.

These are being built now, and Escom might consider cutting the number of sets from six to five. Further capacity to be commissioned before next winter includes a 500 megawatt set at Krriel and a 200 megawatt set at Grootvlei. Later in the year there will be development at Matla, Duvha and the completion of Krriel.

For the rest of its demand growth, Escom will be contractually dependent on imports. Outlining some of the difficulties in cutting capital spending, finance manager Len te Groen, says "We can cut back on any transmission development that becomes unnecessary due to less vigorous growth in demand, but the civil engineering side has long lead times which we cannot change. These take eight years to complete and sometimes longer.

"Demand was expanding at more than 13 per cent a year in 1974, but the economy was undoubtedly overheated at that time.

"We are now trying to plan long-term supplies at a time when we have tight supply margins and falling growth. The situation is very complex.

"Exchange rates are also creating difficulties. The bulk of our capital imports are from countries with strong economies. Do we buy now and pay dearly, or is it better to defer until some future date when we might find that we are even worse off?"

If Escom takes the view that longer-term electricity needs should be given priority (there could be strategic reasons for this) and that, in consequence, capital projects cannot be deferred, it may well mean tariff rises.

Yet another possibility is that a stimulatory national budget next April could arrest declining demand and restore Escom's income from tariffs.

In any event, declining demand does illustrate how price-elastic electricity really is and suggests that major distortions in the allocation of important energy sources can most likely be avoided, if price is dictated in future by supply and demand and is not held at artificially low levels by government.

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# Banks give green light to Iscor lease tenders

SUN-TIMES BUS, 25/12/77

By Nigel Bruce

THE TWO banking consortia — one led by Barclays and the other by Standard — that are negotiating with Iscor over the giant R172,5-million Ellisras lease have agreed to submit tenders. The banks gave this assurance last week to Iscor's general manager, Jan Coetzee, who intervened personally when negotiations were in danger of deadlock. He assured the banks that such matters as the final-

sation of documentation and advance options to purchase would not stand in the way of a final negotiated deal. The final date for submission has been extended to mid-January. Iscor, having had to delay the project previously because of the lack of finance, is clearly in no position to cut up rough

The banks will now have to decide whether it is prudent to commit substantial proportions of their tax base in the future to this single project, ahead of a general upturn in economic activity. No doubt the terms of the tenders will reflect their assessment of future prospects

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ii) Higher... Lib... on Tues... school...

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...the above... be clearly... Town Private... Admissions...

...and... are awarded... of valid... to... of the... by... your... contact...



# STAAL DALK NÓG 'N SLAG OP

264

baie-  
Rappent  
3/1/78

**DIE** stappe wat die Euromark-lande gedoen het teen ander lande wat staal in Europa en Brittanje dump, sal Yskor se uitvoerprogram nie baie raak nie. Yskor verwag steeds om in die lopende jaar tot 30 Junie sowat 1,5 miljoen ton staal uit te voer.

Só het dr. Tom Muller, voorsitter van Yskor, aan Sake-RAPPORT gesê en terselfdertyd bygevoeg dat die Euromark nie Yskor se grootste klant is nie

Oor vandeeweek se verhoging in die prys van staal wat tussen 9,5 en 13,5 persent wissel, het dr. Muller gesê dat dit sal help, maar nie genoeg is om vir die styging in Yskor se kostes te vergoed nie

Hy wou nie 'n mening oor verdere prysverhogings uitspreek nie, maar alles dui daarop dat Yskor dalk hier teen die middel van die jaar om 'n verdere prysverhoging sal vra.

Die EEG-raad het op 20 Desember besluit dat staal net teen 'n minimum-prys na die Euromark uitgevoer kan word. Lande wat staal teen pryse laer as hierdie minimum uitvoer, sal met 'n heffing aangeslaan word

## Versprei

Dit is gedoen om staalprodusente in die Euromark teen dumping uit die buiteland, veral Japan, te beskerm

In elk geval is Europa nie meer Yskor se grootste klant nie. Die korporasie het sy uitvoer oor die laaste paar jaar goed versprei en ander afsetbronne gevind

Die uitvoermark het vir Yskor van baie groot belang geword sedert die kwaaï daling in die binnenslandse vraag na staal. Hy het in die jaar tot 30 Junie 1977 sowat 1 miljoen staal uitgevoer

As dit nie vir hierdie uitvoer was nie, sou Yskor in die jaar 'n verlies van sowat R100 miljoen getoon het pleks van die byna R50 miljoen.

Die nuwe staalpryse sal ook net 'n uitwerking op die lopende ses maande se resultate van Yskor hê. Daar word geraam dat verhogings in spoortariewe, elektrisiteit en kookte Yskor se koste oor die afgelope agtien maande met sowat R75 miljoen per jaar verhoog het

de jaar verhinder

Daar kan aangeneem word dat die verloop van die land se ekonomie oor die volgende ses maande baie deeglik dopgehou sal word. En as dit sodanig verbeter, lyk dit na 'n uitge-

maakte saak dat die staalprys in Junie weer effens verhoog sal word

Yskor beplan om in die lopende boekjaar sowat 4,6 ton miljoen staal te produseer, waarvan 3,1 miljoen ton deur die binnelandse mark geabsorbeer sal word

Yskor beseft die belangrikheid van staal in die ekonomie en dit was seker daarom dat die prysverhoging nie groter was nie

Dit is bekend dat Yskor na 'n toestand beweeg waar daar gereelde prysverhogings is pleks van die baie skerp verhogings van so 'n jaar of drie gelede nadat die staalprys agttien jaar lank onveranderd gehou is.

Die plan was toe om die staalprys al om die ses maande aan te pas, maar die pap ekonomie het dit teen die middel van verle-

ESCOM

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FM

13

1/78

## Once more with feeling

Escom is usually adroit at avoiding publicity about its regular overseas borrowings. That's why Escom spokesmen have been decidedly non-communicative about their latest DM 40m loan, by way of two, DM 20m private placements for three years at a rate of 8%.

But given the difficulties faced by any SA borrower abroad, Escom can be reasonably satisfied. The rate is 0,25% lower than the rate the Railways borrowed at in August/September last year in the same market, (though the Escom loan will effectively run for only two years)

The exact premium Escom is paying, is a matter of comparison. The following recently floated Eurobond loans serve as a useful indicator (there is very little difference between rates on comparable loans in the Eurobond market as opposed to private placement)

	Amount	Maturity	Rate
Norway	DM 200m	5 years	4,75%
Finland	DM 150m	8 years	5,75%
Brazil	DM 150m	7 years	6,75%

Norway can be considered close to prime, largely because of its new oil wealth and relatively sound economy. As a developing country with economic problems, Brazil is more comparable with SA and serves as a more useful indicator of the premium SA must pay because of political factors. But don't feel too sorry — Escom is still borrowing more cheaply than it could in the domestic market.



Capital requirements of public corporations X

260

110 Mr T ARONSON asked the Minister of Economic Affairs

Whether the future capital requirements of public corporations for the next five years changed in any way since his reply to Question No 796 on 9 May 1977; if so, in what way

The MINISTER OF ECONOMIC AFFAIRS

Yes The revised estimated total capital requirements of the public corporations which fall under my jurisdiction for the same five-year period as that covered by my reply to questions no 474 and 796 on 18 March 1976 and 9 May 1977, respectively, are as follows:

	R million
SASOL . . . . .	2 500
ESCOM . . . . .	6 183

HANSENARD 7 15 March 1978.

Questionnaire to farmers (2)

Question 331 Cols L15 & L16.

260

1. Wages

1. How are wages

X Total cost of Sasol II

331 Mr T ARONSON asked the Minister of Economic Affairs

2. Are there and other conditions

- (1) (a) What is the latest estimate of the total cost of Sasol II and (b) when is it expected to be completed,
- (2) what is the latest estimated total cost of establishing townships and of housing for Sasol II,
- (3) what is the latest estimated saving in net outlay of foreign exchange for each of the 10 years after completion of Sasol II

formal) between you on wages or working

The MINISTER OF ECONOMIC AFFAIRS

3. What proper costs?

- (1) (a) R2 458 million, and

costs is taken by labour

15 MARCH 1978

2. Employment

1. Is there a sort of labour

- (b) towards 1980-'81,
- (2) R69 million, and
- (3) at full capacity until 1985 a net saving of approximately R230 million per annum, thereafter approximately R350 million per annum. These savings will be affected by future changes in the price of imported crude oil

restrict? If yes, what

2. If you wanted to, say, double your labour force, would you be able to find extra workers?  
 If yes, how long would it take?  
 How would you go about attracting them?

Where would they come from?

Do you think the farms around you could simultaneously double their labour forces?

or

2. If you wanted to increase your labour force, how many extra workers could you hire at your current starting wages?



Iscor makes it

(260)

Iscor's R50m loan has been fully underwritten and is expected to pull in some R52m by the time it closes on Friday

The issue, which is being jointly handled by Senbank, UAL and Volkskas (with the latter acting as bankers to Iscor), is being marketed in the form of three loans. There are two 18-year loans each yielding 11,63% (all-in, including underwriting commission), with one issued at a R95,36% discount and the other at par, and a third loan at an all-in rate of 11,24%.

The Iscor issue follows closely on the heels of a run of successful privately placed issues, the latest being Benoni's R3m loan at an all-in rate of 11,68% and Witbank's R5m issue for 22 years at 11,73%, both handled by Senbank

Despite the heavy schedule of borrowers for the March/April period, the market remains fairly balanced. That's the view of Guardian Liberty's Roy McAlpine. He points out that forced subscribers, chiefly pension funds and life insurers, must meet their new prescribed requirements — 55% in the case of pension funds and 35% for insurers — by the end of March. But he feels a clearer pattern should emerge during the second quarter. Sooner or later long-term interest rates must bump against short-term rates.

UAL's Clive Turner looks at it differently. The weight of liquidity, he

reckons, given the smaller size of the loans programme and the fact that some borrowers are withdrawing from the market, should maintain downward pressure on long-term rates. And there's room for easing in short-term rates, which, says Turner, needn't cause switching to domestic sources of finance, the gap being wide enough.

aan skeerspanne

alleenlik)

rik, tuisland)

keerders                      dagsmanne

nie werk gedoen?

dit te doen?

werk gedoen?

Indien wel, kort besonderhede van vorige werk:

Plek	Tydperk	Soort werk	Weeklikse loon	Rede waarom u die werk verlaat het
------	---------	------------	----------------	------------------------------------

1.

2.

3.

4

5.

12. Het u al ooit daaraan gedink om ander werk te doen?

Indien wel, waarom verander u nie van werk nie?

13. Vir watter deel van die jaar doen u hierdie werk?

14. Hoeveel plase besoek u elke jaar?

# Sasol sticks to its guns FM 24/3/78

260

There's been no breakthrough in the process, insists SA's oil-from-coal giant. Perhaps by Sasol III's time?

Despite renewed argument about the effectiveness of Sasol's oil-from-coal process, Sasol is sticking to it, says MD Johannes Stegmann. This applies to Sasol II, due on stream in 1981.

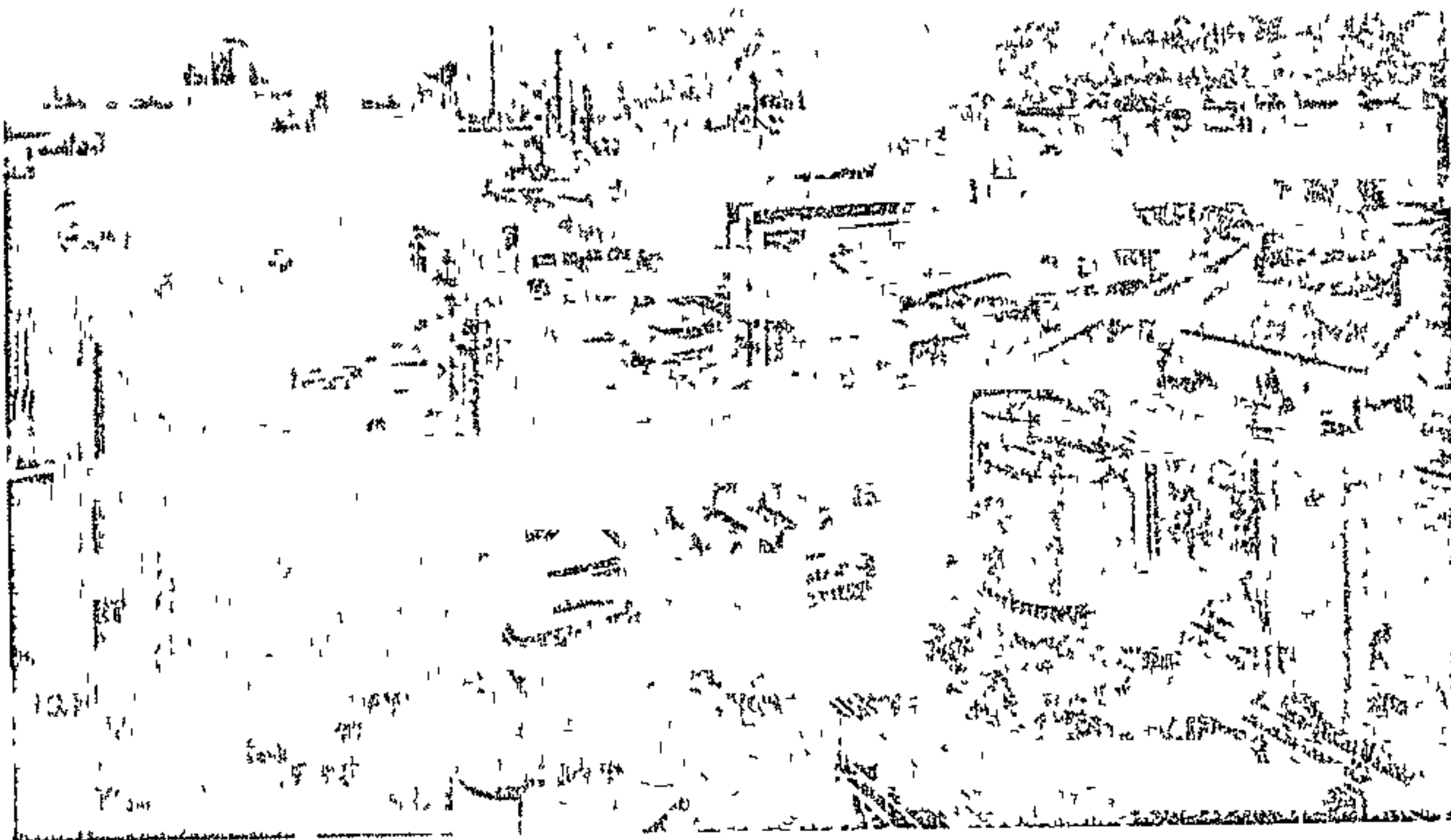
And, adds Stegmann, the same process would be used should a decision be made to build a third Sasol.

Sasol produces oil from coal indirectly by first gasifying the coal by the Lurgi process then uses the Fischer-Tropsch process to synthesise the gas into liquid fuels.

Sasol II, currently being built at a cost of R2 458m, will produce some 30% of the country's liquid fuel requirements. Estimated production of petrol, diesel fuel and light fuel oil is 1,5 Mt.

Earlier this month Potchefstroom University announced success with a pilot plant established on campus to test the direct process of oil-from-coal. This entails passing hydrogen at high pressure and temperature over refined coal in order to obtain liquid fuels directly.

According to one press report Pot-



Sasol I . . . who'll come up with a better way?

chefstroom's plant produces oil at a thermal efficiency 70% higher than Sasol's processes. The University's Prof Dekker points out that "the direct method of producing oil from coal has enormous advantages over the indirect method." He adds that one of the most important advantages is that petrol, diesel fuel, light fuel oil and heavier fuels can be produced simply by varying the hydrogen pressure and temperature.

So impressed is Potchefstroom about the results that it presented the Prime Minister with bottles of petrol and diesel fuel. Prof Tjaart van der Walt, the Rector, told pressmen earlier this month "In an incidental test the pilot plant converted coal into liquid fuels at a higher efficiency than any other plant in the country."

Stegmann, however, is not impressed. He counters "There's no new chemistry in this field. The Germans worked it all out before the war and even built a plant during the war using the direct process. It produced the Luftwaffe's fuel." Such a plant would, however, not be commercially viable, claims Stegmann.

"I have said it before and I repeat it now: there is no economic process available to convert coal into oil other than the Lurgi gasification and Fischer-Tropsch Synthol processes.

"Potch does not have a process, only

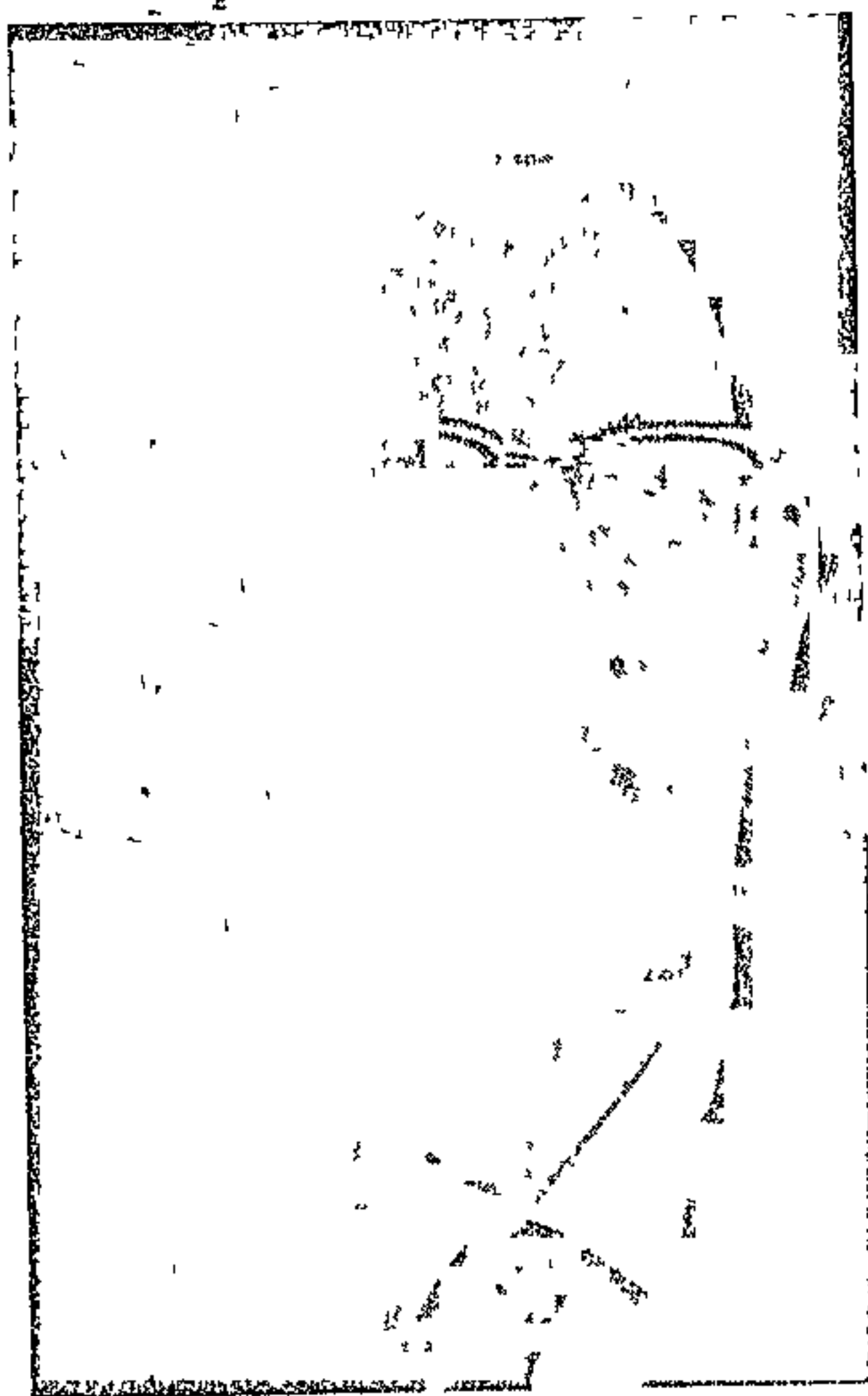
the facility — the nuts and bolts — with which to perform experiments." Not only did Sasol help with the design of the R300 000 facility, it also helped pay for it.

Sasol, on the other hand, has done a lot of research into the upgrading of fuels. But Stegmann is adamant that because of the high ash content of local coal it does not lend itself to the direct process. Therefore more important work is being done in the production of solvent refined coal (SRC), which can be a pollution-free solid fuel or a black liquid.

SRC can be used in the direct process, but Sasol's chairman David de Villiers expects it to take from eight to 10 years before motor fuels will be produced from SRC.

Meanwhile, Sasol is providing expertise to Kominc, a consortium of Japanese companies which plans to build a R150m SRC demonstration plant in Victoria, Australia, where tests will be done on refining brown Australian coal for use as coking coal in the steel industry.

The Americans, despite an annual investment of \$150m in research into gas-from-coal, are also leaning heavily on Sasol's expertise. Supplies of natural gas (for electricity generation) are dwindling, and five US gas companies intend augmenting supplies with gas-from-coal using the Lurgi gasification process.



MD Joe Stegmann . . . the indirect method



Jaap Boekkooi

STAR 25/3/78

260

## Five big international consortiums representing billions of rands have asked Sasol for help in a move which could lead to the building of major Sasol-type coal conversion plants in the US and Australia.

The consortiums, four from the US and one from Japan, are likely to be the advance guard of a long line of companies beating a path to Sasolburg.

Their aim is to buy the benefits of South Africa's unique oil-from-coal research, patents and know-how. Sasol is the world's only commercial oil-gas-from-coal plant. It will soon be superseded by Sasol II at Secunda in the Eastern Transvaal.

Sasol says it must remain mum, for commercial reasons, about the identity of the giant American companies. They are, however, in the oil and natural gas market.

In another development, the Japanese Komine consortium consisting of Kobe Steel, Nissbo-Iwai and Mitsubishi, has contracted Sasol to develop a process turning low-grade Australian brown coal into high-grade coke coal for the metallurgical industry.

### Spin-off

This follows a breakthrough in Sasol's laboratories and pilot plants, where research to develop solvent refined coal out of low-grade coals has been under way for years.

Sasol laboratories have also shown American companies a successful method of gasifying low-grade North Dakota and Texas lignite coals in a Sasol plant.

Pioneer projects like these are significant for South Africa's future energy policy as well. They will open up new uses for the country's vast low-grade coal reserves and help preserve scarce high-grade coals.

Sasol's Japanese contract was a spin-off from its research into solvent refining of coal. Sasol be-

# EVKOM BIED blaaskans

1 April 30/4/78

Deur KOBUS BOTHA

260

DIE afgelope twee jaar se skokstygings in elektrisiteitsariewe sal nie gou weer herhaal word nie. Dit is van die belangrikste afskeidings wat gemaak kan word uit Evkom se jongste jaarverslag, wat Vrydag in die Volksraad ter tafel gelê is.

In sy verslag sê dr. R. L. Straszacker, voorsitter van Evkom, dat die strawwe tariefverhogings in 1977 en 1978 nodig was om die k a p i t a a l-ontwikkelingsfonds te verstewig. Maar die nuwe peile wat die 1977-wysiging van die Wet toelaat, is nou bereik. Verdere verhogings sal dus in hierdie verband nie in die toekoms nodig wees nie.

Die afleiding kan dus gemaak word dat Evkom in die toekoms net tariefverhogings sal oorweeg indien kostestygings dit noodsaak. Daar wag dus hier 'n welkome blaaskans vir die verbruiker.

Hoewel Suid-Afrika tans 'n tydperk van ekonomiese resessie beleef, het elektrisiteitsverkope metemin in 1977 met 5,9 persent toegeneem. Dit is wel laer as die koers van die afgelope paar jaar (9,5 persent in 1976), maar is steeds hoër as die styging in die werklike bruto binnelandse produk vir 1977.

## Altesame

Eskom se totale inkomste het in 1977, altesamé R1 030,6 miljoen beloop, wat 57 persent hoër is as die syfer vir 1976. Koste aangegaan het R997,1 miljoen beloop, wat 'n oorskot van R33,5 miljoen tot gevolg gehad het.

Hierdie oorskot het die opgehoopde tekort wat aan

## Krammer

## hier

## gemaak

WAT bestempel word as die eerste plaaslike vervaardigde krammer draadhegter in Suid-Afrika, word nou deur Tharmarq Holdings, teen 'n hoogs mededingende prys vervaardig — so mededingend trouens dat dit na verwagting goeie affrek op oorsese markte sal vind.

Na raming word meer as 250 000 krammers jaarliks

die einde van 1976 R39,0 miljoen bedra het, aan die einde van 1977 tot R5,5 miljoen verminder. Die gemiddelde prys per Kwh verkoop, het van 1,036 sent

per Kwh in 1976 toegeneem tot 1,535 sent in 1977. Die onderneming se kapitaaluitgawe het in 1977 R983 miljoen beloop teenoor R643 miljoen in 1976

teen 'n koste van sowat R1 miljoen ingevoer. Tharmarq sal die land dus waardevolle buitelandse valuta bespaar behalwe van die eksterne geld wat die land sal invloei weens die maatskappy se uitvoerveldtog.

Die krammer se onderdele is 100 persent plaaslik.

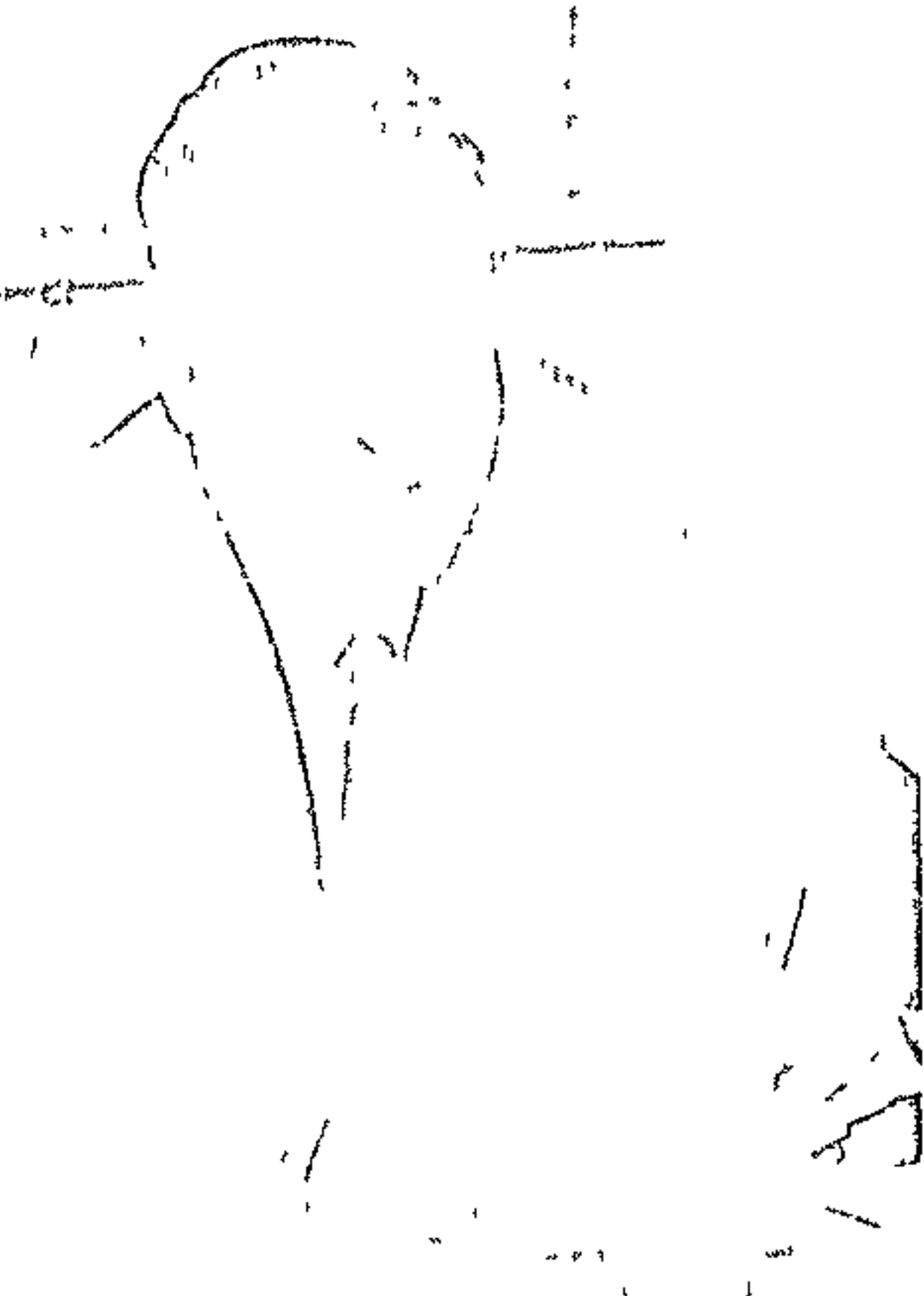


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Inside a new Guguletu dd  
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 Accommodation for men living as bach  
 Accommodation for men living as bach

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Escóm's Smith not so  
 optimistic for growth

Smith believes Escom will need all its planned generating capacity. Even so, it is expected to have a spinning reserve (reserve capacity on call) of close to 28% this year, a far cry from the 11% it had in 1975.

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 4. Problems loom for Escom Soon it will become clear whether its proud record of increasing capacity to match the country's electricity needs can be maintained, or whether it has miscalculated, and overspent on capacity.  
 5. That Escom plans to increase capacity by 10,4% in the current year and a further 14,3% next year is puzzling in view of the fact that the load growth rate is not expected to exceed 7% this year. Last year, the recession-affected load growth was only 5,9%.  
 6. So it appears that Escom will have generating capacity far in excess of the country's needs in the next two years, at least. General manager Jan Smith concedes that "if the load growth stays around 6%, I will have to accept the criticism that Escom will have too much capacity in a few years time."  
 7. He feels, however, that "last year's low growth rate will not be repeated. Escom's sophisticated forecasting techniques indicate that last year's load growth was at the bottom of the trough. It has already started to pick up and will continue to increase next year."

Smith counters "We were lucky then. There were not too many breakdowns, but we were thrashing our plant and it needs maintenance badly. Perhaps in the next three or four years we will have healthy margins which will allow us to do the necessary maintenance. Our growth forecasts are now not as optimistic as they were two or three years ago."

One consolation is that Escom can curtail some of its contracts if over-capacity develops. The agreements with the suppliers of the generator sets at Duvha and Matla allow for the cancellation of orders for the last sets, each of which has a capacity of 600 MW. This isn't all that much in relation to the total capacity of about 18 000 MW planned for the end of 1980, but it would help reduce the excess.

The other possible area of embarrassment is that Escom is apparently budgeting for an increase in costs of close to 25% in the current year, compared with last year's 28% rise. If sales grow by only 7% and the contribution to the capital development fund is not much higher than that of last year (it's pegged by the Electricity Act), a cost increase of less than 25% will result in a surplus, which Escom is not supposed to show.

A substantial surplus would bring the need for January's 15% tariff increase into question. So unless there is a hefty increase in load growth, together with another sharp increase in costs this year, there'll be more frowning in the direction of Megawatt Park.

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# South African Coal, Oil and Gas Corporation Limited

Chairman's review to be submitted by Mr D P de Villiers at the twenty-eighth Annual General Meeting of the Corporation on 23 October 1978.

## "The past year was a good one: productive, profitable and exciting."

### To be submitted by Mr D P de Villiers at the twenty-eighth Annual General Meeting of the Corporation on 23 October 1978

For Sasol the past year was a good one productive, profitable and exciting. Before dealing with achievements in productivity which largely contributed to increased profitability and the exciting and challenging developments at Secunda, I intend making some general remarks on the energy situation.

In the international arena, energy is still very much a central issue but the scene is one of growing disillusionment.

On the oil producing side, many of the less developed countries have found that the absence of an adequate infrastructure and reserve of trained manpower, resulted in wasteful development expenditure. They have been forced to accept that the development process cannot be significantly accelerated simply by pumping ever more funds into the economy.

On the consuming side there is a good deal of disappointment over the lack of progress towards greater independence from imported oil. This applies to the majority of the industrialised countries and in particular to major consuming countries such as the United States.

Against this background, we can be encouraged with what has been accomplished in South Africa since the oil crisis of 1973. I say this despite persistent criticism from a small but vociferous source that South Africa has no energy policy, as if it were possible for any country in these times of rapid change in the energy field to adopt a truly definitive energy policy. We are of course in the fortunate position of having to rely on oil for only about 25% of the country's energy requirements. Positive steps have nevertheless been taken both to curb the demand for petroleum products and to increase the indigenous supply of liquid fuels by means of Sasol II. Furthermore, energy planning in South Africa under the direction of a standing Cabinet Committee and the Energy Policy Committee with its energetic secretariat, has not been neglected.

Other measures taken to safeguard our energy position include

- The preparation of legislation in consultation with the mining industry, to improve the utilisation of our coal reserves
- A realistic programme for the export of coal. The programme balances the need to conserve coal reserves and to earn foreign exchange. Furthermore, it takes into account the desirability of conducting two-way international trade in energy and most importantly it has improved the investment climate for the coal industry in South Africa. Larger capital investment leads inter alia to discovery of new coal reserves and increased extraction percentages.
- The substitution of fuel oils by coal gas as a source of energy for industries in the country's main industrial area. This is being done through the systematic expansion of the Gascor supply area.
- Monitoring by the authorities of South Africa's consumption pattern of petroleum products to identify and counteract any imbalances which cannot be accommodated by the refineries. This applies particularly to the growth in diesel consumption at the expense of petrol, in respect of which serious warnings have been sounded by the Minister of Economic Affairs.
- An extensive programme for the strategic stockpiling of petroleum.
- Continued research and development work by Sasol on coal gasification and liquefaction, which has enabled us to maintain for South Africa a leading position in this field.
- The formation of a National Committee for Energy Research by the CSIR.
- The development and commercialisation by Ucor of a new process

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for the enrichment of uranium

- The erection by Escom of South Africa's first nuclear power plant at Koeberg
- Continued and determined efforts by Soekor to prospect for oil and natural gas in the Republic.

The decision to build a second oil-from-coal plant will in the short term have by far the greatest impact towards reducing the country's dependence on imported oil.

During the year under review, excellent progress was made with the Sasol II project, and construction activity on the site has now reached its peak. To bring forward somewhat the originally planned completion of the latter phases of the project, the total manpower on construction has been increased to just over 20 000. Because not enough trained personnel is available in the country, extensive training programmes have had to be instituted. Currently 650 workers, white, black and coloured, are being trained in various categories of welding, pipe fitting and pipe installation. More than 3 000 have already completed their training. The training and experience acquired by these men will be invaluable to the country since they will be available nationwide on completion of their jobs at Secunda.

In preparing for the start-up of the factory complex at Secunda, recruiting and training of production and maintenance personnel have started in earnest. The very large numbers involved and the specialised nature of many of the tasks, make it a programme of real magnitude. We are fortunate that on-the-job training will be possible in the environment of an operating plant at Sasolburg. This is particularly important for operators and laboratory personnel.

During the year, approximately 200 employees and their families moved house from Sasolburg to Secunda. These are valued and experienced people selected for key management and supervisory positions. The obvious problems of uprooting and leaving a well established community for a construction site, quickly made way for excitement and enthusiasm at the opportunity of participating in this pioneering venture.

At Sasolburg these large scale transfers to Secunda created many opportunities for promotion. At the same time the organisational structure was improved. The new structure eliminated some levels of supervision and it was possible to set reduced manpower targets in production, maintenance and services. This challenge of further increasing the productivity of our Sasolburg operations is being eagerly grasped by all concerned.

There is no better evidence of the success of Sasol's traditional drive towards higher productivity than the latest financial results of the Company.

Group turnover of R832,9 million in 1977/78 was the highest in Sasol's history, up R140,1 million from last year's R692,8 million. Profit before tax for the year was R114,7 million and after tax R73,3 million.

Before dealing further with improved productivity I have to mention rising prices. Increases in the prices of many of Sasol's products have undoubtedly contributed towards the improvement in the company's financial results in the last few years. These increases were not unexpected. You will remember that from the outset it was clearly stated that the economic viability of the Sasol II project would largely depend on maintaining a reasonable relationship during the construction period between the increases in the capital cost of plant and the prices of petroleum products. The fact that international prices of petroleum have not risen quite as fast as the cost of plant and equipment has reduced Sasol II's calculated initial return on investment, but not to a serious extent.

Returning to the excellent financial performance during the past

(continued on next page)

69051/1



Construction at Secunda has reached an advanced stage. It is most impressive to see such a mammoth project taking shape. One can detect a feeling of real excitement everywhere now that all the planning and dedicated effort of many years is turning into reality. Dr Stander and his team have every reason to feel satisfied with what has been achieved so far.

#### **Secunda operations**

At the Bosjesspruit Colliery the underground development programme to establish adequate pitroom for full production, is proceeding satisfactorily.

The main priority of the Secunda Operations organisation at this stage is the detailed planning of the commissioning of the Sasol II plant and the recruiting, assignment and training of competent personnel.

In preparing for the commissioning of the Works, operational procedures are being defined in great detail and logically sequenced. These procedures will be incorporated in operating manuals and training programmes.

Preliminary preparations for plant commissioning have already started on the factory site, and the commissioning of the first utilities such as cooling water and steam supply will begin in January 1979.

During the year, supporting personnel for the accounting, administrative, commercial, data processing and recreation club services at Secunda were increased to cater for the growing needs of the construction project and operations departments. Sasol employees at Secunda, including the mine, will eventually total about 7 500, which is slightly lower than the number of employees at Sasolburg.

The present planning work and long term management of the Secunda Operations is very much a team effort. The advantage of having available at Sasolburg the cumulative experience and know-how of more than 25 years in the commercial application of oil-from-coal technology developed by Sasol, is being utilised to the full at Secunda, both as head office support and the provision of a competent core of operating personnel.

The shortage of trained technicians, artisans and process controllers in the local labour market is creating considerable problems in meeting the manpower needs of our Secunda Operations. Attempts are accordingly being made to compensate for the shortfall through special training programmes.

#### **Secunda housing and township development**

At the end of the year under review, 1 030 permanent housing units had been completed in the township of Secunda and the population stood at approximately 6 700. A further 800 houses will be built in the coming year, which will complete the housing facilities to be provided at this stage. A total of 800 temporary units provides housing for construction families and some of these units will eventually be utilised by operations personnel.

Apart from housing provided by Sasol, development of private housing is encouraged and many Sasol employees have already decided to acquire their own homes. Members of the public are also developing residential and business properties.

At the end of 1977 the Secunda Health Committee took over from Sasol the responsibility for essential services in the township and it is now functioning as a fully fledged local authority.

#### **Conclusion**

The continued success of Sasol reflects the commitment of all its people to the objectives of the company and to the task in hand. I should like to record my appreciation for their dedication and hard work.

On final reflection, after having emphasized the excitement and drama of Sasol II, I consider it important to stress the great contribution made to the company's best ever financial results by our operations people at Sasolburg. They did this despite a large reduction in numbers and a heavy additional training burden. They deserve a special word of thanks.

I thank my colleagues on the Board for their continued loyal support and active co-operation.

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## **Philips Type 320 Computer For Sale or Lease to be taken over**

Programmes as follows

**DAILY** Invoicing including sales tax/duty etc  
Updating creditors cards

**WEEKLY** Wages with automatic Bantu tax and other deductions, accumulation of shifts etc  
Coinage for pay roll

**MONTHLY** Debtors control and ageing  
Debtors statements and comments on arrears, agents commission statements fully calculated  
Value and quantity of all products sold  
Agents quantity of products sold and as a percentage of companies sales tax/duty schedule

**OTHER** Printing lists of customers as selected  
Addressing labels of customers as selected

**For further details  
Phone 35-8731 daily or 784-3455 evenings  
Johannesburg**

## **Sale of Surplus Rubber Mixing and Vulcanising Equipment.**

Currently in use and suitable for the manufacture of rubber footwear products and includes inner mixer, mills, barwell preformers, presses, moulds, trimming machines and other items.

For detailed list of equipment for sale and on site inspection thereof, please write to

**Edworks (1936) Limited** P.O. Box 509,  
Port Elizabeth 6000.  
for attention Mr Edge —  
or telephone 41-3941 (P E)

Sale will be by tender either for  
(a) all equipment listed as a single item  
(b) item by item as listed

Tenders to be in this office at Port Elizabeth by noon 22nd November 1978 and decision re sale of the equipment will be made within one week.

# **EDWORKS**

GREY PHILLIPS BUNTON MUNDEL & BLAHE 62480

# Escom sees the light

Escom's soft-pedal announcement this week of relatively mild price increases from January next appears to underline two new and welcome trends

- That government has listened attentively to pained cries from organised industry and commerce that massive and sporadic rises in administered prices are too difficult to live with; and,
- That state-controlled bodies, when announcing bad news, have also become much more aware of public opinion and are going all out to explain their case. No more the bland and often haughty statement that such and such a commodity was going to cost more — take it or leave it.

The steel price increase two weeks ago at 10% across the board was lower than expected (admittedly, it was also sooner than expected). But as such, and tempered with government's suggestion that in future it would allow more regular and modest price adjustments, it did not provoke the usual howls of fury from the private sector

Similarly with Escom's hike, effective from January. The average tariff surcharge increase amounts to 4,1%, enabling even the Commission to describe it as "this relatively modest upward adjustment". Due to the success of the Capital Development Fund (CDF) for financing new works, Escom hopes that no further

tariff hike will be necessary next year other than adjustments should the coal price rise

Escom in fact has made a great effort to justify and explain the price increase. Employer bodies, users — even the Consumer Council — were canvassed and consulted, and this week representatives of organised commerce and industry and other customers were invited to Megawatt Park to have it all explained.

At around the same time, Escom's access to overseas capital markets was severely curtailed and last year a further amendment to the act doubled the ceiling of contributions to the CDF. This year the level of tariff contribution to internal financing is close to the ceiling (at around 27%).

While the level of tariff surcharges are not likely to come down, Escom does not envisage further increases for internal financing — due to the success of the CDF and, to a considerable degree, to strong support on the local long-term capital market.

## AROUND THE GRID

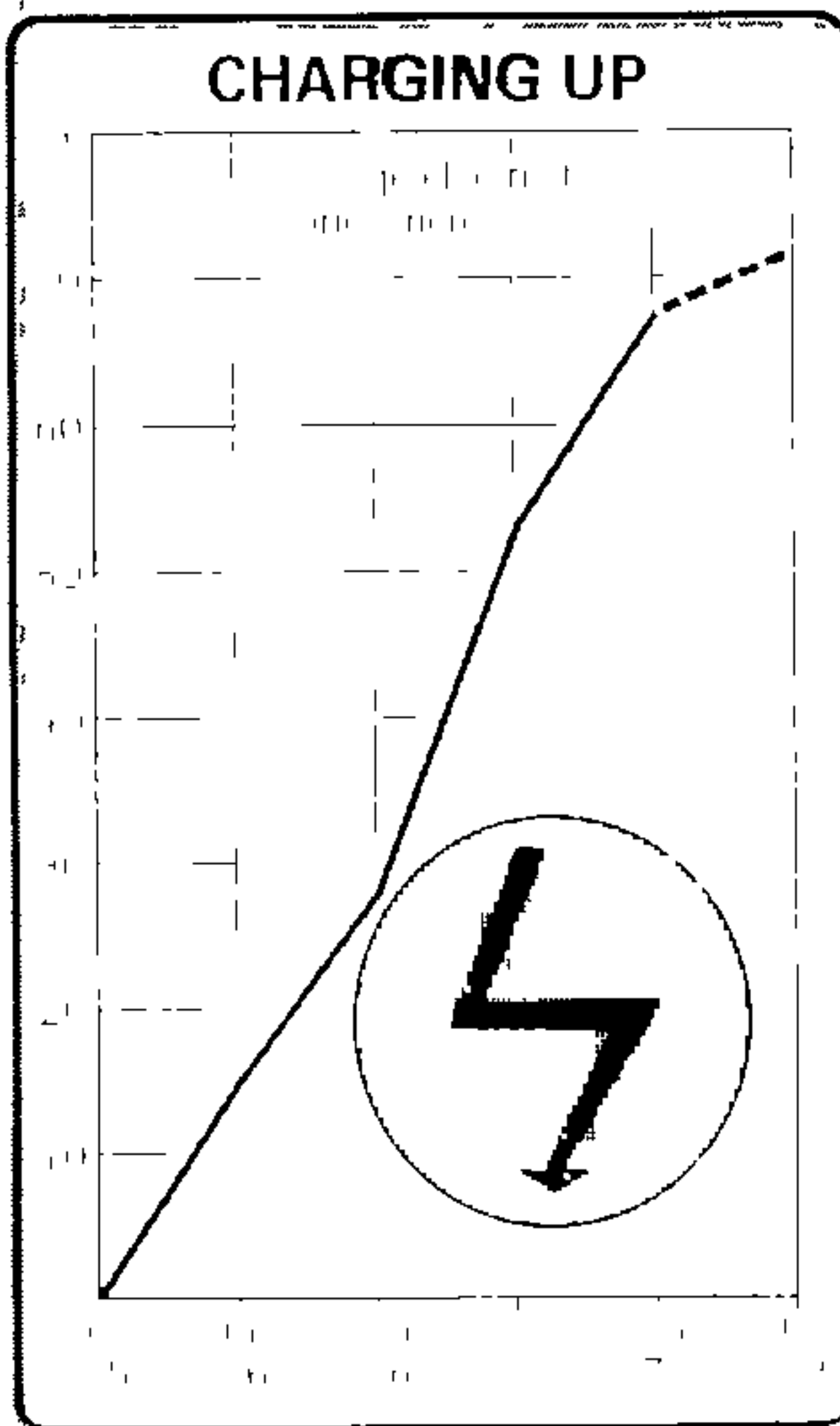
Undertaking	Effective tariff increase
Rand & OFS	5,3%
Natal.. ..	Nil
Eastern Transvaal .. ..	5,6%
Cape Western .. ..	5,0%
Cape Northern .. ..	Nil
Border .. ..	5,3%
Orange River	5,8%
Cape Eastern .. ..	3,6%

It was a very necessary, if commendable, exercise. Escom's annual tariff jumps from 1976 have been frightening (see graph). They have evoked a storm of criticism from electricity consumers, from cost-squeezed heavy industry to private homeowners. Power-dominated industries, particularly those in metals beneficiation, have been severely affected. Aluminium producer Alusaf, for example, uses about as much electricity as Port Elizabeth

The inflationary effect of electricity cost increases coupled with other administered price rises such as steel and railway tariffs has been severe. For example, the 28% price rise in 1976 is estimated to have added 1,4% to the Consumer Price Index

It now looks, however, as if those days are over due to the success of the Capital Development Fund. This was established in a 1971 amendment to the Electricity Act which provided for substantial contributions to the fund from tariff revenue. But it wasn't until 1976 that Escom really began to take advantage of this self-financing tool. At that time its financing problems, together with a deficit, had become pressing. Growth in demand was outstripping Escom's ability both to supply and to finance new power stations and lines. It had adopted a policy (much criticised since then) of holding down tariff increases in a period of steeply rising inflation, relying for capital on foreign and local loans.

## CHARGING UP





# Should Pretoria step in?

Iscor, which this week reported a record loss of R73,2m for 1977-78, has been negotiating during the year under review for government to take over its crippling loan commitments. But the state-backed steel producer has not got very far.

Principal hitch, the *FM* understands, is in the small print of most foreign loans. Iscor currently owes R1 956m in fixed-period loans, much of which has been borrowed abroad. The fine print, in most cases, gives the lender the right to call up the loans in the event of the liability being transferred. Apparently Iscor and government felt too exposed to international scepticism about SA's borrowing abilities to proceed with any transfer.

Iscor sources, however, claim the climate is now sufficiently improved for such negotiations to be revived. As one Iscor man puts it: "If government accepts the possibility of repaying our loans — and allowing us to start with a clean slate — preference shares or debentures could be issued in exchange. These could be interest-free and convertible, and the moment Iscor makes a profit, government would be able to get its money back."

With brave optimism, considering Iscor's chronic losses over the last five years, it is believed that such a capital reconstruction would be sufficient to point the ailing giant in the direction of profitability. Once this is achieved, the Iscor brass believes the corporation will be able to realise chairman Tommy Muller's dream of selling part of the steel-making empire to the private sector.

Iscor has initiated a five-year recovery plan. It believes it has turned the corner this year. But in order to produce the "couple of hundred million rands" profit needed to show a reasonable return on investment, and make it an attractive proposition to the private sector, Iscor management says government will still have to step in and do something about that vast overhang of loans. Senior government economists are in favour of a capital reconstruction but concede that the technical problems may be mind-boggling.

Meanwhile, Iscor continues to cost the taxpayer more than most government departments. During the year, Iscor's financing cost burden rose to R133m. The state accepted R70m of this for its own account, reducing net finance charges to R63m. The net book value of fixed assets at year-end amounted to R1 880m.

Sales revenue for the year amounted to

R1 309m compared with R1 003m the previous year. But the corporation blames its huge losses, which contrast strongly with turnover improvements, on:

- The worldwide economic recession and the resulting decrease in demand for steel;
- Its legacy of debt from the expansion programme started 10 years ago in con-

sultation with government; and

- Its conservative policy of charging production costs with a provision for the eventual higher replacement cost of production units.

The corporation maintains that if it employed the same accounting methods as other steel producers it would have declared a profit of R6,4m.

Behind the scenes, however, Iscor men

discount this and are adamant that unless government adopts a more liberal steel pricing policy, and takes over the corporation's liabilities, this year's appalling performance is bound to worsen in times ahead.

# METKOR

## Looking for recovery

**Activities:** Iscor-controlled (79,7%) investment company with holdings in steel, engineering and allied industries. Wholly owns Fowler Construction and has significant stakes in Wispeco (45,1%), Afgate (37,1%), Union Steel (38,7%) and, through IPSA, Dorbyl (20,9%) and Stewarts & Lloyds (19,4%).

**Chairman:** Dr T F Muller.

**Capital structure:** 54m ordinaries of 50c. Market capitalisation: R22,1m.

**Financial:** Year to June 30 1978. Borrowings: net short term, R3,1m. Debt:equity ratio: 8%. Current ratio. 0,7. Net cash flow: R1,6m

**Share market:** Price: 40c (1977-78 high, 50c; low, 28c, trading volume last quarter, 700 000 shares) Yields: 19,4% on earnings, 12,2% on dividend. Cover: 1,6. PE ratio: 5,1.

	'75	'76	'77	'78
Market value of portfolio (Rm)	54,7	47,4	35,2	40,3
Dividend income (R'000)	3 111	3 834	3 471	3 021
Interest and fees (R'000)	966	1 095	809	795
Earnings (c)	14,8	17,2	13,1	8,0
Dividends (c)	4,25	5	5	5
Net asset value (c)	104	126	111	122

Metkor has not let the grass grow under its feet in the past year. The following major acquisitions were made. the Donkerhoek silica mine for R750 000, a 67% stake in Carbide Diamond Industries for a nominal R3 plus R640 000 to repay borrowings, another 9%, and therefore control, of Bright Metals, Renbolt Engineering and Titan Industrial for a total of R447 000 and Iscor's 49%

minority stake in Metpro for R. 7 000

In addition to these purchases, which cost R2,3m since the year end, the Fowler minorities were taken out for the issue of an additional 3,8m shares — equivalent to R1,6m at the current price

Largely as a result of all this buying, net short-term borrowings rose to R3,1m (R800 000). Loans to subsidiaries and associates increased to R8,2m (R6,5m). Interest paid was only R365 000 or 7% of total borrowings, suggesting a higher interest charge next year. But interest received at R713 000 still covers this comfortably

Fowler and Wispeco have not paid dividends for two successive years and remain the major problem areas. Fowler's results to end-June have still not been published. Metkor general manager George Sloane says that the accounts "are being gone through with a fine tooth comb" under the new management and a loss of "slightly more" than the R4,6m estimated in the Metkor report is expected. Fowler is suffering "extreme illiquidity," and owes Metkor R3m (R1m). Consolidated earnings — not as relevant as dividend and interest income and outgo — will probably fall to nearly nothing next year. But Sloane is confident Fowler — and Wispeco — can be turned around.

Wispeco's losses should be diminished this year but a dividend remains unlikely. Union Steel is emerging from the woods and an improvement on last year's R280 000 contribution is expected this year.

Ipsa and Samancor, which contribute 76% of dividend income and represent 61% of the market and directors' valuation of the portfolio, are the most important investments. Both Dorbyl and Stewarts & Lloyds are highly liquid, so

committees at the lower end of the scale was introduced. The members appointed by the African employees. At the time of the African employees' meeting and need not be determined in a manner determined by the employees. We have preferred the way over the works committees are very simply in the mutual interest to the company. Such recommendations on any other matter during the period of office by the terms of its

constituted body. In any case, where no liaison committee consisting of no representation is required in the establishment of the Bill extended to one works committee. The provisions of the African

## OCTOBER COAL SALES

labour force can now elect their own works committees.

A meeting convened to elect a works committee is held under the chairmanship of the employer concerned or his authorised representative. Obviously where the employees and their employer enjoy a reasonably harmonious relationship dissension on this score is unlikely. However, where relations are cool or even hostile, where distrust exists on one or both sides, this particular arrangement is inadequate for resolving what may be a fundamental conflict of interests. While the present definition of a labour dispute is far wider than that contained in the 1953 legislation, and a Bantu Labour Officer and/or Inspector, with or without the assistance of the Regional Bantu Labour Committee concerned, should intervene in an attempt to effect settlement there does seem to be a remarkable shortcoming in this connection. The Act



even if profits do fall in the year ahead — and this is no certainty — the Ipsa dividend looks safe. Samancor's dividend looks set for a cut from 60c to 45c, which will cost Metkor R286 000.

On the other hand, unlisted subsidiaries and associates are coming into their own. Now 100%-owned brake manufacturer Metpro has doubled its R80 000 dividend reflected in the latest accounts. The Bright Metals group has increased its forthcoming dividend from R150 000 to R225 000. These two mean an additional R155 000 to off-set the drop expected in Samancor. Ring Rollers is expected to pay a maiden dividend next year. Carbide Diamonds has been a loss-maker, but has longer-term potential and could not be refused at the price, says Sloane. It will not pay a dividend next year.

Metkor's 5c dividend cost R2,7m. It is still covered by dividends, interest and fees received, and for the past two years R250 000 has been transferred to the "dividend reserve account." So even if receipts did fall below R2,7m, the dividend could be maintained. The additional 3,8m shares issued for the Fowler minorities will dilute earnings, however, and add R38 000 to the cost of each cent of dividend.

Most of the earnings from holdings are cyclical and should swing back in time, though Fowler will take time to recover and capital write-offs look likely.

At 40c the shares are attractive on asset and recovery consideration, but there is no need for investors to rush into them.

*David Carter*

# Sasol II pomp SA ekonomie

RAPPO RT. 26/11/78

Deur DAVID MEADES

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**DIE druk wat deur die Sasol II-projek op die land se betalingsbalans uitgeoefen is, is verby. Terwyl daar op die oomblik weer as R2 miljoen per dag op hierdie projek bestee word, sal net sowat R125 miljoen in die jaar tot 30 Junie 1979 in die buiteland bestee word.**

*Mnr. Joe Stegmann, besturende direkteur van Sasol, het aan Sake-Rapport gesê dat meer as R500 miljoen in die lopende jaar in Suid-Afrika bestee sal word, wat meer as 80 persent sal wees van die uitgawe in hierdie laaste fase van die konstruksiewerk.*

Sake-Rapport (het by Secunda gaan kyk na die vordering aan hierdie reuse-projek. Die bedrywighede het nou 'n algehele hoogtepunt bereik en uit die miernes van die gewoel en gewerfskaaf is daar nou baie vinnig iets besig om te gebeur.

Die meeste onderafdelings van hierdie projek van R2 458 miljoen is nou besig om gestalte te begin aanneem en die eerste mylpaal is net om die draai. Dit is wanneer die eerste stoomketels teen vroeg aanstaande jaar in bedryf geneem sal word. Daarna sal dit die suurstofaanleg se heurt wees.

## Prestasies

Tegnologiese prestasies, selfs sover dit die res van die wêreld betref, raak nou so volop by Secunda weens die geweldige omvang van alles daar dat dit baie moeilik is om iets uit te sonder.

Dit is waarskynlik hierom dat almal nog meen dat die SAUK-toring in Brixton die land se hoogste betonstruktuur is, terwyl die skoorsteen by Secunda nou hierdie eer het.

Weinig mense besef dat daar by Secunda 'n Bosjesspruit steenkoolmyn 'n skaghysbak is wat 300 mense met gemak op 'n keer kan vervoer om in een van die wêreld se grootste steenkoolmyne te werk — 'n myn wat uiteindelik 12 miljoen ton steenkool per jaar sal lewer.

Sasol II sal sy eie krag-sentrale hê, met twee waterkoeltorings wat elk net so hoog as die Carlton-Sentrum van Johannesburg is. En dan sal hierdie reuse-

krag-sentrale maar net in 'n deel van die uiteindelijke kragbehoefte van Sasol II voorsien.

En so kan 'n mens voortgaan oor die geweldige skaal waarop alles by Secunda aangepak word en kan 'n mens sien hoekom meer as 20 000 mense op die oomblik heeltyds besig aan die projek is. En dan tel 'n mens nog glad nie die duisende by wat op ander plekke in die land in fabriek besig gehou word deur bestellings vir Secunda nie.

## Resessie

Dit is dan wanneer 'n mens nie anders kan om tot die besef te kom watter geweldige bydrae die Sasol II-projek tot die ekonomie van die land gelewer het in 'n tydperk waar ons 'n ernstige resessie ondervind het nie.

Van nou af vorentoe sal al hoe minder mense aan die projek werk tot wanneer die eerste petrol uit steenkool waarskynlik iewers in 1980 begin vloei na 'n reis deur duisende kilometer pypleiding. By die uiteindelijke voltooiing sal die permanente werkkrag egter steeds 'n indrukwekkende 7 500 wees en sal daar 'n dorp met 'n permanente blanke bevolking van tussen 10 000 en 12 000 wees.

Van die totale R2 458 miljoen wat uiteindelik op die projek bestee sal wees, sal waarskynlik meer as 60 persent in Suid-Afrika bly. Dit beteken dat sowat R1 500 miljoen aanvullend die ekonomie ingepomp is sedert die eerste uitgawes in die jaar tot 30 Junie 1976 aangegaan is.



PUBLIC SECTOR

STATE

ENTERPRISE 26-12-79

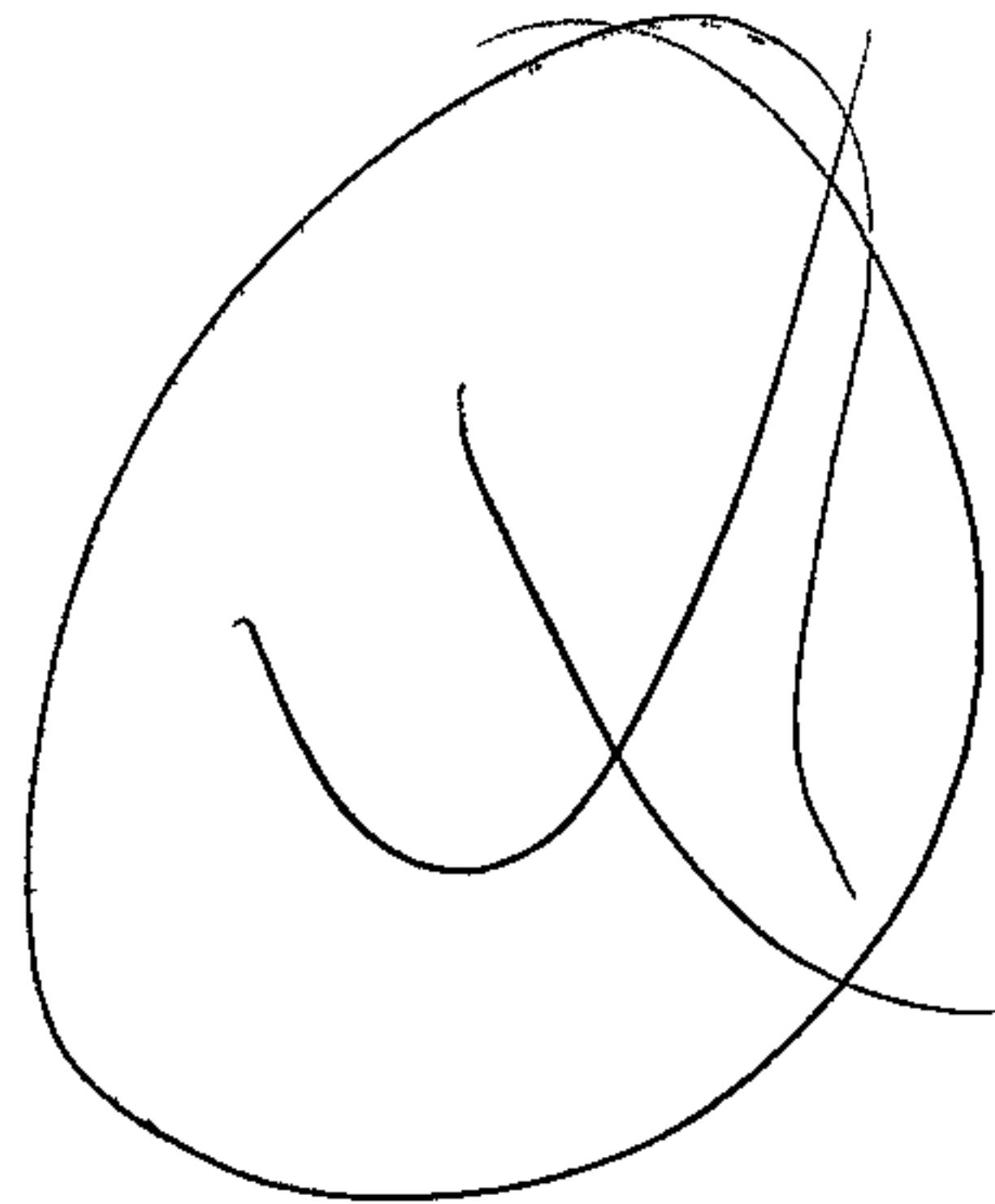
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~~UNAVAILABLE~~

1 JAN. 1979

~~24 JUNE 1979~~

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ments.

The table, prepared by Senbank, sums up this part of the programme. However, the value of the figures is reduced by the fact that they necessarily can take no effect of secondary offerings. As Dr Stals has just disclosed (see report on page xxx), net sales to this market by the Reserve Bank have been R400m so far this financial year, and capital market sources say Escom could also have pushed out not far short of this.

Also, Transkei is down for an unspecified loan in October, which could be of the order of R15m-25m; and there is no provision for the Soweto electrification, perhaps because the early stages will be financed by the banks. However, it would not be surprising if an item for this appeared in the mid-year revision.

While total borrowings last year were much in line with the original estimate, the public corporations borrowed some R30m more than scheduled, and local authorities R25m less. This reflected largely an increase of R25m in Escom's September loan target, and Johannesburg's withdrawal of its R20m issue, planned for the same month.

Johannesburg will be back next year, with R25m in April (the same as this year) and R25m in September. Several small municipalities will be testing the water, either for the first time or after a few years' absence. Escom, which took R135m in primary issues this year, will be looking for R150m, but Iscor wants an unchanged R100m.

On the gilts side, Land Bank is raising

## LOAN PROGRAMME

	1977 actual	1978 actual	% increase	1979 est	% increase
Public corps .....	255,0	388,7	51,6	380,0	-1,7
Local auths .....	392,0	193,8	-51,0	239,8	23,6
	647,0	580,5	-10,3	61,98	6,7

its tranches from R80m and R85m (including conversions) last year to two each of R100m (May and September). But perhaps most important of all for the market, the government is apparently not after any new money in its first issue, in February, although there are possible conversions of R376m.

This February, there were no redemptions, but R239m of new money was raised (including R80m from the PDC). This year, there was also an RSA issue in May, of R346m conversions and R531m new money (including R200m from the PDC). Next year, the second RSA issue will be in July (conversions of R496m plus new money). The third issue will be in November, R319m redemptions plus new money (this year, October R160m redemptions plus R211m new money, including R80m from the PDC).

While it is true that demand for gilts is not running at high levels, as many institutions bought more than their statutory requirements in anticipation of rates bottoming, and easier statutory requirements could also depress demand next year, the lack of any call for new money by the State in the first half of 1979 could call for a reassessment of where rates are

going

The view had been spreading that rates were close to bottom, and could start to pick up again early next year. Now, any firming in rates could be delayed. Indeed, whereas a week or so back some rates were already starting to harden, this week they have tended to ease again.

Let's hope indications that interest rates are not about to start rising again will encourage the private sector to boost its capital spending, the low level of which is now a significant factor holding back economic revival.

### PUBLIC LOANS

### Keeping rates down

260  
P. W. ...

Features of the 1979 public sector loan programme, released this week, are the resurgence of local authority borrowing, and the virtual standstill in public corporation (Iscor, Escom, etc) require-



the district. He and his Staff came from Bloemfontein where they had been resting for three months and looked very neat in clean uniforms. Hamilton brought Colonel Spens' column with him. This was composed of about 800 M.I., six guns and 300 Camerons. Their hospital was from India and the staff was all Indian except the Medical Officers. I became S.M.O.

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with rude cairns of stones placed over the graves. There

were two or three monuments to individual Officers. It was

a very interesting sight.

11/3/79 (200) Sasol II (Kunzardie (265))

297 Mr T ARONSON asked the Minister of Economic Affairs

- (1)(a) What is the latest estimate of the total cost of Sasol II and (b) when is it expected to be completed,
- (2) what is the latest estimated total cost of establishing townships and of housing for Sasol II,
- (3) what is the latest estimated saving in net outlay of foreign exchange for each of (a) the ten years after completion of Sasol II and (b) the past ten years in respect of Sasol I

The MINISTER OF ECONOMIC AFFAIRS

- (1) (a) R2 458 million and (b) towards 1980-'81,
- (2) R69 million,
- (3) (a) at full capacity until 1985 a net saving of approximately R230 million per annum and thereafter approximately R350 million per

annum. These savings will be affected by future changes in the price of imported crude oil and

- (b) increasing from approximately R9 million in 1969-'70 to an expected R90 million in 1978-'79 Sasol financial year

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# 'OORLOG' BARS OOR DUURDER WAPENS

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RAPPORT 14/11/79  
Deur FIRK BADENHORST

'n Jong oorlogie het ontstaan tussen Suid-Afrika se wapenhandelaars en Musgrave, 'n filiaal van Krygkor. Die handelaars sê hul voortbestaan word bedreig deur prysverhogings van tot 60 persent op gewere en 52 persent op sekere ammunisie wat net deur Musgrave verskaf word.

Die handelaars beweer ook Musgrave geniet onbillike beskerming van onwerheidskant en word op invoergebied voorge-  
trek.

Mnr. Trevor Musgrave, hoofbestuurder van Musgrave in Bloemfontein, sê die nuwe pryse is in oorlog met die georganiseerde wapenhandel ingestel om die handelaars se winsgrense op te stoot.

Die nuwe pryse is nie met ons bespreek nie, sê dr. Lucas Potgieter, voorsitter van die Wapenkomitee van die Afrikaanse Handelsinstituut, en mnr. Peter King, voorsitter van die Suid-Afrikaanse Wapen- en Ammunisiehandelaarsvereniging.

„Al wat op 'n vergadering met Musgrave se mense bespreek is, is algemene handelbeleid en die verspreidingstruktuur,” sê hulle.

Terwyl die twee groepe stry, moet die geweerkooper vanjaar plek-plek tot R150 meer opdok vir 'n Musgrave-skyfskietgeweer. Die prys van haelpatrone het die afgelope drie jaar bykans verdubbel en kos nou meer as dubbel die prys van ingevoerde haelpatrone. Ook 22-patrone is baie duurder.

persent ad valorem. Die ergste is die beperkingslys wat Musgrave die alleenreg gee om sekere gewere en ammunisie in te voer

Daar is al oor hierdie monopolie gekla by die Pryscontroleur en die komitee wat ongeregverdigde staatsmededinging ondersoek, maar niks het daarvan gekom nie.

Intussen vra Musgrave R450 vir jaggewere wat ingevoer en vir R230 oor die toonbank verkoop kan word — as die handelaars net die invoerpermitte kan kry.

Onderdele vir Musgrave se Beretta-produkte is ook nie verkrygbaar nie — en die handelaars moet die skuld daarvoor verduur.

Weens al hierdie dinge doen mnr King nou 'n

beroep op Suid-Afrika se wapenhandelaars om saam te staan sodat hulle Musgrave op georganiseerde wyse kan teenstaan

Mnr. Musgrave sê op sy beurt handelaars het by monde van hul organisasies die groot prysstygings aanvaar en wou selfs groter winsgrense gehad het.

Hy ontken dat Musgrave voorgetrek word of nie doeane op sy invoer betaal nie. Dis ook onwaar dat net die Musgrave-skyfskietgeweer hier vervaardig word. Musgrave vervaardig ook die volgende kalibers jaggewere: 243, 270, 308 en 30,06, sê hy.

● Twaalfboorhaelpatrone (35 gr) kos nou R225 per duisend in die groot-handel. Die patrone kan vir R90 per duisend uit Italië ingevoer word

... must afford to fight

Dis 'n ou en ongelyke stryd wat teen Musgrave gevoer word, sê dr. Lucas-hulle. Handelaars kan die gewere en ammunisie wat hulle by Musgrave moet koop, veel goedkoper invoer, maar hulle mag nie Almal weet 'n groot deel van die ammunisie en gewere wat kwansuis plaaslik vervaardig word, word deur Musgrave ingevoer, of gedeeltelik ingevoer en hier gemonteer.

Musgrave hoef nie doeaneregte op die ammunisie te betaal nie. Die handelaars moet 30 persent betaal en 'n verdere 12,5

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+ Senior Medical Superintendent, D

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260

# Government slammed over interference

EAST LONDON — It was a fallacy that the West would never abandon South Africa because of its strategic position at the tip of the African continent, the director of the Free Market Foundation, Mr Leon Louw, told a meeting of the Border branch of the Institute of Marketing Management here

"Frankly," he added, "I don't think the West gives a damn if Russia were to control South Africa

"And if they did, who would they sell South Africa's strategic materials to? — To the West," he said

In a hard-hitting address at Government interference in private enterprise — Mr Louw's organisation is pledged to fostering the free enterprise system — he said the Government was stifling free enterprise more and more through more and more legislation.

In the years immediately following Union, an average of 35 acts a year were passed in Parliament

Today the figure was around 130 acts a year

Already there were over 4 000 statutes applicable in South Africa — one for each word of the average person's vocabulary

Although the Government was pledged to fight communism, South Africa, in fact, was becoming more and more communist, or more accurately fascist, because of State control and interference.

If blacks were allowed free rein in the free enterprise system, he said, virtually all their grievances other than political would disappear overnight

America also came under attack where, Mr Louw said, \$130 billion was now spent annually on filling in bureaucratic forms — an average of \$500 per citizen

There were now something like 6 000 forms which had to be filled in in America while a new decree dealing with the sale of cabbages contained 30 000 words.

In contrast, the United States Constitution contained 1 200 words

In the light of increasing State interference it was ridiculous to say the United States was still a

capitalist state

He said since the United States Government had taken over the control of hospitals, effectively closing down privately run hospitals, there were fewer beds and more patients

Calling them three bizarre examples of United States Government maladministration, Mr Louw pointed to three surveys now being undertaken in America.

A \$170 000 survey on why people escape from gaol,

\$110 000 on why people became aggressive over politics,

And \$140 000 on why fish which drink gin become more aggressive than fish which drink tequila

Turning to the threatening petrol crisis in South Africa, Mr Louw said he was baffled by the Government's attitude towards public transport, insisting that municipalities run public transport services

There were only two exemptions — Port Elizabeth and Cape Town where the bus companies had made a R6 million

## MR LEON LOUW... more and more legislation.

profit last year. In contrast, Johannesburg's bus services ran at a loss of R8 million last year

He said Hong Kong had the finest public transport system in the world, run entirely by free enterprise. The government did nothing

Talking about South Africa's housing shortage, Mr Louw said it was a totally absurd situation that it was illegal for private enterprise to build houses to the same standards as those provided by the Government

— Business Editor

## Gold price

LONDON — Yesterday's closing gold prices (in United States dollars per ounce) were London 231,375, Paris 228,30, Frankfurt 228,25, Zurich 232,00, Hong Kong 224,59 — SAPA AP

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Deur DAVID MEADES

SUID-AFRIKA se elektrisiteitsverbruik is terug op die groeivlakke van die boomjare tussen 1950 en 1976 en 'n verdere versnelling kan vanjaar verwag word. Volgens die jongste aanduidinge het die elektrisiteitsverbruik in 1978 met byna 9 persent gestyg.

Tussen 1950 en 1976 was die groei nooit minder as 8 tot 9 persent per jaar nie en was een jaar selfs 13 persent. In 1976 dit egter tot 'n laagtepunt van net 5,8 persent gedaal, om effens tot 7,2 persent in 1977 te styg.

1.800 Mw Evkom is dus meer as reg vir die huidige oplewing in die ekonomie en in teenstelling met talle ander lande sal elektrisiteitsvoorsiening steeds voorbly Be-

halwe daar in die vroeger jare vyftig, met die ontwikkeling van die Vrystaatse goudvelde, was daar nog altyd genoeg elektrisiteit en selfs toe was daar geen tekort nie

78

Africa

Met die oplewing in die mynbedryf het die verbruik volgens die Departement van Statistiek in die eerste tien maande van 1978 met 8,7 persent toegeneem en kan aangeneem word dat hierdie neiging oor die laaste twee maande voortgeduur het.

in your paper to enable us to have

Hier teen die middel van verlede jaar het Evkom 'n nuwe hoogtepunt met die opwekking van krag bereik toe daar in een gegewe stadium 11.500 Mw ontwikkel is, wat 'n rekord vir sy maksimum-uurvraag was. Hierdie krag is natuurlik oor die hele stelsel ontwikkel.

from 10am on Monday, the 25th, in You will collect a complete set at the same time, together with a nformation.

Die totale vermoë van Evkom is sowat 14.600 Mw op die oomblik en dit is dus duidelik dat Evkom nou 'n reserwe-marge van meer as 20 persent het. Daar word algemeen aanvaar dat 'n reserwe-marge van 17 persent veilig is, ofskoon Evkom al 'n slag in die vroeë jare sewentig by 13 persent gedraai het. Hierdie reserwe moet altyd beskikbaar wees vir ingeval daar skielik 'n verlies aan een of meer eenhede is.

at 6pm with a Buffet Supper followed by introduction and film. Tuesday with an opening Plenary Session, on Small Groups' Workshops, a Large then an open Plenary Session at the Beattie Sor Sorkin and Dr Maurice King speaking.

Die groter vermoë van Evkom het natuurlik verlede jaar 'n sterk stoot gekry toe die laaste eenhede van die Cabora Bassa-stelsel in werking gekom het en Evkom nou sy kontraktuele 1.000 Mw per jaar neem. Volgens syfers in die jongste ekonomiese spieëlbeeld van Nedbank, het Suid-Afrika se ingevoerde elektrisiteit (hoofsaaklik van Cabora Bassa) van 25 GWh (gigawatt-uur) in 1975 tot 4.288 GWh in 1977 en 5.515 GWh in die eerste tien maande van 1978 gestyg.

here will be a Small Groups' Report Back, and after lunch a visit to two Day to Rhodes Fruit Farm, Groot Drakenstein, e presentation. Thursday there will Small and Large Group Report Backs That evening might be free for some - ple will be busy collating information s finale, summing up the whole g to the future.

Bea Cornell  
Conference Secretary

En die land staan nou voor 'n nuwe fase in elektrisiteitsopwekking wat die totale vermoë tot 1983/84 met meer as 10.000 Mw sal verhoog.

Na verwagting sal net Matla vanjaar met 'n eenheid van 600 Mw bykom, maar daarna gaan die poppe begin dans. Matla gaan 'n verdere 3.000 Mw lewer, terwyl Duvha ook 3.600 Mw gaan bydra. Die Drakensberg-stelsel sal 1.000 Mw voorsien en Koeberg meer as

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PAPER NO.

BY:

- 45 D. Selvan & R. Fl
- 46 Trudy Thomas
- 47 B. Jaffe
- 48 A. Pugh
- 49(a) & (b) D. Bourne & B. D.
- 50 S.A.M.J. (1937)
- 51(a) & (b) Elaine Katz
- 52 S.B. Henen

# Sishen span die kroon

**YSKOR se uitbreidingsaan sy Sishen-myn is pas voltooi teen 'n totale koste van sowat R300 miljoen. Dit is nou een van die grootste ysterertsmyne ter wêreld en lewer reeds erts ter waarde van heelwat meer as R200 miljoen per jaar.**

Volgens mnr. H. C. Jerling, bestuurder openbare betrekkinge van Yskor, is die uitbreidingsprogram oor vyf jaar afgehandel en het dit onder meer die heeltemal nuwe Noordmyn, uitbreidingsaan die Suidmyn en die nuwe dorpie, Kathu, ingesluit. Oor hierdie tydperk is die tonnemaat vergruis van 5,8 miljoen ton in 1974 tot 87,2 miljoen op die oomblik verhoog. Die ertsproduksie het van 3 miljoen ton tot sowat 18 miljoen toegeneem.

## Saldanha

Ondanks skerp prysstygings die afgelope vyf jaar, kon Yskor daarin slaag om die koste per ton erts geproduseer, feitlik onveranderd te hou. En in die geval van die koste per ton erts gemyn, het die afgelope twee jaar met 25 persent gedaal.

Sishen spog nou ook met 'n indrukwekkende R160 miljoen wat hy in die jaar tot 30 Junie 1978 vir die land in die buiteland verdien het. Sy eerste erts vir die uitvoermark is in September 1976 gelaai en tot einde Januarie vanjaar is reeds 26 miljoen ton erts uitgevoer, met 'n totale waarde van R330,5 miljoen.

In die jaar tot 30 Junie 1978 is 12,8 miljoen ton by Saldanha gelewer, waarvan 12,6 miljoen ton uitgevoer is.

## Indruk

'n Verdere sowat 5 miljoen ton erts is aan Yskor se binnelandse staalaanlegte gelewer, wat met die uitvoerwaarde as grondslag beteken dat Sishen nou heelwat meer as R200 miljoen se erts per jaar produseer.

Die omvang van die bedrywighede by Sishen is besig om op veral oorsese mynboudeskundiges 'n groot indruk te maak. Weens die besondere hardheid van die Sishenertsliggaam word hierdie myn as een van die ingewikkeldstes ter wêreld bestempel.

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Van die wêreld se mees gesofistikeerde toerusting word hier ingespan. Daar is onder meer 40 vragwaens wat elk 154 ton erts op 'n keer kan vervoer. Hierdie vrag is gelyk aan 1 500 sak mielies of 75 groot passasiersmotors. Dan is daar ook 'n verdere 15 vragwaens wat elk 91 ton erts kan vervoer.

Vir die laai van erts word onder meer 4 elektriese laaigrawe gebruik wat elk 15 kubieke meter op 'n keer kan hanteer sowel as 4 kleiner laaigrawe met 'n vermoë van 11,5 kubieke meter elk. Daar word ook 12 elektriese bore gebruik, wat gate met 'n deursnit van fussen 311 en 380 mm kan boor.

There are about 20 papers  
These will be added later

In the wake of the recent bull market for gilt-edged securities, margins have narrowed markedly, and most borrowers have moved up the scale by at least one category, indicating at least a 5-10 point movement. At the same time, the worst category — 4B — has disappeared.

Among the many factors considered by the FM's panel — consisting of top investors, who together control over half the assets of the long-term assurance and pension fund industries — marketability has grown in importance and, indeed, in a number of cases was decisive in a promotion or demotion. Earnings power and growth potential are also vital. Here are some of the features of our new ratings:

- The Rand Water Board moves up from 1B to 1A. The panel noted that it generated vast and stable revenue, while its stocks were also highly marketable.
- Considering the government guarantee carried by Armscor and Ucor (both new borrowers) the panel recommended 1A, despite the lack of balance sheet information on these two public corporations.
- Although Gascor carries a Sasol guarantee, the panel considered it an irregular borrower with little marketability, hence the 2A rating below Sasol.

● There was some concern over East London's grading, with some investors recommending a drop to 2B in view of growing noises over land consolidation. On balance, the panel felt it should remain a 2A borrower, however, since, even in the event of it being incorporated in a bantustan, there was little chance that Pretoria would allow it to dishonour its obligations.

● Witbank jumped from 4A to 2B, the reasons being its location as a big growth area.

● It was decided to include non-independent homeland borrowers in the 2B category since they invariably carry government guarantees.

● The panel rated Secunda as a 3A borrower but recommended that its grading be reviewed soon in the light of its strategic importance in providing energy, and the rapid growth anticipated.

● The panel stuck to the view held last year that the bantu affairs boards and independent homelands should remain unranked. In the latter case, investors' attitudes depended on the extent of their business interests in these territories.

### FM RATINGS OF SEMI-GILTS\*

Grade	Points	Security	Grade	Points	Security
1A	0-5	Escom Rand Water Board Armscor (govt guarantee) Ucor (govt guarantee) Cape Town Durban Johannesburg			Milnerton Parow Sasolburg Secunda Uitenhage Verwoerdburg Welkom
1B	6-10	IDC Iscor Port Elizabeth Pretoria Sasol	3B	26-30	Transvaal Peri-Urban Board Amanzimtoti Bedfordview George Goodwood Ladysmith Meyerton Middelburg (Tvl) Nelspruit Nigel Paarl Phalaborwa Pietersburg
2A	11-15	Cape Divisional Council Gascor (Sasol guarantee) SABC Benoni Bloemfontein East London Germiston Kempton Park Kimberley Pietermaritzburg Randburg Roodepoort Sandton Vanderbijlpark	3B	26-30	Stellenbosch Worcester
2B	16-20	Alberton Bellville Boksburg Brakpan Homelands (govt guarantee) Krugersdorp Newcastle Pinetown Springs Vereeniging Witbank	4A	31-35	Pelladnft Waterboard Regional Water Supply Corp, Pinetown Regional Water Supply Corp, Lower South Coast SA Abattoir Corp Bnts Kraaifontein Kuilsvier Louis Trichardt Queensborough Rustenburg Somerset West Standerton
3A	21-25	Edenvale Klerksdorp	Unranked		Bantu Affairs Administration boards BophuthaTswana Transkei

\*Ranking within grades is in alphabetical order (though public corporations come first). It does not necessarily indicate relative positions in each grade.  
†Basis points above prime borrower Escom eg if Escom's current rate is 9,20% then other Grade 1A borrowers will pay up to 9,25% under the same market conditions.

## CAPITAL MARKET — 1 <sup>FM 16/2/79</sup> 260

### Differentials narrow

Here, once again, is the FM's assessment of SA's chief public sector borrowers. It is based on the views of a panel of leading lenders and indicates the margin each borrower should pay above the Escom rate.



## Boost for industry

As with Sasol II, the planned R3,3 billion expansion at Secunda should be a boon to SA industry. For, if Sasol again allocates 60% of total capital expenditure to local contractors, there will be another R2 billion shot-in-the-arm between now and 1982. Assessing just who will get the lion's share is, however, complicated by Sasol's refusal to release this type of information in the past.

All that is known is that, by 1978, more than 230 contracts for Sasol had been placed with SA consultants and contractors, accounting for 60% of the capital cost of R2,5 billion. This means that local industry benefited to the tune of R1,5 billion at a time when many engineering workshops would otherwise have run well below capacity.

However, Sasol's chairman Dawid de Villiers has complained that certain manufacturers bit off more than they could chew, which led to some delays. One that comes to mind is Dorbyl's Vecor heavy engineering division from which Sasol has claimed R9m for failing to deliver certain equipment on time. Dorbyl denies any responsibility and the matter has since been referred to arbitration.

This serves to emphasise that Sasol has not been tempted to meet construction deadlines at all costs. It is still very cost-conscious despite tremendous pressure to finish ahead of schedule. So those firms which did not come up to scratch cannot automatically expect a handout of further work simply because they happen to be on site.

Nevertheless, this aspect must heavily influence Sasol's choice of contractors for the new expansion. Indeed, Fluor Corporation has already announced in Los Angeles that it has been selected as "contractor for phase three and four extensions for Sasol II, valued at more than \$2 billion and scheduled for completion by 1982."

Fluor is managing contractor for Sasol II and framed a consortium contract with Babcock & Wilcox, Dillinger Engineer-

ing & Contracting, General Erection and Roberts Construction for the supply of labour and construction services. General Erection, for example, has had a sizeable participation through the provision of mechanical, electrical and instrumental work as well as the supply of 3 800 t of pipe fittings.

If recent announcements of a doubling up of capacity are taken at face value, Sasol spokesmen feel that they will need to plan for a doubling of current coal mining volume. Which implies another 12 Mt per year. As such, it is reasonable to "guess" that two new shafts will be needed with contingent hoisting and ventilation facilities. Contractors that won work at the Bosjesspruit Colliery in this respect include Mining & Engineering Technical Services — a wholly-owned subsidiary of Shaft Sinkers — which handled design of the shaft systems and headgears (Shaft Sinkers is owned 65% by Anglo American, 20% by JCI and 15% by Amic).

The main hoist systems for the two, 11-metre diameter, main shafts were built by Hunslet Taylor, while Airtec supplied the large ventilation equipment. Both are Abercom subsidiaries. Expenditure so far on the mine alone has been put at R45m, with the major beneficiaries being Hunslet Taylor, Shaft Sinkers, E L Bateman and Siemens.

For the rest, LTA is known to have won at least two contracts in 1978 worth roughly R800 000; one for four sub-stations (R190 000) and another for a safety department, fire station and stores (R611 000). Others involved include Afrox (R6m for various gases like nitrogen, argon, compressed carbon dioxide and acetylene and pressure tanks); BTR (conveyor belts), and Mitcotts, which last year gained contracts totalling R3,5m, the biggest being for fabrication of large diameter pipe spools.

As for infrastructure, currently 9 000 people are housed at Secunda, which has a shopping centre, high school and two primaries. A third is already under construction. Sasol's guess is that it had better plan ultimately for a permanent population of around 20 000. So there should be considerable spinoff for housing contractors like Bester Homes, Gough Cooper and civil engineers like Roberts, LTA and Group Five. *John White*

STEEL

Export boom

Iscor's steel exports during the current financial year are likely to earn the country nearly R400m, a 31% increase on last year. Iscor reckons the tonnage exported during the year (to June 30) will rise 16% to 1,8 Mt, representing 36% of the corporation's production.

This is a remarkable feat, considering the state of the world steel industry. This, while showing some growth, has not yet improved on the output recorded in 1974. International Iron & Steel Institute figures show a 5,5% increase in production last year of its 29 member countries to 459 Mt, and a 2%-3% rise is forecast for 1979.

SA steel is still, of course, cheap by world standards — as the 36 countries which buy it can attest. According to Iscor, UK published domestic prices for angles are 30% higher than in SA, while channels cost 36% more, plates 20% more, and cold-rolled sheet 25% more. The US, France, and Germany are even more expensive.

Prices rising

Though world prices are tending upwards (export prices on world markets last year rose 12%-15% in dollar terms), SA is exporting at lower margins than it can earn in the domestic market. A reason for this is the high transport costs.

But, says Iscor, "we are not exporting at a loss".

Exports play a major part in maintaining capacity utilisation in the face of sagging domestic demand. Iron-making capacity is fully utilised, steelmaking capacity 70% utilised, and rolling mill capacity 80% utilised. This compares well with utilisation abroad, where some steel producers are down to 52%-60%.

The reason for the imbalance in the capacity of iron, steel, and mills is the curtailment of the expansion programme. In an integrated industry, major additions can be effected only in large steps, but capital expenditure has been held to a minimum in the last couple of years.

Local demand is now beginning to revive, notably in mining construction and the manufacture of pipes, cables, bolts, nuts, and rivets. There is also an improvement in demand for light sections, wire rod, plates, hot rolled sheet and galvanised sheet.

But the demand is low in the agricultural sector, domestic appliances, the canning industry, and railway equipment.

Local steel demand this year is

expected to be 3,9 Mt, 6% up on 1978, which in turn was 14,7%, better than 1977.



STUDENTS' HEALTH SERVICE

HEALTH AWARENESS PROGRAMME 1979

FILMS, TALKS AND DISCUSSIONS ON HEALTH TOPICS IN THE STUDENTS HEALTH SERVICE.

- FIRST QUARTER - 1 TO 2 PM DAILY

TOWN

University Ave  
University of Cape Town,  
Rondebosch,  
7700

	PROGRAMME	COMMENT
y	FILM: Toffiers' Future Shock (50 min.)	Facing up to your responsibility for the future.
y of iction	FILMS: A New Life Begins (25 min.) Beginning of Life (28 min.)	Excellent films to improve your understanding of conception and birth.
sibility	FILMS: V.D. Attack Plan (10) Family Planning (10) Phoebe (28)	Films on V.D., pregnancy and contraception.
y for	FILM: Licence to Kill (25 min.) TALK: "Is smoking okay in moderation?"	Excellent film on advertising indoctrination. SMOKERS WELCOME!
y with	FILM: Time r Decision (24 min.) DISCUSSION: with members of Alcoholics Anonymous	All alcoholics started as casual drinkers like you.
y on the	FILMS: Freeway Phobia (15 min.) Alcohol and Driving (15 min.) Human Collison (30 min.)	A good programme to see before the Easter weekend.
April 17 - April 20	Responsibility with drugs	FILM: Gail is Dead (52 min.) Societies responsibility to the individual.



# Ethanol and Sasol key to ending SA fuel headaches

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5/12/79

By Anne Colley

South Africa could be almost independent of imported petroleum within a few decades if a combination of Sasol oil-from-coal and ethanol fuel are used, according to Sentrachem's Dr Robbie Robinson.

Defending ethanol as an alternative energy resource — a topic which has recently evoked much emotional discussion — Dr Robinson predicted that South Africa could supply nearly all its own fuel requirements "within a relatively few years."

He believes that if the Sasol programme is expanded enough and ethanol (together with another solvent) is added to petrol and possibly diesel fuel, South Africa could go a long way towards solving its energy crisis.

Addressing a seminar at the CSIR in Pretoria, arranged by the Institute of Mechanical Engineers on alternative transport fuels, Dr Robinson also argued that South Africa could produce enough agricultural produce to support both its food and fuel requirements — if the efficiency of farming methods are improved.

He also disposed of some of the arguments against the production of a fuel from an agricultural product like maize.

"Surprising as it may seem, it is true that, in the case of both maize and sugar use for ethanol,

there can be absolutely no doubt that on the overall balance there will be more food produced — probably in a more concentrated and nutritious form of meat protein — than had these materials been used as food by themselves."

He questioned whether there is currently any ground for assuming that ethanol is a more expensive fuel than the other alternatives.

A second speaker said that in the face of South Africa's urgent need to break independence on petroleum, the faction fighting between advocates of the different alternative energies must stop.

Professor R Dutkiewicz, called upon the proponents of the energy alternatives to work together towards solving South Africa's threatened energy situation.

The most pressing problems in Professor Dutkiewicz's view, are the need to cut down on the use of petroleum products to correct the imbalance between diesel and petrol consumption.

The present refinery split is 57 percent petrol and 43 percent diesel whilst demand is estimated to be for 55 percent petrol and 45 percent diesel.

A certain amount of correction can be achieved by adopting conservation measures, and the imbalance can also be rectified by using diesel extenders such as petrol or one of the alcohols — methanol or ethanol.

Hansard 6 Question. 391

12/3/89

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Sasol II  
444 Mr T ARONSON Minister  
of Economic Affairs

- (1)(a) What is the latest estimate of the total cost of the extension of Sasol II and (b) when are they expected to be completed,
- (2) what is the latest estimated total cost of establishing township and housing for the extension.
- (3) what is the latest estimated saving in net outlay of foreign exchange for each of the ten years from completion of the extensions

The MINISTER OF ECONOMIC AFFAIRS

- (1)(a) R3 276 million excluding township development and interest during construction of working capital and (b) March 1990 regarding the first phase when the products from these facilities commence becoming available
- (2) R80 million,
- (3) The saving in foreign exchange relates to the production capacity of the Sasol II extension and since it is desirable not to disclose particular in this

connection I regret that the required information cannot be furnished



Public corporations

379 Mr T AKONSON asked the Minister of Economic Affairs

Whether the capital required for the next five years by public corporations falling under him changed in any way since his repl. to Question No 110 on 14 February 1978 if so, in what respects

The MINISTER OF ECONOMIC AFFAIRS.

The capital requirements of the State Corporations are reviewed annually by a Committee which was set up under the Chairmanship of the Secretary for Finance

to examine, on a continuous basis, the provision to be awarded to large capital

companies. The Committee has reported to me that the provision to be awarded to large capital companies will be reviewed in 1979.

In a review of the capital requirements of state corporations, the available figures are meaningless and are therefore not supplied.

# Fluor Corp attacked for links with Sasol

The Star Bureau

NEW YORK — The giant Fluor Corporation — main contractor in the building of Sasol — has been attacked at the company's annual meeting of shareholders for indirectly supporting apartheid

The corporation's South African business accounted for about 13 percent of worldwide revenues last year of 29 000m dollars

A resolution sponsored by the American Friends Service Committee, which owns 1700 shares, and the Marknoll Sisters of St Dominic Inc, whose order owns 200 shares, sought unsuccessfully to discourage Fluor's participation in future contracts with the white-supremacist South African Government

The resolution charged that Fluor was helping the South African Government to become energy independent and 'less vulnerable to outside economic pressures by coop-

ties who oppose apartheid"

In response Mr J Robert Fluor, chairman of Fluor, said 'I truly believe that the course you are suggesting would hurt rather than help the people you profess to be concerned about. The actions you advocate would bring about economic hardships which would cause further conflict and would effectively put an end to the progress that is being made in South Africa'

Fluor's South African project involves about 20 000 workers, most of whom are black. But subcontractors handle most of the construction work, although Fluor has trained more than 3 600 workers in the last three years

Fluor earned 78 m dollars in 1978. The corporation, which does not have a plant or a significant capital investment in South Africa, is the main contractor for the huge Sasol coal conversion facility

The South African project, which includes an initial 2 000m dollar contract awarded last month to double the size of this facility, represents Fluor's record largest international project

BRUSSELS — The common market commission is steering clear of controversy about Sasol, writes Andie Meyerowitz

A communist member of the European Parliament, Mr Gerard Bordu has been trying to put Sasol 2 under a European microscope. He asked the Commission formally to state which European undertakings were involved in providing the R1 000m that is being spent on foreign plant and technology

But he has had no luck. The official reply from Fluor headquarters in

Brussels says simply: The commission is aware that a second coal liquefaction plant is being built in S.A. It does not know however what firms are supplying the technological equipment or finance.



260 STAR 20/3/79

# R500m local Sasol funding?

Local financing of part of the Sasol 3 project could mean that the capital and money markets are tapped of about R500m over a three year period, Senbank suggests in its latest capital market report.

However, because of the great lack of investment opportunities at all levels in the SA economy, and because of the surplus liquidity, it is expected that this partial finan-

cing will be reasonably easy in 1979.

Discussing the capital market trends, Senbank says that because of speculation over Sasol 3 financing, and because rates have already declined sharply, long term rates may even show a marginal rise during March. However, the trend need not be permanent.

The Budget is expected to be expansionary — but it

is not expected to give new life to the economy immediately.

To support the effect of the Budget, further monetary policy measures may be expected (since writing, the Bank Rate has in fact been cut again).

“Therefore short term and long term interest rates will probably decline further after March,” Senbank adds.

SASOL 3

(260) *Jan 23/27*  
**Naming names**

Suppliers hoping for a share in Sasol 3 R3,2 billion worth of work can start hitting their nails. Posting of contracts for the expansion programme is imminent.

Since main contractor Fluor Corporation announced, exactly a month ago in Los Angeles, that it will carry out the extensions to the project, Sasol management's sifting of tenders has brought a few household names to the top.

Among them are Roberts Construction, Bester, Concor, E L Bateman, Shal Sinkers and Murray & Roberts. The chances of these six having a big share of the estimated R2 billion for local suppliers is virtually certain.

Seven other front runners are: Gordon Bennett (corrosion protection); Cullin Refractories, Consani Engineering (tanks), Savage & Lovemore (civil engineering contractors), Basil Reed (civil engineer), L F Metter (steel construction) and Pelican Pipelines.

Another 200 companies will probably be needed (*Fox March 2*) but the dozen listed are the first being regarded in construction and engineering circles as signed-and-sealed suppliers for Sasol 3.

Many more companies will be mooted for a share in the work. Being a Sasol 2 contractor is not, however, any guarantee that they will be chosen automatically for the vast extension work.

A good track record on work already done at Secunda seems to be weighing heavily in the initial selection process. Sasol management is keeping all information confidential and is screening comment by contractors.

However, the head of one supply company, leading the field for new contracts, said: "We kept our nose clean and delivered. That's the way it's going to be for Sasol 3."



# Steenbras hydro-electric plant will save R30m yearly

Own Correspondent

CAPE TOWN — The second stage of the R65m Steenbras pumped storage hydro-electric scheme will come on stream this month and by the end of the year Cape Town will have saved more than R6m on the cost of providing electricity.

The scheme consists of a new reservoir upstream from Steenbras, in the Hottentots Holland Mountain above Gordon's Bay, and a lower reservoir between the town and Sir Lowry's Pass on the lower slopes of the mountain.

A tunnel through the mountain connects the two reservoirs. At night, when demand is low and electricity relatively cheaper, water is pumped from the lower to the upper reservoir.

During the day peak periods when electricity becomes much more ex-

pensive, water is released from the upper to the lower reservoir. It passes through turbines just above the lower reservoir and generates electricity.

There are four turbine generators, which are reversible machines acting to pump the water uphill at night. The first was brought into commercial operation in mid January and the second will be working by the end of the month.

By July all four will be in use.

At present Escom supplies Cape Town with more than 50 percent of its electricity and in off-peak periods can do so more cheaply than the city's Table Bay and Athlone power stations.

But peak period demand increases the overall cost of Escom electricity.

The scheme serves to reduce dependency on Escom at peak periods and so cut costs.

Within 10 years the scheme should have paid for itself and thereafter "it's profit all the way," according to Mr D C Palser, Cape Town City Electrical Engineer.

## BENEFIT

By 2000, the schemes should be saving about R30m a year. After 40 years, its estimated minimum lifespan, the scheme should save up to R70m a year.

An additional benefit of the scheme, the first in South Africa, is that power failures from other electricity sources could be overcome within minutes by releasing water from the upper reservoir for up to two hours while repairs are done.

# R50-billion <sup>455</sup><sub>273</sub><sub>3260</sub> the bill for self-sufficiency

**South Africa will have to spend as much as R50-billion to become self-sufficient in fuel production and chemical industry production based on fossil feedstocks and raw materials.**

This estimate emerged at a conference on alternative fuels in Pretoria this week.

It underlines the fact that money, more than technology or raw materials, is likely to be the main stumbling block to self-sufficiency in fuels and in much of the heavy industrial industry.

Addressing the conference, Sentrachem's Dr R E ... suggested that the country had the wherewithal to become almost entirely self-sufficient in fuel production by the year 2000.

... reasoning was based on the case for more production from agricultural products such as ... which could be relatively cheap.

... at the conference, ... the University of ... Town's Professor R K ... urged a start on another Sasol immediately and preferred the oil-from-coal route.

... conflicting views ... about the growing debate about which road South Africa should choose in an ... to thumb its nose at ... crisis and remain in the forefront of coal and ethanol based fuel and ... technology.

## Crops

... central argument is crystallising into a ... tion versus coal-fuel tussle.

... Minister of Economics, Chris Heunis, indicated in his announcement of the doubling-up of ... 11 that he tends to ... ethanol from coal on ... grounds that farm crops

are too cyclical and uncertain a base as an alternative.

Yet men like Dr Robinson have a point in arguing that only the starch from, for instance, maize would be necessary for ethanol production and that should ethanol plants be established, as Sentrachem would like, this would encourage expansion, diversification and intensification of suitable crop cultivation, making it a great deal more reliable as a source of raw materials.

In either event, there is a clear case for exploiting methanol or ethanol as fully as possible on cost grounds.

Both routes offer the hope of considerable savings when compared to 100 per cent reliance on oil and petrol from coal.

Of course, uncertainties about inflation, the rate and direction of technological developments and political events make all long-term predictions highly speculative.

Yet the conflict between the need for urgent deci-

## Cash is key in production of fuel, chemicals

By STEPHEN ORPEN

sions and the advantages of waiting to see how the wind will blow must be resolved.

Opportunities for world leadership already thrown up by the country's fuel and chemical feedstock predicament include:

### Rates

- The fact that Sasol 2-plus-2 is already the world's largest single industrial project, at a total cost which by the mid-eighties is likely to work out around R8-billion at money rates then.

- The fact that the enlarged second Sasol is now the largest single project on the books of the major contractor, America's huge Fluor Corp, which in 1978 took on work worth some R4-billion, including only a little less than R2-billion for coal-conversion in South Africa.

- The fact that AECI is ready to consider a coal-based chemical plant with a final output believed to be about 750 000 tons a year, mainly of ethanol.

This compares with the 300 000 tons a year from the company's latest coal-based, R100-million ammonia plant, easily the largest of its kind in the world.

This plant produces ammonia. The much larger plant would be similar but would produce methanol instead via gasification.

AECI is already supplying ethanol as an additive for petrol and the colossal new plant could provide for an ethanol fraction of more than 10 per cent in most of the country's petrol.

- The fact that AECI's new R230-million Coalplex plastics and general chemicals generator is also the largest coal-based project of its kind anywhere, and is now running at design rates, subject only to the need to shift chlorine output from the present 70 to 100 per cent of capacity, which should be achieved by mid-year.

South Africa's lead in the application and experience of coal-based fuel and chemicals technology began

with AECI's No 2 ammonia plant in 1932 (the coal base was then the conventional wisdom) and was reflected in 1955 by the country's first PVC plastics production, using carbide produced from anthracite, at 10 000 to 12 000 tons a year.

Coalplex produces 100 000 tons of PVC a year, and total exports in 1979 should reach 30 000 tons compared with 20 000 tons last year, at a time when a doubling of the price for the raw material for oil-based PVC plants has made the rewards of exporting highly attractive.

South Africa is now the world leader in the commercial production from coal of petrol, PVC and other plastics and ammonia/nitrogen, primarily for fertiliser.

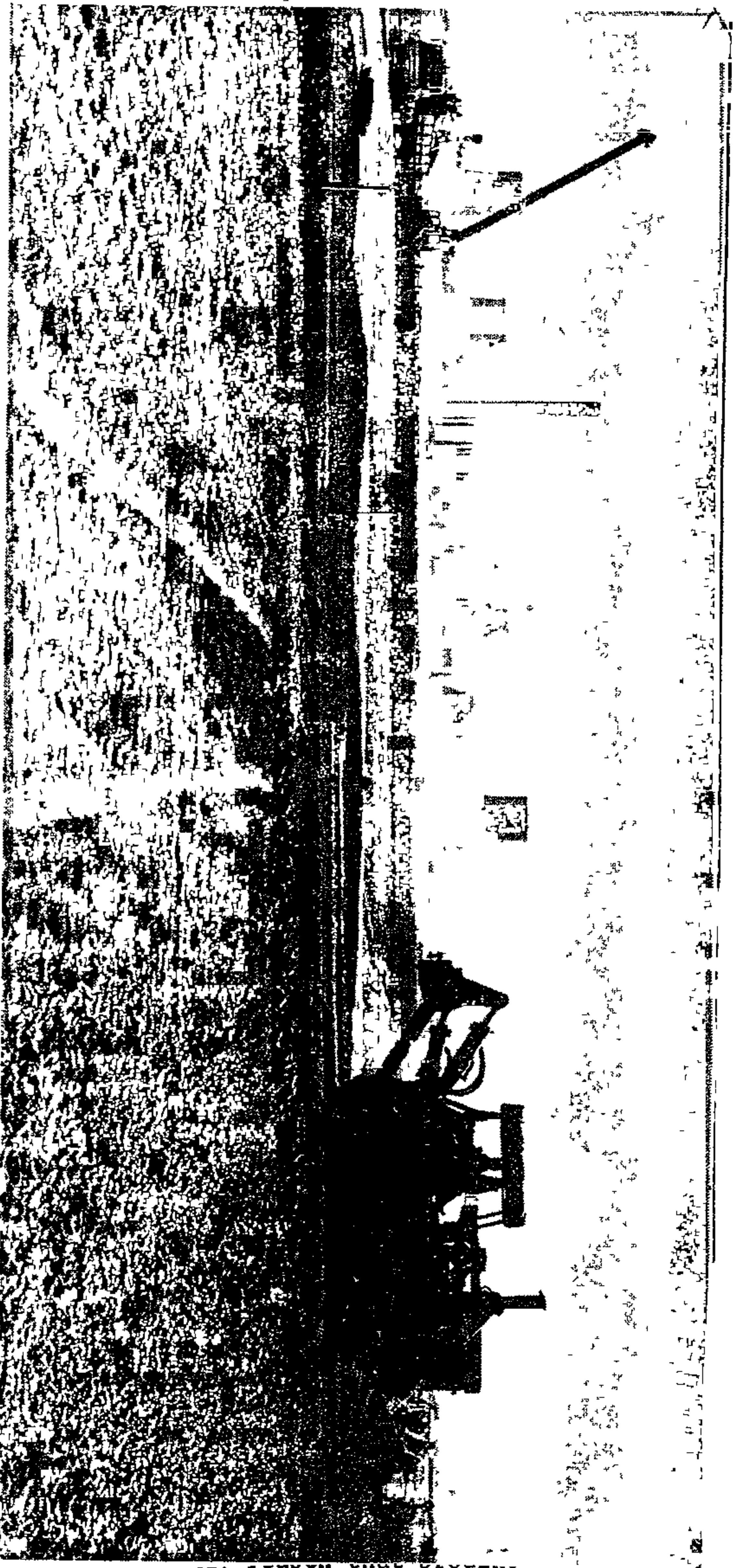
### Reasons

It is also arguably in the forefront in experience in the commercial production of pharmaceuticals, dyestuffs, pigments and synthetic rubber products with coal as the basis.

For economic as well as political reasons, the edge the country has been able to enjoy through force of circumstance must not be allowed to be lost by default.

Pretoria needs to follow its own example in opting speedily for the doubling up of Sasol 11 by displaying like courage and sound judgement in resolving the ethanol-methanol controversy.





SWAAR grondverskuivingsmasjinerie besig om die aarde gelyk te stoot by Secunda

*Maatfont 1/4/79*

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# SASOL III AAN'T VERRY'S

## Van JOHAN STRYDOM

### PRETORIA

DIE werk aan „Sasol III“ het begin. Swaar grondverskuivingsstoerusting is vandeeweek na die terrein van 40 ha by Secunda, langs Sasol II, gebring. Dele van die terrein vir nog 'n Sasol — wat 'n verdubbeling van Sasol II is en van sy infra-struktuur sal deel — was teen die end van die week reeds gelykgestoot en opgevuul. Daar kan met die bouwerk gegin word.

Reeds in 1982 sal petrol geproduseer word op die plek wat vandeeweek gelyk gestoot is, sê Sasol-Secunda-skakelman Dries Swart. Die werk aan die nuwe uitbreiding van R3 276 miljoen sal teen dieselfde geweldig pas as die bestaande Sasol-konstruksie afgehandel word.

En by sy hoofkwartier sê die maatskappy vandeeweek aan RAPPORT dat daar reeds by dele van Sasol II — wat volgende jaar in petrolproduksie kom — produksieproeflopië afgehandel is. Sekere dele is reeds in bedryf en by ander word die verfwerk aan volkooide installasies afgehandel. Sasol is in sy skik met die werk by Sasol-Secunda.

In sommige dele van die konstruksiewerk is hulle die beplande bouprogram vooruit, sê 'n woordvoerder van Sasol vandeeweek. In sy geheel verloop die werk aan Sasol II volgens plan. Met sy verdubbeling, waarvan die kern omtrent 'n kilometer oos sal wees, behoort dit ook so te wees.

Teen 1982 sal Sasol in sowat 50 persent van Suid-Afrika se petrolbehoefes kan voorsien. Dit sal ook baie van die land se diesel, vloerbare petroleumgas en kerosien (wat stralerbrandstof insluit) produseer. Die ver-grote Sasol-Secunda-kompleks sal 250 000 ton alkohol en chemikalieë lewer, asook groot hoeveelhede ammoniak en swawel vir die kunsmisdryf.

By die Bosjespruitmyn by Secunda, wat al die steenkool vir die vervaardiging van petrol en ander produkte sal lewer, word nou twee bykomende skagstelsels aangebring. Die myn sal teen 1982, 17 miljoen ton steenkool per jaar aan Sasol lewer.

Daar is nou 20 000 konstruksiewerkers by Sasol-Secunda. Die oorgrote meerderheid van die vakmanne en arbeiders, wat uit meer as dertig nasionaliteite

bestaan, is in Suid-Afrika gewerf.

Vir die werk aan die nuwe uitbreiding kom sowat 5 000 konstruksiewerkers by. Dit sal geleidelik gebeur en teen 1981 sal 25 000 van hulle by Secunda saamgetrek wees. Vandeeweek, teryn RAPPORT by Secunda was, het van die nuwe personeel — ook van oorsse, byvoorbeeld 'n vakman en sy gesin uit Engeland — aangekom. Met die nuwe uitbreiding waarmee nou begin is, sal die bedryfspersoneel vir die fabriek, en myn met 7 200 vergroot word, wat die totaal op 14 800 te staan sal bring.

you to the helm of the state's preservation, I am close to exclaiming that that was enough. Discipline in the army was undermined, so that you might emerge to put it right; a very bad



**Ifcor**  
N. MERC. 3/4/79  
**liquidator**  
①-3-79  
**sues 10**  
② 260  
**for R3,4m**

Faites accorder les participes passés placés entre parenthèses.

1. La petite fille que j'ai (vu) pleurer, (perdu) dans la foule, cherchait ses parents. Je ne sais si elle les a (trouvés).
2. Si vos amis avaient (voulu) venir, nous les aurions (reçu) avec plaisir et nous aurions (pu) facilement les accompagner.
3. Les matelots, (rassemblés) sur le pont, ont (vu) partir le navire.
4. Les reproches (mérités) que lui a adressés son père, l'ont profondément (touché).
5. Des compliments, il en a (reçu) de sa tante et de sa mère.
6. Il avait déjà (abandonné) la barque et s'était enfoncé dans la forêt.
7. J'aime les spectacles sans prétention.
8. Des versions, je lui en ai (fait) beaucoup.
9. Trente mille francs, voilà ce qu'il avait (gagné) pendant sa quarante-cinq ans; depuis, sa valeur a (augmenté) considérablement.
10. Les arguments que vous lui avez (présentés) ne l'ont pas convaincu de sa décision.

Même exercice.

1. Je voulais des aventures, j'en ai eues.
2. La tempête faisait rage; nous les avons (sauvés) et nous sommes allés à terre.
3. Les croisées eurent des conséquences graves.
4. Je leur ai (téléphoné) et ils m'ont dit qu'ils étaient à Paris.
5. Soyez indulgents avec lui, car de sa santé il n'a rien à attendre.
6. Vos tantes, je les ai (aperçues) à l'autobus et je suis bien surpris.
7. Je n'oublierai jamais les jours de l'occupation, les dangers que nous avons courus et les heures de privation.
8. Comment, vous les avez (rencontrés) à Paris? ne leur avez pas (parlé)?



Cape Times 3/14/79 260 3/14/79

# Koeberg A-leak could force 30-year pullout' Companies will not pay Out on radiation damage

Science Reporter

SHOULD a major leakage occur from Koeberg power station, it might be necessary to plough over all land within a 15 km radius to a depth of 30 cm, or evacuate the area totally for more than 30 years

This was the view of the former chief nuclear engineer of Eskom, Mr J R Colley, expressed in a "Koeberg — warts and all" interview requested by the Cape Times two years ago

According to the calculations of the Atomic Energy Board, all and between 100 km and 200 km downwind would be subject to "an unacceptable level of contamination"

People living in the path of windborne radiation would inhale radioactive material, mainly Iodine-131. This material is absorbed by the thyroid and, if breathed in sufficient amounts, could cause thyroid cancer up to 30 years later

An extreme leakage could account for up to 6 000 deaths in that period but Mr Colley gave the assurance that if the wind were blowing in any direction other than Cape Town "the casualties could be far less"

If the fallout of Iodine-131 occurred on grass it could be ingested by cows and contaminate their milk. In the event of a major leakage, all milk taken from animals within a certain radius of Koeberg would have to be destroyed over a period of several weeks.

If longer-living radioactive materials were leaked, such as caesium-137, which has a half-life of 30,3 years, then land up to a 15 km radius would have to be ploughed over and the topsoil buried at least 30 centimetres deep. The alternative would be to evacuate the area for more than 30 years, Mr Colley said

He pointed out that this was an assessment of what would happen in the one hundred million to one chance of a major accident in the reactor core

● An American report published in New York last December assessed South Africa's proposed nuclear plants as "among the world's safest". They added that, for security reasons, the plants were being built to withstand a direct hit by a missile

Science Reporter

INSURANCE companies will not pay out for radiation damage emanating from the Cape's new nuclear powerstation at Koeberg.

Thus emerged yesterday when a statistician was approached to assess the meaning of an Eskom assurance that the chances of major leakage from the powerstation was "a hundred million to one"

"The figure is meaningless unless we are dealing with concrete amounts which can be quantified in some way. It doesn't mean that for every hundred million powerstations there will be one major accident — if that were so we'd have to wait a few hundred years for Harrisburg to happen

## Leakage

"At best you can accept that Eskom thinks the chances of a major leakage are pretty small. But if you want to know what the risk means in practical terms, money for instance, ask the insurance companies. They are the experts in risk assessment," he added

The general response from a number of insurance companies and brokers approached by the Cape Times yesterday was that

they had "no provision" for radiation damage to property

"We will include a radiation clause on a personal life policy

for a further premium but our fire and accident policies specifically exclude radiation damage," a spokesman for a major insurance company said

A broker said that he would probably be able to offer life cover at normal rates to workers at the station both before and after the plant came into commission "but if this became a generalised request from the public we might have to rethink our approach"

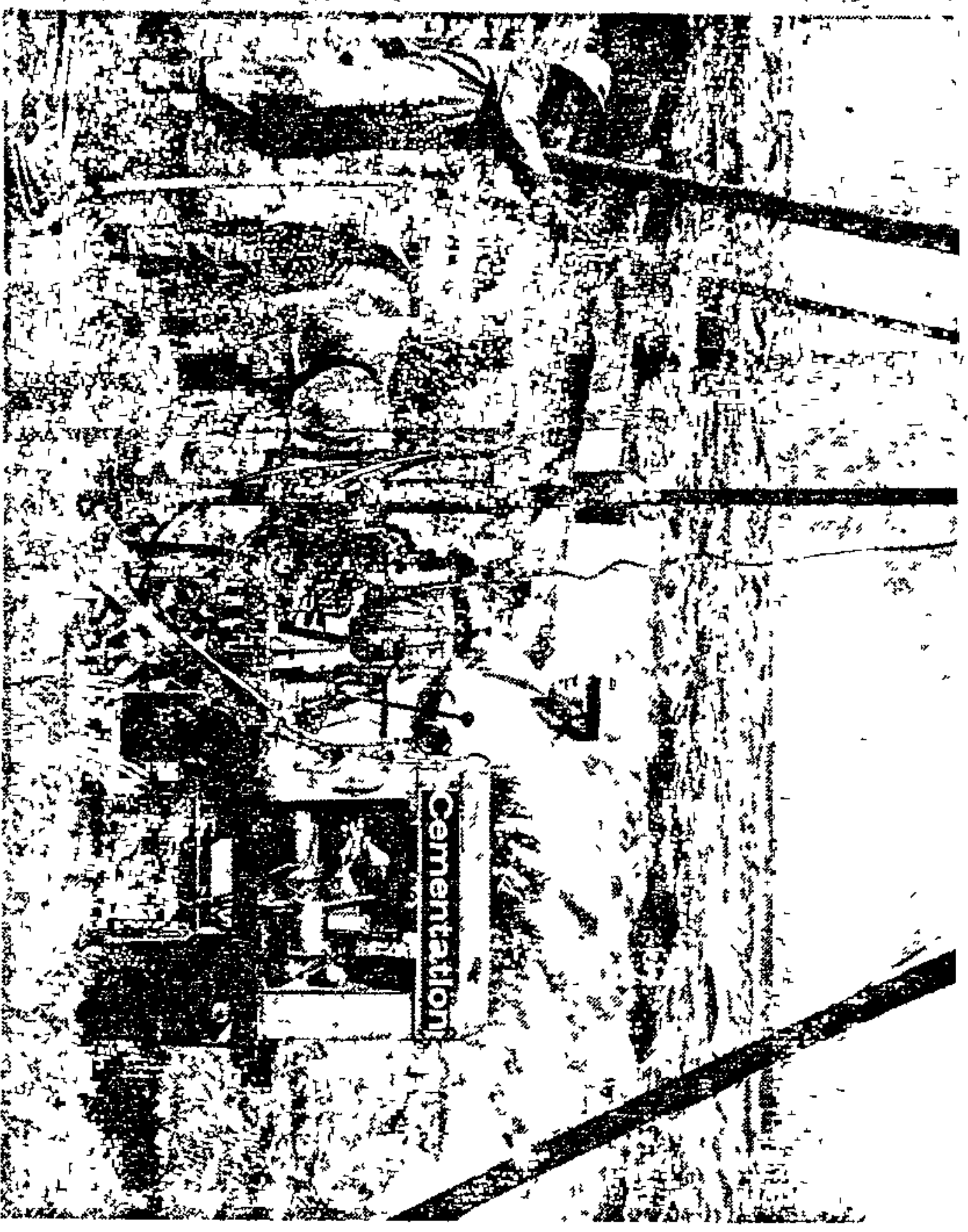
None of the companies questioned would comment when asked if they thought possible radiation damage from powerstation fallout was a "good risk" in insurance terms

## Research

● Dr G G Garrett, a member of the University of Cape Town's energy research unit, warned scientists at an energy symposium in Cape Town four years ago that "doubts about safety (of nuclear power plants) may in fact necessitate some downgrading and destroy their marginal economic advantage"

He added that "catastrophic failure without prior warning from slow leakage" was in principle possible for light water reactors

In assessing the degree of risk he pointed out that the effects of radiation and thermal shock (heat rise and loss) on construction materials were unknown, that stress corrosion in stainless steel piping used in such power plants was "virtually impossible to predict" and that "much of the available laboratory data is inapplicable"



A flashback to 1975 — core samples are taken at the site earmarked for South Africa's first nuclear power station in the background Table Mountain and the City



Cape Times

3/4/79

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# Towns in nuclear fallout area unprepared

Science Reporter

NO MUNICIPALITY lying within an 20 km radius of Koeberg nuclear power station, the main fallout area, has made any arrangements to handle radiation problems and most reacted as if they had only just wakened to the danger.

Mr J R de Villiers, town clerk of Goodwood, said he hoped the summer southeasters would "blow any leakage away" but pointed out that Goodwood lay in the heart of a low pressure system which had already caused problems with concentration of effluent gases from nearby fertiliser and oil refinery plants

"This would make any leakage problem even worse and would tend to

concentrate radiation," said Mr De Villiers

A spokesman for the mayor of Bellville, who asked the Cape Times not to use his name, said the municipality had no contingency plans for evacuation "and anyway where on earth would all the people go?"

Mr W P Visser, town clerk of Brackenfell, said "any thinking person would be scared no matter how safe the machinery is said to be" as there was always the human element. He cited the size of the investment in Koeberg and asked: "Can we stop the development now?"

Mr D Smit, town clerk of Durbanville, said he knew of the danger only

from what he had read in the newspapers. The local authorities involved now had to ask direct questions and get some straight answers. Although Durbanville did not lie in line of sight from Koeberg and was protected by rising ground he still felt disturbed at the potential for disaster

The mayor of Parow, Mr J T Louw, said he hadn't thought about it and hadn't been informed of any possible dangers. "I know nothing about Koeberg but I have full trust in those involved. The people involved could not be so stupid as not to learn the right lessons from Harrisburg - obviously they know what they are doing"

Mr J S de Villiers, town clerk of

Milnerton, said he had asked the town council to discuss the issue at its next meeting

"You must decide if you are going to live with the risk and must bear the public in mind. We should be able to trust that the authorities have taken all the risk factors into account and have proven scientifically that it is alright to go ahead with Koeberg"

● Dr A G MacMahon, director of the Western Cape's Emergency Services Centre, said yesterday that plans were being drawn up to cope with "all nuclear emergencies including any risks associated with Koeberg power station". The plans were not yet completed but this would be done "well before the operating date for Koeberg in 1982".

## SA study of US nuclear accident

PRETORIA — It was of great importance that the Harrisburg nuclear mishap should be seen in the right perspective, the president of the South African Atomic Energy Board, Dr Ampie Roux, said here yesterday. Commenting on the stricken

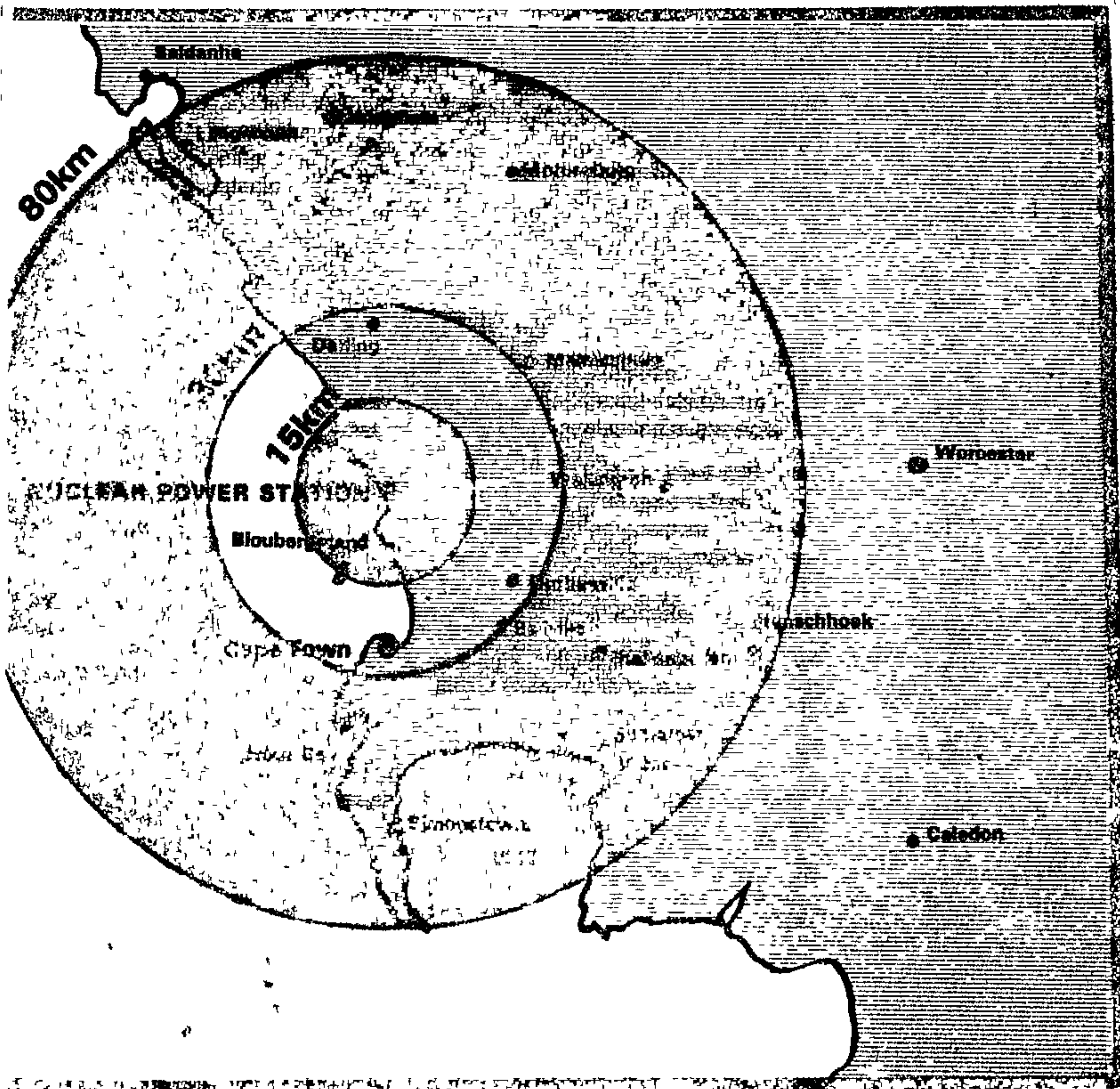
nuclear plant at Three Mile Island and the possible effects it could have on South Africa's first scheduled nuclear plant at Koeberg, Dr Roux said the facts of the accident would be studied thoroughly to establish whether safety measures at Koeberg

were to be increased.

He said nuclear reactors of the type at Harrisburg were designed "on the grounds of a philosophy of in-depth defence and they have numerous security systems which support each other" — Sapa



# Koeberg: The 80km radius



The map shows some of the municipalities lying within an 80km radius of Koeberg nuclear power station, all of them within the fallout area. So far as can be ascertained, none have made any contingency plans for use in the event of a major leakage from the station.

● Report page 3

CAPE TIMES 3/4/79

# Koeberg reactor to be more powerful

① 55 ② 56 ③ 260

By BOB MOLLOY  
SCIENCE REPORTER

principle as the American reactor which overheated at Harrisburg but the South African reactors will generate a larger

amount of electrical power.

And South African engineers from Escom observed the faulty Harrisburg reactor in operation last November while on a familiarization tour of nuclear plant in the United States.

Mr R P A Myburgh, managing director of Escom in the Western Cape, yesterday assured the Cape Times that there were differences in construction.

"The two sets of reactors were built by different companies and there are important differences in construction. Our engineers observed the second Harrisburg reactor while it was undergoing power testing," Mr Myburgh said.

It is understood that the Harrisburg reactor was built by Babcock and Wilcox and the Koeberg reactors were designed by Westinghouse for construction by French contractors. The Koeberg reactors will generate 922 megawatts as against the Harrisburg output of 792 mw for the number one reactor and 808 mw for number two, the reactor which is now overheating.

The second reactor was not yet "on line" when the Escom observers saw it five months ago which means that it has not yet completed a year of operation.

● The type of reactor to be used at Koeberg is a "light water" (ordinary water) reactor. At the time this design was chosen there were 273 LWR stations out of 374 in operation around the world, more than

half of these in the United States.

Nuclear-power reactors are simply heating plants for boiling water. The steam is then used to turn electrical generators which produce electricity.

In light-water reactors differences of design occur in the ways used to carry the heat to the steam plant.

The simplest reactor has circulating water which boils in the core itself and the steam is taken directly to the turbines. This is the boiling-water reactor or BWR.

In a pressurized water reactor, the type to be used at Koeberg, a coolant is passed through the core at a high pressure which prevents boiling. This primary coolant gives off its heat in a heat exchanger and produces steam without touching or mixing with the water. The pressure is higher in the PWR than for any other reactor.

It is essential that the heat produced in the reactor is kept below a critical level and this is done during normal operation by constant circulation of the coolant.

First reports from Harrisburg were that a fault had occurred in the steam plant. Since then there has been a news blackout but it is clear that the reactor was unable to carry out its function and a rising core temperature increased pressure inside the vessel by a reported 800 percent and caused the first explosion.

# 600 000 await order to leave homes in US

HARRISBURG. — More than 600 000 people awaited the order to evacuate their homes yesterday as scientists battled to control a radioactive leak at the Three Mile Island nuclear plant.

The scientists reported that the plant, damaged last Wednesday when a cooling system failed, was beginning to cool down. But they were still worried by a potentially explosive hydrogen bubble in the reactor core.

State officials were preparing plans to evacuate 24 000 people from an eight kilometre radius of the plant. If the situation warranted it, the figure could go as high as 637 000 people from a radius.

The evacuation plans can be implemented by Pennsylvania's Governor, Mr Thornburgh.

The US President, Mr Carter, reflecting the concern felt by millions of Americans over the leak, said on a flying visit to the plant Sunday that health should be the main

concern. "If we make an error, it will be on the side of safety," he said.

The US Government's chief scientist at the plant, Dr Denton, of the Nuclear Regulatory Commission, said that the hydrogen problem had not been anticipated in designing the reactor.

But Dr Denton insisted that the overall situation was "stable".

Besides a general evacuation, authorities were trying to decide how some 1 200 people from local prisons and 5 000 nursing home patients could be transported to places.

In an evacuation, emergency centres would be set up up to 160 km from the crippled plant.

Pregnant women and pre-school children, who are most susceptible to radiation exposure, were urged Friday to leave their homes if they lived within eight km of the reactor. — Sapa-Reuters

## N-plant 'over-reaction'

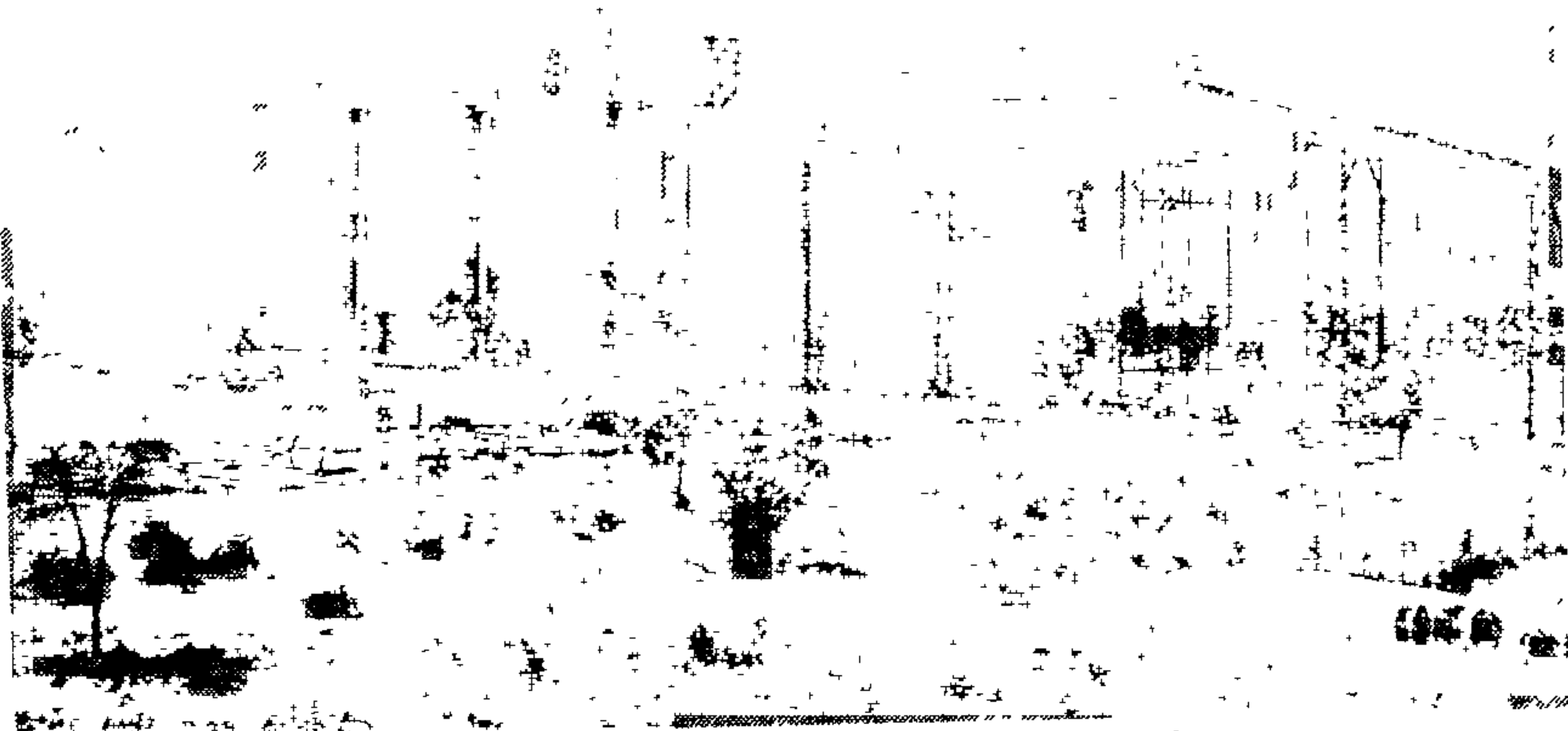
PERTH. — One of Britain's leading nuclear experts yesterday accused the world press of over-reacting to the Three Mile Island nuclear power plant accident in Pennsylvania.

Sir Francis Tombs, chairman of the British Electricity Council, told reporters here that over-reaction by the press had created a mistaken public impression of the nature and importance of the accident.

"It is inevitable that the press should over-react to these things and there has been a lot of sensational reporting about the incident."



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Raw coal silos for feed storage to the drum and cyclone plants.

## ISCOR SEEKS TO GUARANTEE ITS COAL SUPPLIES

By Michael Chester,  
Financial Editor

IsCOR has ordered full speed ahead on work at its vast R200m coal mine at Grootegeluk in the north-western Transvaal to ensure its three giant steel works avert the threat of shortages of crucial supplies of blend coking coal next year.

IsCOR, which first started drilling at Grootegeluk in 1973 but later had to mothball the operation because of the recession and the virtual freeze of longterm finance flows from overseas, has now set mid-1980 as the deadline to come on stream.

The new urgency given the project stems from IsCOR studies showing that current sources of blend coking coal are becoming exhausted and looked likely to run short of demand from the huge steel works in the next few years.

Its experts see the solution at Grootegeluk, which sits inside a coalfield with a treasure chest of reserves of 500m tons of blend coking coal — plus 700m tons of steam coal.

A labour force of 1 200 black and 300 white mine workers is being recruited to haul it all out. About 500 have been signed on already and house and hostel building programmes are in full swing.

Some of the most advanced techniques in aptitude tests yet seen in the mining industry are being introduced to ensure that new recruits are channeled into the most effective work.

# Full speed ahead at Grootegeluk

First targets have taken aim at a production rate of about 1,8m tons of blend coking coal a year as the top priority in a longer term programme to reduce IsCOR's reliance on the private sector mines from 77 percent of vital coal needs to 50 percent or perhaps even lower.

It is estimated that around 15m tons of run-of-mine material will have to be handled to produce each 1,8m tons of blend coking coal. One of the largest beneficiation plants in the world is being built to cope with the high volumes.

The present railway line used for iron ore shipments from Thabazimbi is being extended to handle supplies to the steel works.

IsCOR's primary objective is to make sure its steel works encounter no shortages.

The potential cherry on top appears to be the 2,6m tons of steam coal which Grootegeluk will be producing every year in tandem with the coking coal.

The key is that the steam coal at Grootegeluk has an ash content down between 30 and 35 percent — no use to the IsCOR blast furnaces maybe, but well within the margins acceptable to power stations.

Escom will soon be calling in tenders for supplies to four new power stations. If Grootegeluk wins a contract — and IsCOR confirms it is all set to tender if invited — the

extra income is bound to help the economics of shipping blend coking coal to the steel works.

IsCOR is reluctant to release precise figures on what impact it could have on steel prices. But a considerable impact would be certain — at least in holding the lid on the cost spiral, if not even a little more positive than that.



CAPE TIMES 4/4/79 ① ② ③ 260

# Demolition can be costly

Science Reporter,  
Sapa—AP-Reuter .

KOEBERG power station's estimated cost has risen 5 000 percent in 10 years and there are still three years to go before the first electricity flows out to the Western Cape

First mention of costs was given in the late Sixties as R40m. Since then the figure has soared to R2 000m.

An Escom spokesman told the Cape Times yesterday the final cost would be "about three-quarters that of a coal-fired station" but said no final figure could be given. Gains would derive from siting, saving in coal, transport costs and the advantages from experience.

He rejected the views of an

American economist who had said it would cost as much to demolish an obsolete nuclear power station as to build it and said Koeberg's life of 25 years would probably be extended to 40 years or more.

© The first nuclear plant demolished in the United States

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More reports — page 3

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was built in the Fifties. It cost R11m and just over R5m and two years to get rid of temporarily. Machinery used to demolish the reactor housing had to be cut up and disposed of in shielded storage tanks.

The pieces of the station are stored in water but no decision has been taken as where to

park the remains

Corrosion experts insist that nothing devised to hold nuclear wastes is safe and that the material will eventually leak into the world water supply. One expert sees gold as the only material that will withstand decay for thousands of

years

© In Middletown, Pennsylvania, yesterday a top US government scientist said the hydrogen gas bubble that threatened a disaster at the crippled US atom plant has now dissolved.

Mr Harold Denton, sent by President Carter to oversee emergency repairs at the Three

Mile Island plant, said: "We are over the hump."

He briefed reporters as thousands of residents who fled the area after last Wednesday's accident started returning to their homes and schools prepared to reopen today.

Mr Denton said he was convinced the bubble trapped in the sealed nuclear reactor was gone and experts could start to cool the reactor to what is called "cold shutdown". But he added that he saw "problems."

The bubble point grew to the top of the reactor housing. Its effective cooling of the reactor and damaged uranium fuel rods

# Escom's high tariff slammed

STAR 5/4/79

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...../5

The chairman of Johannesburg City Council's management committee, Mr J F Oberholzer, today hit out at Escom's steep tariff increase and suggested it was time the commission examined its fiscal policy.

The chairman of Johannesburg City Council's management committee, Mr J F Oberholzer, today hit out at Escom's steep tariff increase and suggested it was time the commission examined its fiscal policy.

on 20 October and recommends:  
The Board appointed a small method of forwarding final marks in line with the practice

He was commenting on findings by the Board of Trade and Industries that Escom made too much profit and seriously lacked effective planning and control structures in its management.

The findings were disclosed by the Minister of Economic Affairs, Mr Heunis, yesterday.

"Electricity tariffs in Johannesburg have increased 134 percent in the past five years and only 19 percent of this is a city council increase," Mr Oberholzer said

It was ironical that Johannesburg, which distributed 35 percent of Escom's power supply, should get the backlash of criticism about high tariffs

The big tariff rises also weighed heavily on homeowners in adjoining municipalities, he added

In Cape Town, Dr Zac de Beer, opposition spokesman on economic affairs, said a reduction in electricity tariffs "at least an assurance that there would be no further increases for a substantial time was to be hoped for"

C. Penrith be permitted to change Ph.D. (African Languages) with 78 for reasons given in the E.O.J. Westphal.

to Ph.D. : Miss S.C. Penrith.

the Board meeting noted a report from latter is under consideration

believing this to be essential before any consideration is given to a formal structure within which fruitful collaboration (between Economic History and other departments) might take place. The D A C also did not favour any imposed collaboration, whether by way of a formal structure or by loose arrangement, being rather of the opinion that for any collaboration to be fruitful it should be voluntary and spontaneous.

that the division of Economic History remain in The Faculty of Arts as a separate department

awards of res by the which is so cases papers to the That the small of other De to the Reg sub-commi At a meeti 19. 3NX Classif Field of Research Supervisor Candidature attached le retrospecti her registra It is recomm 18. Change of Reg in the Schoo Professor Gu Members pres

(Annexure Page 1 (Ph.D. Board)



ESCROW FINANCES

BTI switched off

FM 6/4/78

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Economic Affairs Minister Chris Heunis and the Board of Trade disagree strongly on the way Escom is financing its capital investment.

In its report on Escom's tariff policy tabled in Parliament this week, BTI has found that the earning of profits to build up equity has been carried too far by Escom in recent years. It asserts that the cost of contributions to the capital development fund in 1977, accounting for 25% of average tariffs per kWh, was excessive.

The report adds that contributions to the fund amount to profits, and are far greater than is prudent for a low cost public utility. Escom's own capital should form a very small percentage of total assets and the extent to which financing is dependent on profits should be reduced considerably.

In a mild rebuke, Heunis says in a statement that "without adjudicating the board's findings at this stage, I wish to point out that the particularly difficult capital supply problems, especially regard to foreign loans, compelled the government to establish the capital development fund, and that profits for purposes of return on capital were not a consideration for the establishment of the fund."

The board recommends the abolition of the capital development fund and, in view of the price raising effects of self financing policy, it concludes that the extent of self financing should be determined by the Department of Industries in consultation with the Department of Finance and the capital projects evaluation

group.

The board says Escom's expectation that revenue appropriations for the capital development fund will amount to 40% of tariffs in 1985 is extravagant. Such high percentages of "profit" in relation to selling prices are very seldom encountered in the private industrial sector.

Although provision should be made in the Electricity Supply Act for Escom to earn profits, these should be allocated to the distribution undertakings in proportion to capital invested rather than kWh sales. The cdf should be terminated and the balance transferred to general reserve.

The board found that Escom's planning and control system, as it existed before 1976, had serious deficiencies. There was no budget controller and there still is no planning and control manual.

"It is imperative that no organisation in the public sector responsible for very large capital expenditure should be free to make unfettered investment decisions without reference to a body possessing both the overall insight into the economic situation . . . and also the analytical capability necessary to make sound considered judgments on the merits of capital expenditure."

To this end, the BTI recommends the creation of an investigating body with the necessary expertise under the Department of Finance to monitor capital spending plans of Escom and other State corporations

# Slash power tariffs, unions tell Escom

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Pretoria Bureau

THE COUNTRY'S two largest trade union organisations, the Trade Union Council of South Africa and the SA Confederation of Labour, yesterday demanded a clean-out at Escom and an immediate cut in power tariffs.

They said the revelations by the Board of Trade and Industry, of excessive profits made by Escom and of defective management practices in the corporation, had shocked the country.

Inefficiency, they said, should be rooted out and a more effective use made of Escom's massive annual revenue.

The Association of Chambers of Commerce warned months ago that there should be a limit to the use of revenue for capital development. This could lead to a distortion of the price structure it said.

The Board of Trade found Escom lacked effective planning and control structures in its management.

The president of the Transvaal Chamber of In-

dustries, Mr J E Holloway, said the TCI had been disturbed and concerned at the cost-escalating effects recently and the fact that Escom had found it necessary to finance so large an amount of long-term expenditure from revenue.

"We admire and encourage the fact that a statutory body like Escom has been placed under the searchlight by independent sources. There should be more of this," Mr Holloway said.

The president of Tusa, Mr Ronnie Webb, said Tusa had expressed concern in the past at the frequent power tariff increases "and believed that something had gone seriously wrong with the administration".

The increases had ripple through the economy, causing pressure on prices and price increases. The hardships imposed on the lower income groups had been severe. In many lower income households, the electricity account now exceeded the house rental.

The SA Council of Churches ombudsman, Mr

Eugene Roelofse, said the Government should not hesitate to insist on the firing of inefficient officials.

The frequent power price increases had been a major cause of the country's high inflation rate during the past few years.

"The disturbing thought is if this sort of thing has been going on at Escom is it not likely that the same attitude is rife in other quasi-Government organisations, like the control boards, for instance?"

It was time, Mr Roelofse said, that the Government ordered a sweeping investigation into the management and use of funds of all these organisations.

The president of the SA Confederation of Labour, Mr Attie Nieuwoudt, said Escom's frequent tariff increases had added greatly to the burden of wage and salary earners.

"The closest independent checks must be kept at all times on their performances and if there are faults and inefficiency these must be rooted out," Mr Nieuwoudt said.



# Power play for top job as Chris Heunis takes sides

ESCOM, which shot into the news again this week after accusations by the Board of Trade that it is making excess "profits" and is poorly managed, has become a political football in a power struggle between factions within the National Party.

Central to the struggle is the choice of a successor to the 69-year-old Escorn chairman, Dr Reinhardt Strazacker, who retires this year after 17 years as this country's electricity overlord.

Apparently, his natural successor, Jan Smith, the Oxford educated engineer who is Escorn's general manager, is regarded as too verlig by the right wing of the party.

In the fierce lobbying that is currently in progress for this plum job, a number of names of members of the Electricity Supply Commission are being mentioned.

They include Professor Georg Marais of the University of South Africa, Dr Andre du Toit, chairman of KWV, actuary Dawid Malan and head of the Federated Chamber of Industries Dr Henne Reynders. The choice is complicated by the fact that the job requires a rare blend of engineering and economic skills.

Those close to the Electricity Supply Commission and Escorn believe, too, that the manner in which Economics Minister Chris Heunis unexpectedly released the critical report of the Board of Trade without Escorn's reply to it — which has been in his hands for some time — suggests that he is pandering to the right wing of his party.

The farmers and lawyers of this faction are hostile to Escorn because of the recent price increases and do not easily comprehend the policies and complicated economics that necessitated them.

Mr Heunis only mildly pointed out that Escorn's "profits" were not intended as a return on capital, but as a means of financing capital expansion.

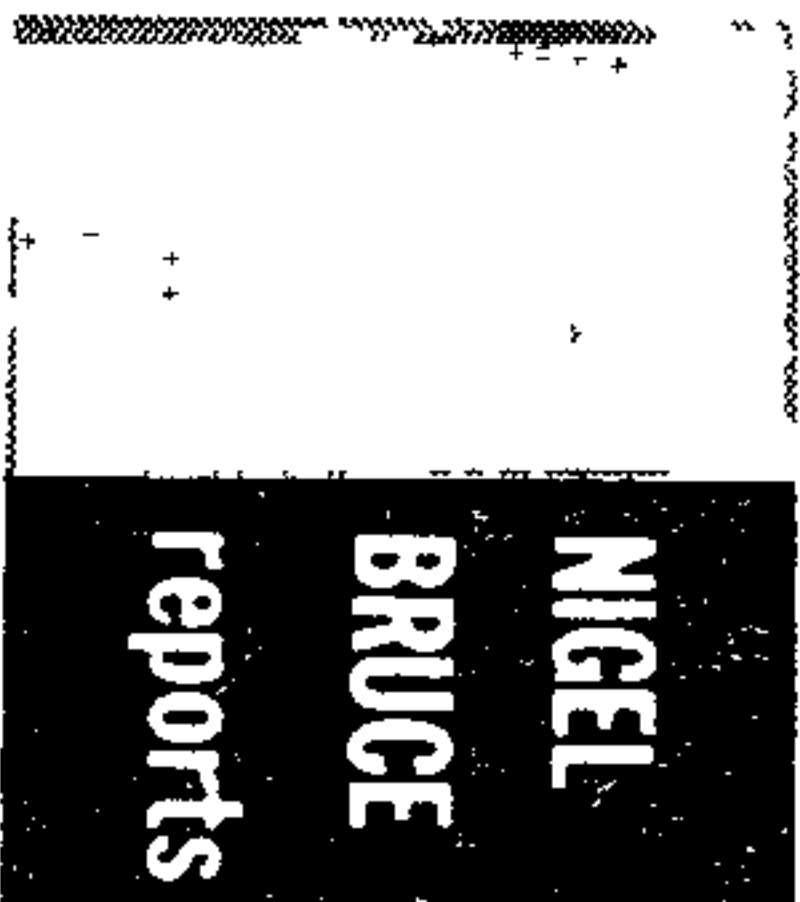
They point out that the manner in which the Minister released the report will undoubtedly make Escorn's capital raising activities abroad, where it is held in the highest

regard financially by international bankers, much more difficult and consequently more expensive.

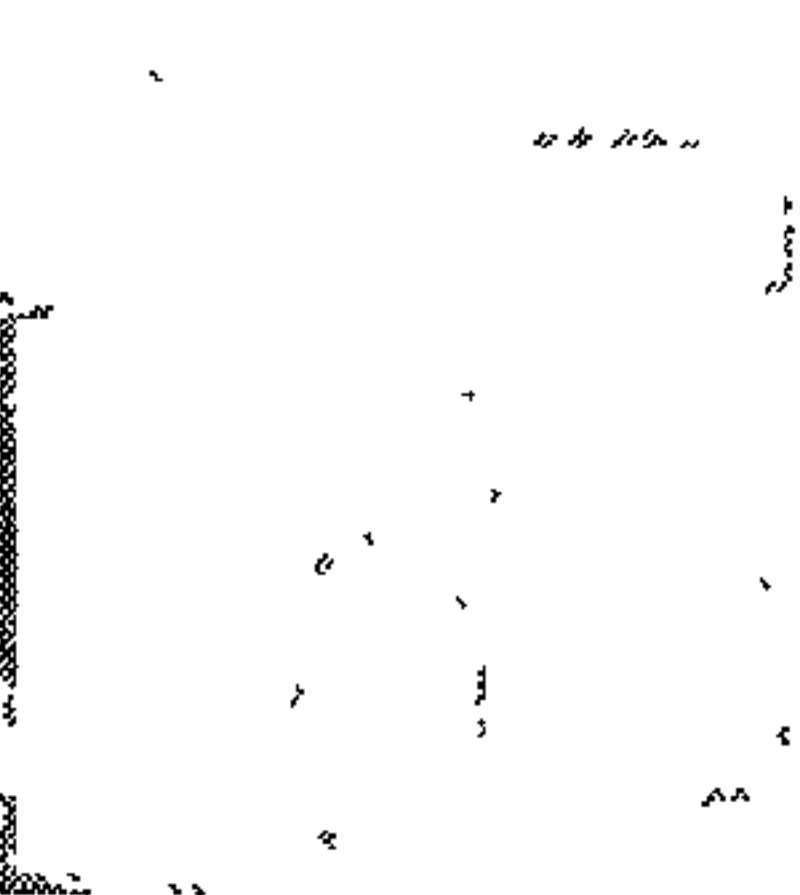
Finally, they fear also that the recommendation of the Board of Trade, which is headed by former financial journalist Bassie Kleu, that Escorn's tariffs and profitability be controlled by the Department of Industries is a

# Politics is behind the ESCOM row

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Times 2/14/79



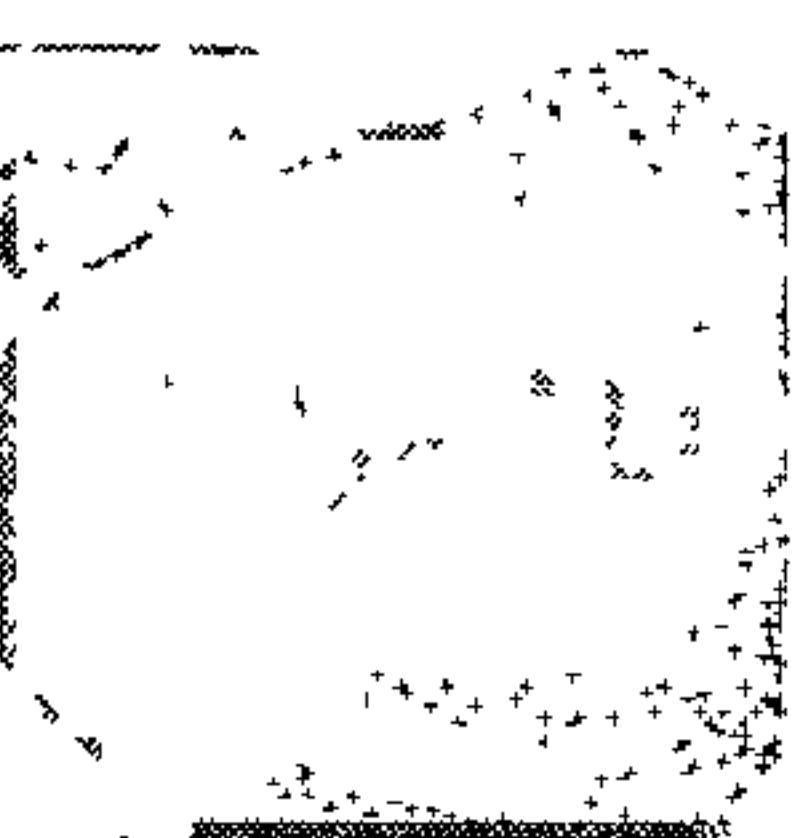
NIGEL BRUCE reports



Bassie Kleu



Henne Reynders



Georg Marais

Jan Smith

move to increase National Party influence in this public corporation.

It is well known in business circles that the Departments of Commerce and Industries — of which the Board of Trade is an offshoot — have in the past favoured a system of administered prices rather than the moves towards a freer market economy now emanating from the Department of Finance.

Bankers point out that if Escorn were to be drawn closer to government, its credit rating in Europe would plummet. In fact, an important reason for its ability to obtain foreign loans abroad in recent years at relatively favourable terms has been its self-sufficiency.

which lenders have interpreted as a move away from government control.

The point at issue between the Board of Trade and Escorn is not that the latter shouldn't create a surplus — which the BOT erroneously calls a "profit" — to finance capital expenditure, but rather the size of the current surplus, because it has pushed

up electricity tariffs suddenly by about 60 per cent since 1975.

But what it appears not to have given much weight to is that fact that this was born out of urgent and recent necessity.

● Growth in the demand for electricity shot up

● To Back Page

had no trenches or sangars - and took 37 prisoners. A few escaped down to the fort but the rest were killed and wounded. They had fierce hand-to-hand fighting on the hill and the Boers lost heavily. Our men all say that the Boers fought most gallantly.

Lieutenant Feilden  
a warm time of it  
and trenches which  
into the camp.  
Feilden's stretcher  
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an eye out and  
the man later,  
Feilden was about  
bearer and so he  
Louis Botha, on  
pointed out that  
Botha at once re-

Duynefontein, nuclear power station  
Hansard 4 (264) 260  
298 Mr T ARONSON asked the Minister of Economic Affairs  
Whether there has been a re-assessment of the costs of the first and second phases of the nuclear power station at Duynefontein, if so what is the cost of each phase based on current prices  
The MINISTER OF ECONOMIC AFFAIRS  
No, but since my reply of 17 March 1978 to question No 332 ESCOM exercised certain further options which increased the joint basic estimated contract price for the first and second phases of the station by R5 million, bringing the total price up to R988 million. ESCOM presently estimates that price escalations since September 1975 and additional cost increases which were brought about by parity adjustments, the new import levy and general sales tax will increase the expenditure on the main contract for both phases by R580 million.  
Based on 1979 cost levels it is estimated that R814 million will be spent on the main contract for the construction of the power station and the first reactor and R754 million on the second reactor. In addition it is expected that a further estimated amount of R250 million will be spent on items common to both reactors such as the water-cooling system, quality assurance consultancy fees, insurance, licensing fees, pipes and building facilities.

l at dawn and had  
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from coming down  
a close range, at  
etched man was  
m again, knocking  
ahead. I saw  
his stretcher  
btha, brother of  
civil. Feilden  
a wounded and  
with his whip to

make them stop. Feilden saw nine dead Boers and dressed 20 dangerously wounded ones, half of whom he thought would die. The others had been removed before he arrived. Botha said it was the severest loss the Boers had had this year.



# Sasol <sup>560</sup> <sup>Times</sup> <sup>81419</sup> funding in a fix

A SERIOUS dilemma is looming on the question of private sector participation in the financing of Sasol 111, now officially known as Sasol II-extension.

With about R1 475-million already spent on the R2 458-million Sasol II project at Secunda, the oil-from-coal corporation's top men have been closeted in private meetings, as have senior officials from Pretoria, financial institutions and large industrial groups, to find ways to resolve the matter. Among difficulties mentioned thus week are:

- That the major private sector chemical companies are already heavily involved with plans for invest-

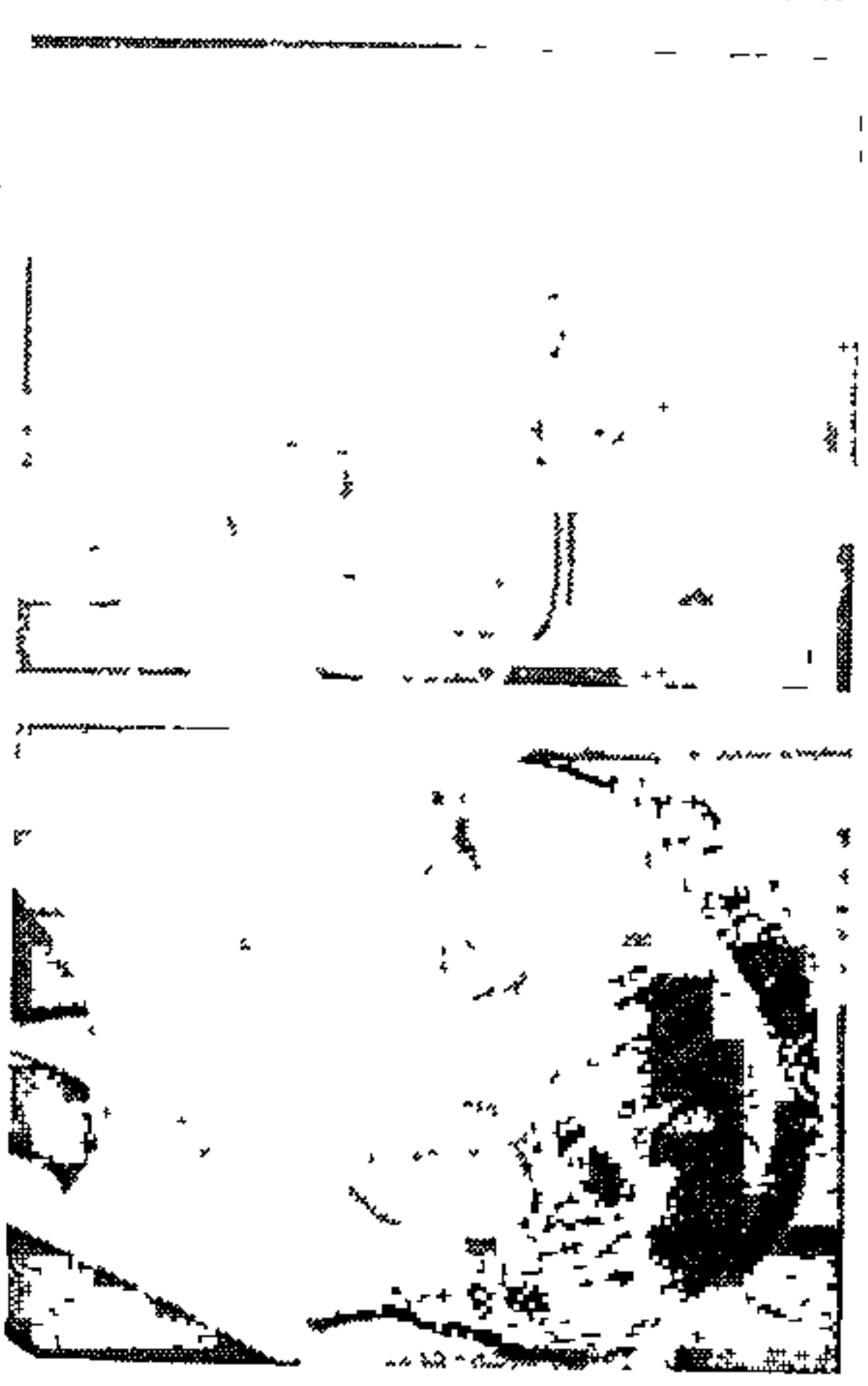
ing in their own strategic import replacement projects.

● That there could be conflicts of interest if users of Sasol feedstocks were to become privy to Sasol's closely-guarded pricing and feedstock balancing strategies.

Also problematical is the question of reducing the State's share of new-fixed investment in South Africa, as promised in the Budget by Owen Horwood.

In this context Government's inter-departmental committee for the determination of capital investment priorities has been preparing to start work on what Senator Horwood describes as "a critical re-evaluation of all new and planned capital projects" as a result of the R3 276-million required for Sasol II-extension.

When the Secretary for Industry, Philip Theron, told Business Times before the Budget that private sector participation in Sasol II-



Joe Stegmann

Owen Horwood

BY STEPHEN ORPEN

extension was unlikely to be a significant fact — "probably about 10 per cent", or R330-million — he was apparently unaware that Senator Horwood was upgrading his expectations to "a minimum of R500-million, and hopefully much more."

Government and business

sources suggested this week that Pretoria was now ready to consider private sector participation up to almost any level provided control of the venture remained — for obvious reasons — with the State.

Contrary to what certain businessmen implied imme-

diately after the Budget, this could make sense in terms of yields on investment in the project.

And it would satisfy Senator Horwood's wish, reflecting business sentiment, that the State should play a lesser role in future industrial expansion.

With the profitability of Sasol II, now well-established, the return on Sasol II extension seems certain to be still more attractive in the long-term.

Once it is fully operational its greater efficiencies and economies of scale, plus the fact that mined oil could be the mid-eighties be at least twice today's price, should mean a return of not less than 25 per cent on capital employed.

In its latest financial year, Sasol I lifted pre-tax profit from R76-million to R114-million on capital employed of R465-million.

Given that Sasol II produces more than twice as much oil as Sasol I for ev-

ery ton of coal consumed, and that the prices it will be able to charge for its products should be much higher, prospects for returns on the larger project look to be respectable.

The 140 per cent increase in the capital cost of Sasol II, projected through to 1981, will have been matched by a probably greater increase in the cost of Opec oil since the project was announced. And better still is possible for Sasol II-extension.

An early estimate said Sasol II would produce a pre-tax return of 9,3 per cent on a capital outlay then put at R1021-million.

But Sasol has been able to raise the price of its oil and fuel output virtually in line with oil prices on the world markets in which South Africa has had to shop.

If this continues it should ensure that any increase in capital costs is better than

matched by increases in revenue from the group's plants, especially if it also applies to chemical feedstocks produced.

Three senior chemical industry men told me this week that this might be a blessing in terms of the projects' appeal to their investment committees.

But one must also ask how Sasol is going to live with men like us moving closer to its inside marketing and pricing strategies.

"We've complained for years at the way Sasol uses every oil price hike as an excuse to put up its own feedstock prices."

"If we're heavy investors in Sasol II-extension, we'll want to know whether we've been hoodwinked."

This may explain why Sasol chief Joe Stegmann suggested to Business Times recently that private sector participation would not be directly in Sasol itself but "in companies in the group."

The need to protect the controlling interest and the central management and pricing strategy is clearly important.

Sen Horwood says the priorities committee originally estimated that the public sector would need nearly R45-billion, at 1977 prices, in capital funds over the next eight years — or nearly 50 per cent of total projected gross domestic fixed investment.

With Sasol II-extension the percentage rises to a peak of some 70 per cent in 1979-80 before gradually declining.

On the one hand, it may prove attractive for ABECI, Sentrachem and others to invest in Sasol II-extension — as they ought to in deference to the cry for less State muscle in industry.

Yet, if they follow this route, it must mean a postponement of import replacement and displacement on their own account.

LEZIC





# Why Johannesburg power costs too much

ELECTRICITY would be cheaper in Johannesburg today had it not been for political pressures and a "totally useless and broken" Escom promise of cheaper

councillor Max Neppe, a man who led the city's actually futile fight against Escom shouldering the power supplies to Johannesburg's homes, this pin-pointed for Escom the two broken promises which lost Johannesburg the right to go on producing its own low-cost electricity.

An unfulfilled policy that municipalities would only be allowed to join the Escom grid

if they could not produce power at a lower cost

Escom's pledge that — although Johannesburg's power was then cheaper — the commission would provide it at a lower cost in the future

"Escom's electricity was more expensive when they stopped us building the southern power plant in 1968 — and it is still wildly more expensive today despite their pledge of cheaper power," said Mr Neppe

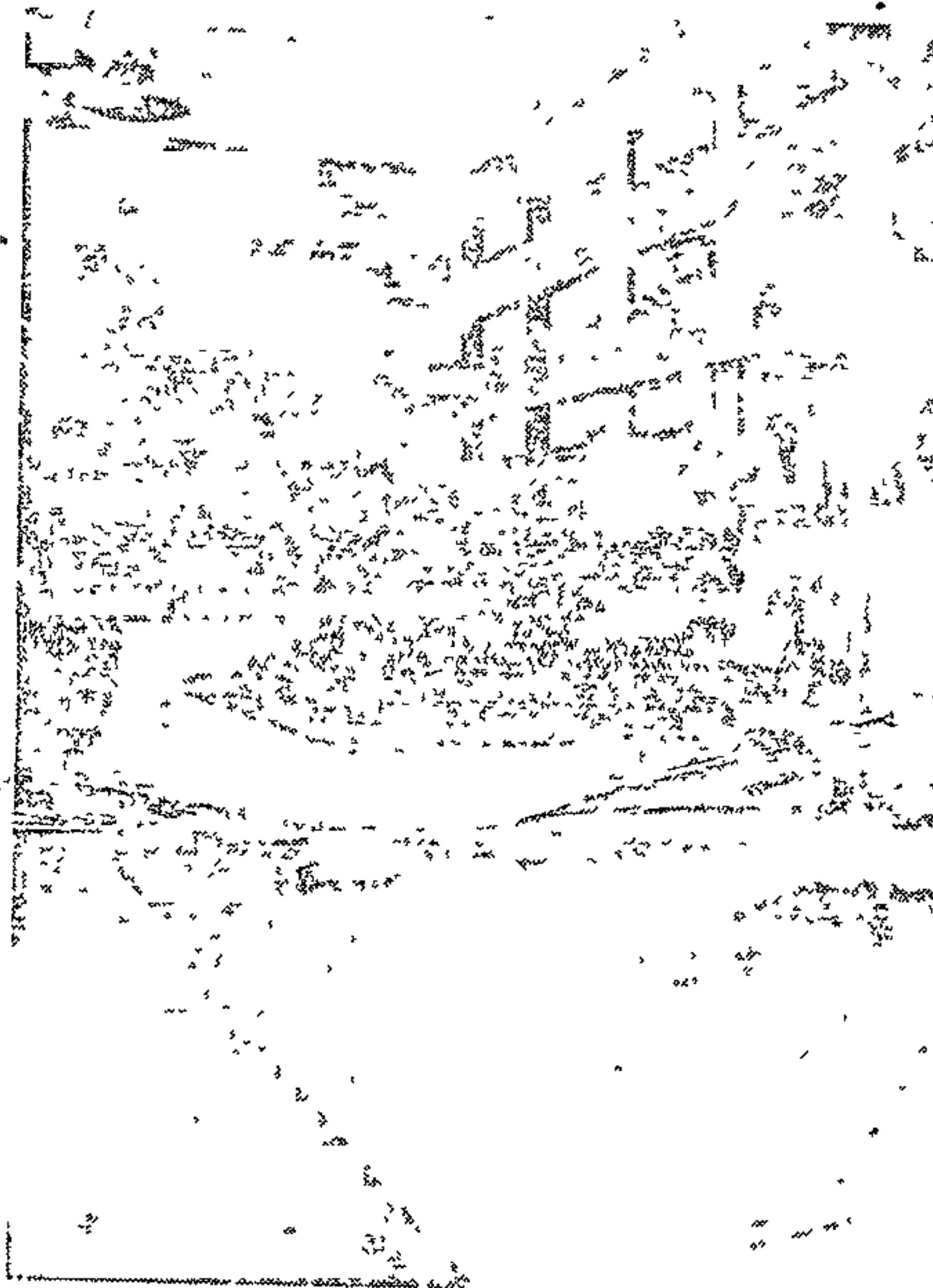
Escom's Johannesburg tariffs have increased by 123% in the past five years, while the city's share of increased electricity costs has been held at 19%

In 1974 a householder's monthly bill was R20. Today it is nearly R70 — a far greater rate of increase than the overall cost-of-living combined with the inflation rate

The Board of Trade and Industries findings — that Escom made too much profit and seriously lacked effective management in planning and control — was welcome confirmation that Johannesburg had been right to fight to stay out of Escom's clutches, said Mr Neppe, who was chairman of the utilities committee during the 1968 struggle

"We fought Escom all the way and, to the satisfaction of the Supreme Court which twice supported us, proved we could produce electricity at a lower tariff," said Mr Neppe

Cape Town, Port Elizabeth and Pretoria were also able to produce power more cheaply than Escom before they were forced by the Government to link up with the commission's grid instead of increasing their



● Megawatt Park an Escom extravaganza

own generating capacities

The Minister of Economic Affairs at the time Mr Jan Haak, had laid down the policy that all municipal electrical supply undertakings would have to take their power from Escom unless they could produce at a lower cost

But Escom's chairman, Dr R L Straszacker gave evidence that the commission was able to provide Johannesburg with cheaper power than the city's scheme could provide

Escom's tariffs were already higher than Johannesburg's at the time

Dr Straszacker said, in 1968, that the position could not be maintained for long and that Escom would be able to provide much cheaper power in the future

The city still produces nearly two-thirds of the power it needs but one of the system's remaining power stations — Orlando — is ageing fast and may soon have to be closed down

This means that another third of the city's power will have to be bought from Escom at immense extra cost

If Johannesburg had been allowed to build its third power station at Liefde en Vrede, the city would still be largely independent of Escom power — and there would not have been as much strain on the Orlando plant, which has had to produce as much power as possible to cut down on purchases from Escom

Johannesburg's electrical distribution service is by far Escom's biggest customer — retailing 35% of the commission's power.

Despite this bulk of purchase, Escom levies a 108% surcharge on its standard tariff for Rand consumers.

This week Dr Straszacker refused to comment on his 1968 statement and the ensuing tariff increases

An Escom spokesman also refused to comment on the Board of Trade and Industries' indictments of the commission's profit-making and managerial deficiencies

The city's fight to generate its own power needs was eventually lost when the Administrator, Mr Sybrand van Niekerk, refused permission for the raising of a R40-million loan to build a new power plant — and ordered the city to draw its extra needs from Escom

Cape Town, Port Elizabeth and Pretoria were also prevented from expanding their generating capacity by provincial administration obstruction

"Now we are being saddled with Escom's extraordinary system of taking its development capital from today's consumers — we are expected to pay now for development which future generations should share," said Mr Neppe



# HARE GAAN NOG WAAI OOR EVKOM-VERSLAG

Rapport 8/4/79

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Deur DAVID MEADES

**DIE Raad van Handel en Nywerheid se verslag oor Evkom gaan nog opslae maak. Ofskoon Evkom in hierdie stadium self geen kommentaar oor die verslag wil lewer nie, het Sake-Rapport vernem dat hy sterk sal reageer.**

Terselfdertyd word daar ook gevoel dat mnr Chris Heunis se verklaring oor die verslag nie korrek weerspieël is nie. Dit is veral die sin: Evkom maak te veel wins en het 'n ernstige gebrek aan beplanning- en beheerstrukture in sy bestuur, wat nie as die volle waarheid beskou word nie.

In die verslag kom die Raad van Handel en Nywerheid baie duidelik tot die gevolgtrekking dat daar met die oog op die probleme om buitelandse kapitaal te kry, in beginsel geen beswaar is teen die gebruik van Evkom om uit winste kapitaal op te bou nie.

waarskynlik ook by Evkom teenstand gaan ondervind, is dat Evkom onder beheer van die Departement van Nywerheidswese geplaas word. Dit is natuurlik nie duidelik wat die Raad presies daarmee bedoel nie, maar as dit sou beteken dat Evkom 'n staatsdepartement gaan word, gaan die hare waai

welslae gedoen het.

Dit is ook nie duidelik wat met die voorgestelde Projekte-Evaluasiegroep bedoel word nie. Die Raad beveel die totstandkoming van so 'n ondersoekliggaam aan wat Evkom se projekte sal ondersoek en die Departement van Finansies sal help om dit te waardeer.

Daar word gevra wie dan uiteindelik baas by Evkom gaan wees. En as die Raad voel dat Evkom se huidige raad nie behoorlik toegereus is om Evkom doeltreffend te bestuur nie, kan daar mos begin word met die aanstelling van heeltydse amptenare met die nodige agtergrond.

## Buiteland

Daar word gevoel dat dit Evkom se beeld in veral die buiteland baie skade sal berokken in sy bedrywighede om groot lenings oorsee aan te gaan, iets wat hy ondanks probleme die laaste klompie jare met groot

## Stelsel

Die Raad het egter tot die gevolgtrekking gekom dat die realisasie van winste vir die opbou van kapitaal in die jongste jare te ver deur Evkom gevoer is.

Aan die ander kant kan aangeneem word dat Evkom nie hier gaan saamstem nie en waarskynlik sal aanvoer dat beperkinge op sy vermoë om uit sy inkomste voorsiening vir uitbreiding te maak, 'n ernstige uitwerking op die ekonomie kan hê sover dit die beskikbaarheid van voldoende elektrisiteit betref.

Oor die verwysing na die ernstige gebrek aan beplanning- en beheerstrukture in Evkom se bestuur, word daar in die Raad se verslag daarop gewys dat daar voor 1976 geen behoorlike stelsel was nie.

## Kommer

'n Nuwe stelsel is toe in werking gestel en dit is die feit dat dié stelsel nog nie in hierdie stadium aan die verwagtinge voldoen nie, wat 'n saak van ernstige kommer vir die Raad is. En dan gaan die verslag voort deur te sê dat die gebrek aan 'n doeltreffende beplanning- en beheerstelsel tekortkoming in Evkom se bestuur was omdat so 'n stelsel een van die doeltreffendste bestuursinstrumente is om beheer uit te oefen en doeltreffendheid en produktiwiteit te verhoog.

Van die ander aanbevelinge van die Raad wat

FINANCE

ESCOM PLANS TO RAISE R75-MILLION

ARGUS 9/4/79 260

Financial Editor

ESCOM is planning to raise R75-million from the public with a short-term loan carrying a coupon of 8 percent and two long-term loans giving yields to redemption of 9,15 percent, or if the subscriber is entitled to commission and brokerage, 9,19 percent.

The short-term loan is for seven years while the two long-term loans are for 25 years.

One of the long-term loans is being issued at par (R100) and carries a coupon of 9,15 percent. The other loan is being issued at a discount, the issue price being R95,16, and has a coupon of 8,65 percent.

Application lists open on Tuesday, April 10 at 9 am and will close on Wednesday, April 18, or earlier

In the event of a full subscription.

In view of the reduction expected in Government long-term borrowing this year and the favourable reception which these Escom loans are believed to have received from the institutions, it seems doubtful whether the application lists will remain open more than a few hours.

Escom's rate of 9,15 percent on its long-term issues represents a drop of about 0,15 percent in

long-term rates in the capital market since mid-February.

For it was then that Cape Town borrowed R12-million at 9,30 percent — and Cape Town's rates and those on Escom's stocks are now regarded as being almost on a par

Escom's previous loans last October were issued at 10,25 percent or 1,1 percent more than those announced today, while a year ago Escom stock was being traded at 11,40 percent.

PLEASE Note Priority and presentation, while "Listening to lectures" received the lowest percentage endorsements in categories 5 and 6 for these two dimensions. 1. When a question or section to be marked by one examiner is written in a separate booklet, the examiner should refer to the value of the lectures... 2. When a question or section to be marked by one examiner is written in a separate booklet, the examiner should refer to the value of the lectures... 3. Please refer to the order of the questions... 4. Will members of the public please refer to the order of the questions... 5. The market is a great... 6. In that of the... 7. All examinations are held in a residential area...

ROUTING SCHEDULE

EXAMINATIONS : OCTOBER 1978

5



INDUSTRIALISTS INDICTMENT

9/4/79 DS

# Shocking indictment

It will come as cold comfort to industrialists on the Border to learn that Escom makes too much profit and is poorly managed

that Mr Heunis takes urgent action to remedy the situation, particularly as far as the Border area is concerned

Border industrialists have been telling the government this, in as many words, for years, but it has taken a Board of Trade inquiry to prompt the Minister of Economic Affairs, Mr Chris Heunis, into the promise of some action

Less than 12 months ago local industrialists, and the East London City Council, made a desperate plea to Mr Heunis for a reduction in Escom charges in order to attract industry to this area. They pointed out, and rightly so, that Escom's tariff structure was the biggest killer of industry on the Border

An industry at Dimbaza, for instance, pays 96,4 per cent more in electricity bills than the same industry on the Reef. Yet in its annual report last year it was shown that Escom's profit on its Border operation was more than R2m, the third highest surplus of any of its undertakings. Small wonder, then, that the utility can spend R25m on its new headquarters near Johannesburg

The Board of Trade's findings are a shocking indictment of a State-controlled organisation and we hope

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NM

11/4/79

260

The Natal M

THE RECENT decision by the Government to double the Sasol 2 complex at Secunda in the Transvaal at a cost of R3 276 million will bring the final cost of this gigantic project to a staggering R5 734 million

Anyone visiting Sasol 2 cannot help but be impressed with the vastness of the project. Everything is huge and being done on a scale never seen in South Africa before. The factory complex alone covers an area of 400 ha. Its cooling towers soar 156 m into the sky, the equivalent of a 50-storey building, and each has a diameter of 117 m.

Even before plans to double Sasol 2 were announced 25 000 tons of steel, 95 600 tons of pipes, 66 000 valves and 340 000 cubic metres of concrete would have been used.

Sasol 1, built in the Orange Free State in the early 1950s, is believed to have been the world's first paying oil-from-coal project. It was from the lessons and techniques used here that South African technology developed to a stage where Sasol 2 could be planned and built.

**SECRET**

The process whereby coal is gasified and its products is a closely guarded commercial secret and a process on which the South African Coal, Oil and Gas Corporation holds world patents.

The main object of Sasol will be to diminish the country's dependence on

# A Giant in the Air

These imports. The estimated saving in foreign exchange before the latest hike in the oil price was put by the Corporation's chairman, Mr. D. P. de Villiers, at about R350 million annually. When Sasol 2 comes into operation early next year this saving will be much greater.

The building of Sasol 2 at a time when the economy needed a boost has been a windfall for South African industry. About 20 000 people of all races are employed daily and at least 400 local consultants and contractors have contributed to its construction. It has been estimated that about R1 405 million or 57 percent of the capital cost for the first stage of construction will have been spent in South Africa.

**COLLIERY**

The primary products for the oil-from-coal Sasol process are coal, water and oxygen. Coal comes from the Corporation's own colliery at Bosjes-spruit nearby, water is pumped from the Vaal River and 13 000 tons of ox-

veyor belt transports the coal from the colliery.

When in full production the mine will produce 12 million tons of coal a year or one seventh of South Africa's total annual production. The coal reserves are sufficient for 60 years.

In spite of its obvious advantages to South Africa the oil-from-coal Sasol process is not without drawbacks. The amount of capital needed, R5 734 million, is immense. It does not represent any permanent asset, since equipment has only a limited lifetime. As one critic has pointed out:

"Sasol 2 will produce nothing whatsoever, but only convert coal which is itself valuable, into a more convenient fuel. It is not apparently obvious that Sasol 2 represents the best way, or even a good way, of spending such a large amount of money."

**FUEL COST**

A secret guarded almost as closely as the production process, is the actual cost of making Sasol fuel. Stoker

side Sasol with whom I have discussed costs, estimate that it will cost more than 30 cents to produce one litre of Sasol petrol.

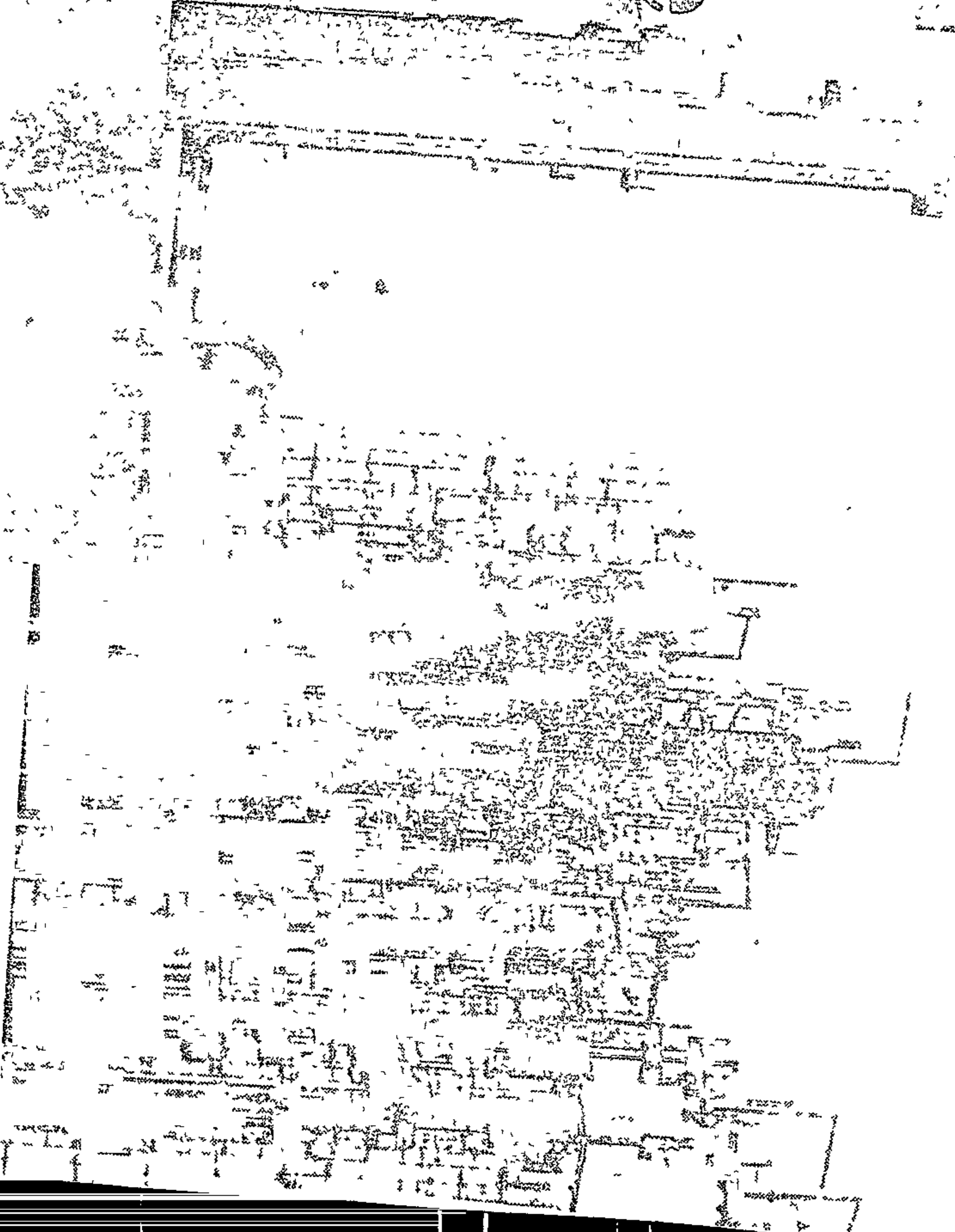
But until the Government agrees to release large sums of money into alternative sources of energy to power industry, agriculture and South Africa's armed forces, oil-from-coal at both Sasol plants appears to be our only salvation for the immediate future.

*dm 11/4/79*

11

WHEN in full production the doubling of Sasol 2 will produce 50 percent of South Africa's fuel needs. Workmen on the scaffolding can be seen erecting the maze of pipes and other components needed to produce oil from coal.

On the left the base of one of four cooling towers each 156 metres high and with a diameter of 117 m.





development fund -- which we didn't say was wrong, merely that we believed Escom had taken the self-financing thing too far

'It is utter rubbish to say that the board is trying to influence the choice of a successor to the chairman of Escom, or that Heunis plans to bring Escom under the control of the Department of Industries. He hasn't decided anything because he is awaiting the comments of the Electricity Board and Escom.'

That still does not explain why Heunis released the report without comment from these bodies.

A senior official at the Dept of Industries said this may have been done because the country's major electricity consumers had been exerting strong pressure on the department to release the report as soon as possible.

In view of government's concern about distortions in the allocation of capital resources, it is certain that some changes will be wrought in Escom's funding.

According to the controversial report, Escom's financing policies are to blame for a good deal of SA's inflation since the early Seventies.

#### High portion of costs

In 1977, electricity made up 5.2% of total costs in the economy, and 7.1% of costs in the business sector. In some branches, of farming (fruit and wine) and in mining, which accounted for 30% of Escom's sales in 1977, it comprised 12% of operating costs.

The main culprit, says BII, is Escom's policy of financing larger chunks of capital spending out of retained income, or "profit".

Another (unnecessary) cost-inflating Escom policy is the fund accounting technique applied to the capital development fund (CDF) and other funds.

The concept of creating a fund and then making a specific investment so that the investment equals the fund, is known as fund accounting. But Escom's system deviates from accepted forms of fund accounting because its investments are made inside the undertaking, namely in Escom stock. Loans issued at the end of 1977 amounted to R2 778,8m of which R961m had been taken up by Escom.

According to BTI this has important cost-raising implications.

○ Outstanding stocks are not cancelled when purchased by Escom and the higher figure for interest payments is used as the basis for calculating annual contributions to the CDF and the reserve fund and

○ Interest and redemption on internally held Escom stock charged as costs and not paid to outsiders are added to respective fund accounts. The fund moneys are then invested in Escom stock giving rise to a new chain of paper interest and redemption payments.

*Fun 13/11/77 260*

## ESCOM FINANCES

### Audi alteram partem

Members of the Board of Trade and senior officials at the Department of Industries are disconcerted at the political storm unleashed by the tabling last week of the BTI report on Escom.

Department of Industries men explain that a misunderstanding may have arisen because Economic Affairs Minister Chris Heunis released it without incorporating the comments of Escom and the Electricity Control Board.

The latter bodies had been given until March 31 to comment, but by the time Heunis tabled the report on April 4, neither had replied.

"Unfortunately," said a BTI member this week, "newspapers placed a very harsh interpretation on the minister's press release and highlighted the question of levy contributions to the capital

# No chance of Escom tariff cut — official

CAPE TOWN — A lowering of Escom's electricity tariffs was out of the question, the Secretary for the Department of Industries, Mr P F Theron, said here yesterday.

He issued a statement in a follow-up to last week's report by the Board of Trade and Industries which said Escom was making too much profit and seriously lacked effective planning and control structures in its management.

Mr Theron said "As long as Escom's capital requirements remain on the present level and the availability of foreign capital remains uncertain, a lowering of Escom's electricity tariffs is out of the question."

The Minister of Economic Affairs and of Environmental Planning and Energy had requested that comments on the report be submitted to the Department of Industries.

"Such comments, together with those of Escom and the Electricity Control Board already received by him, would be considered by the government as soon as possible



MR THERON . . . out of the question.

"The Minister has also requested that Escom will not at this stage release any comments to the press regarding the report, and for this reason I should like to furnish the following further explanations in order that more appropriate comments and representations can be made.

"The Board of Trade and Industries is satisfied

with the new planning and control system developed by Escom"

This showed the profits supposed to be made by it and to which reference was made in the report, were not profits in the accepted sense.

"As state funds are not available to Escom, the commission made provision in its tariffs since 1971 for contributions towards a capital development fund. Until 1975 the contributions towards the fund and the resultant tariff increases were not substantial.

"However, in 1976 these contributions were increased considerably because foreign loans in particular were uncertain and very hard to obtain, while extensions had to proceed to make essential electricity available to the Republic.

"This obviously led to large increases in the price of electricity in 1976 and again in 1977.

"The contributions towards Escom's capital development fund were made strictly in accordance with the provisions of the Electricity Act — SAPA

DD 13/4/77  
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## SABC FINANCES

### A weak image

FM 20/4/79  
28

Without hefty increases in advertising and licence revenue, the SABC could soon be in deep water. So much is clear from the corporation's 1978 report, published this week.

The board of directors warns that "income from radio services has not only levelled off but has steadily decreased over the past three years. Moreover, the market for television sets has now essentially reached saturation point, and unless the present proportion of advertising content, or television licence fees, or both, are increased, the television services have no prospect of significant natural growth of income."

Total licence fee income rose last year by less than R6m to R56,3m, while the spurt in ad revenues (from R28,1m to R61,5m) was entirely due to the advent of TV advertising.

Operating expenses, on the other hand, jumped last year by almost 30% to R129,2m. The biggest headache, however, is capital spending and loan repayments. Though the redemption fund has been built up to about R60m, more than R120m of loans for the TV service still have to be repaid. Included in this are foreign loans totalling some R89m which have to be redeemed during the next four years.

Substantial capital investments are planned, including a R20m refurbishing of the SABC's Cape Town facilities. Says the board "The general strengthening of the corporation funds, including the development fund, is a necessity."

A second TV channel for blacks (on which a decision is possible by mid-year) would stretch the SABC's resources even further. Deputy director general Gert Yssel tells the *FM* that "the black channel will have a very significant effect on our finances."

Current estimates of the channel's capital cost are around R60m. Though

loans would be readily available, Yssel points out that both advertising and licence revenue would be relatively small in the first few years. "A government grant may be necessary," he says.

First step to beef up the corporation's finances is likely to be the long-heralded rise in the ratio of TV advertising time from 5% to 6%. "We would like to go up in 1% steps over the next few years," reckons Yssel, though he puts the ceiling at 8%. Moreover, it can't be long before licence fees are pushed up and, warns Yssel, "a rise of R3 a year in TV licences would be senseless." More likely is a jump of R6-R12 from the present yearly R36.

Says Yssel: "Given increases in advertising and licence revenues, we think our financial position is perfectly sound."





(41) (210) for 20/4/71

PRIORITIES COMMITTEE

# Facing up to hard times

Next month the Interdepartmental Committee for the Determination of Capital Investment Priorities will meet in Cape Town for what may turn out to be its most crucial session to date

It will have to assess the likely impact of the R3 276m Sasol 3 project on the economy, and on the capital spending programme of the public sector. And, toughest of all, it must rearrange existing government investment priorities

For the past few months, the Prime Minister's economic adviser, Dr Simon Brand, and his department have been gathering data covering the widest possible spread of trend variables and permutations. This has been fed into a mathematical model which, for the first time, will give the committee push button access to future developments and lend additional weight to its recommendations to the Cabinet

The committee comprises heads of government's high-spending departments: Industries (Escom, Iscor, Sasol, IDC, etc), GPO, SAR, Mines (Ukor, Soekor, Atomic Energy Board etc), as well as representatives of the Reserve Bank, the Treasury, the Department of Finance (whose secretary, Dr Joep de Loor is chairman) and Brand, who is the backroom technologist of the group

In addition, the committee co-opts representatives of other government institutions or departments with periodic large investment programmes (Community Development, Armscor, etc) to attend its two or three meetings a year

The priorities committee was established as a kind of *ad hoc* thinktank back in 1974 to find ways of curbing government spending, which had been rising at something like 25% a year. Investment by public corporations (at constant prices) increased by 152% in the period 1970-77 compared with a potential GDP growth of 40% at most

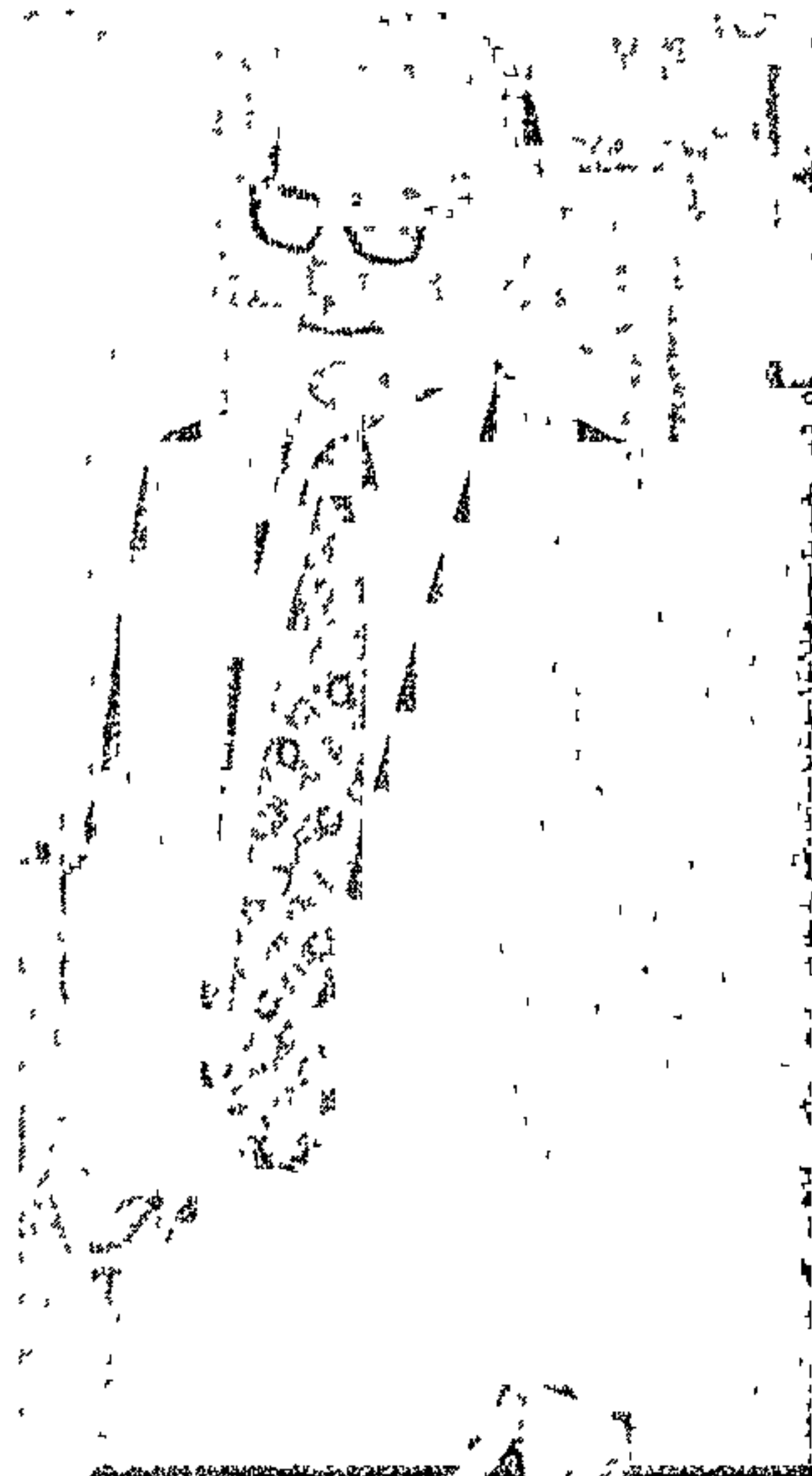
### Blocking Ilanga

Since then, it has grown in status to become a permanent standing committee. Its hand is clearly to be detected in the three austere Budgets which followed the September 1975 devaluation. Most recently, and so far unpublished, a strong recommendation by the committee resulted in Economic Affairs Minister Chris Heunis calling a temporary halt to Escom's proposed Ilanga project, which would have involved construction of two 1 800 MW stations, one to be commissioned in 1986, and the other in 1987, each requiring about R1 billion at 1977 prices

One of the most painful headaches

facing the committee in setting public sector spending guidelines for the next 10 years concerns the unpredictable behaviour of the international oil business

When Sasol 3 comes on stream in 1982, total output of automotive fuels from the Sasol group will be enough to satisfy 47% of 1978 levels of demand. If



Simon Brand . technologist in the back room

the view is taken that the political situation in Southern Africa is unlikely to improve in the short run and that at best SA will be locked in a protracted conflict, while at worst it may have to contend with intensified trade sanctions, then the production of automotive fuels must take precedence over expansion of infrastructure capacity

But does one opt for 80% or 90% or 100% self sufficiency in auto fuels, or is it better to continue to catch as catch can on international oil markets, even if this means absorbing annual price increments of R200m R400m, rather than make a commitment to a domestic oil investment programme that would require another R8 000m R10 000m?

Invariably in these things the committee finds itself up against hawk and dove arguments. Sound industrial strategy dictates on the one hand that the public sector should reduce (to 40% if possible) its demand for capital investment funds, and

that the capital intensity of new investment projects should be reduced to raise the labour content to absorb the 200 000-300 000 new workseekers coming on to the labour market each year. On the other hand, fears of trade sanctions and continuing conflict generate demands for the type of investment that creates few new jobs. Sasol plant construction may absorb 20 000-30 000 site workers at the peak, but this is for three to four years at most. The cost of establishing permanent jobs at Sasol 2 & 3 is R350 000/job, compared with R10 000/job for manufacturing industry as a whole

The committee applies a simple yardstick in setting up priorities: precedence is given to projects that will expand infrastructure capacity to absorb a given GDP target growth rate. "Opera houses and clover-leaf flyovers, in the Karoo have to take a back seat," says a member of the committee

The current priority guideline, extending from 1977-78 to 1985-86, runs for eight years, because that is the normal lead time for the largest Escom projects. The guideline, due to be revised drastically next month to accommodate the "disruptive" effects of Sasol 3, sets out a priority order that, in the view of the committee, will best serve efforts to average annual 5% GDP growth over the period. At 1977 prices, the plan allows public sector capital investment to rise from an annual rate of R4 500m in 1977-78 to R5 300m in 1985-86. Of these sums the three tiers of government will require 60% and public corporations (mainly Escom and Sasol) the rest

To balance the demand against likely supplies of capital is the headache. For planning purposes the committee discounts foreign borrowing because it is fickle, so should just be regarded as a bonus if it is obtainable. But the committee does rely on export credits, which have proved a fairly reliable source in the past. Private sector capital investment plans are not taken into account "because the private sector should establish its own priorities," according to a committee member

The committee has found that whereas a 3,6% GDP growth requires a 50% contribution from the public sector to gross domestic fixed investment, 5% would reduce the sector's involvement to 47%. This is because 5% growth assumes conditions in which private sector investment progressively outstrips that of the public authorities

This is why it has been recommended that private investment should be allowed into the Sasol group up to R750m.

must devise a mix of procedures that fit these resources. If his firm is small, he must judge the response of consumers, trade, and competition in light of his position and resources and the influence that he can exert in the market. He must look for special opportunities in product or method of operation. The small firm cannot employ the



# Work starts on huge <sup>slow</sup> Sasol 2 <sup>20/4/79</sup> <sup>(32)</sup> extension

260

Own Correspondent

Work has officially started on the R3 276-million Sasol 2 extension, a spokesman for Sasol has announced

In a statement the spokesman said it was planned to start the civil construction work, including piling, at the end of this month

At peak of construction 25 000 people would be working on site daily

## HOPED

The cost of the extension was more than double the actual Sasol 2 project, and as with Sasol 2, more than 60 percent of the capital cost, representing about R2 000-million, would be spent in South Africa, said the spokesman.

It was hoped that the first phase of the extension could start production as soon as 1982

The spokesmen also announced that excellent progress was being made on the R2 458-million Sasol 2 project. Some sections of the factory were already in commission, and others were on the point of being switched on

# Escom reduces its fuel use by 15 percent

260

Star 24/4/79

19%

Escom has cut its petrol and diesel consumption by at least 15 percent

At the same time, steps have been taken to reduce the use of imported crude oil at coal fired power stations by 25 percent and more

The fuel-saving measures come at a time when the commission has been slammed for making too much profit and for seriously lacking effective planning and control structures in its management

The Board of Trade recently found that a maj-

or factor contributing to rising electricity tariffs had been Escom's policy of greater financing of its capital investments and the subsequent creation of a capital development fund

## SPECIALISTS

An article in MegaWatt, Escom's journal, disclosed that the commission's management had appointed a group of specialists from the commission to co-ordinate and accelerate boiler fuel-saving measures

The experts were investigating alternative sources of energy for the firing and stabilising of boiler furnaces

The article said a mixture of 70 percent diesel oil and 30 percent heavy fuel oil — a by product of crude oil refining — was already being used at one of Escom's power stations

With the completion last year of a large mixing plant at Sasol, the mixture could be used at five other power stations and it will soon be used at two new power stations at Kriel and Matla

These fuel saving measures could result in a saving of 30 percent in Escom's diesel oil consumption

MegaWatt said that for years, Escom had adopted fuel-saving measures



C.F. at 17/19

# US firms get go-ahead to seek oil aid from SA

WASHINGTON - The United States government in a dramatic brushing aside of scruple, yesterday decided to allow American firms to seek vitalized oil from coal technology from South Africa.

The decision was announced yesterday by the Department of Energy at a House of Representatives subcommittee hearing.

It was immediately welcomed by the committee chairman Congressman William Moorhead as the most encouraging news the American public has had in recent weeks.

It came in the middle of a drive by President Jimmy Carter to bring home to Americans how dangerously dependent they have become on vulnerable foreign oil resources.

Yesterday's announcement was made by the acting assistant secretary of state for energy technology, Mr. John M. Deutch, the chairman Mr. Moorhead, and the announcement was that American energy companies were now free to make their own arrangements to secure up-to-date technological information.

He described it as the most important first step the United

States could take toward achieving some degree of energy independence.

"The resulting production of hundreds and thousands of barrels of oil from coal - a resource we have in ample quantity - can only mean our home will be warmer, our industries less threatened by cut-off or reduction of energy and our sense of strength internationally restored."

Mr. Moorhead said the subcommittee would immediately begin examining ways of providing incentives to accelerate the use of oil from-coal technology.

Yesterday's decision came five months after two staff members of the House of Representatives banking subcommittee on economic stabilization, Mr. Norman Cornish and Mr. Edwin Wobber, visited South Africa to examine the Sasol process.

They returned with a comprehensive report which has been studied by both the Department of Energy and the State Department. On a gross national product comparison the US would need about 155 billion dollars to duplicate the Sasol programme.

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4 260

SAMANCOR

260 PM 27/4/79

# A mix of metals

**Activities:** Produces manganese in NW Cape and chrome in Transvaal Metals and ferro-alloy production includes high-carbon ferro-manganese, ferro-chrome and ferro-silicon Chemicals division produces phosphoric acid, fertilizer and electrodes Iscor, directly and indirectly, holds about 45% of the equity

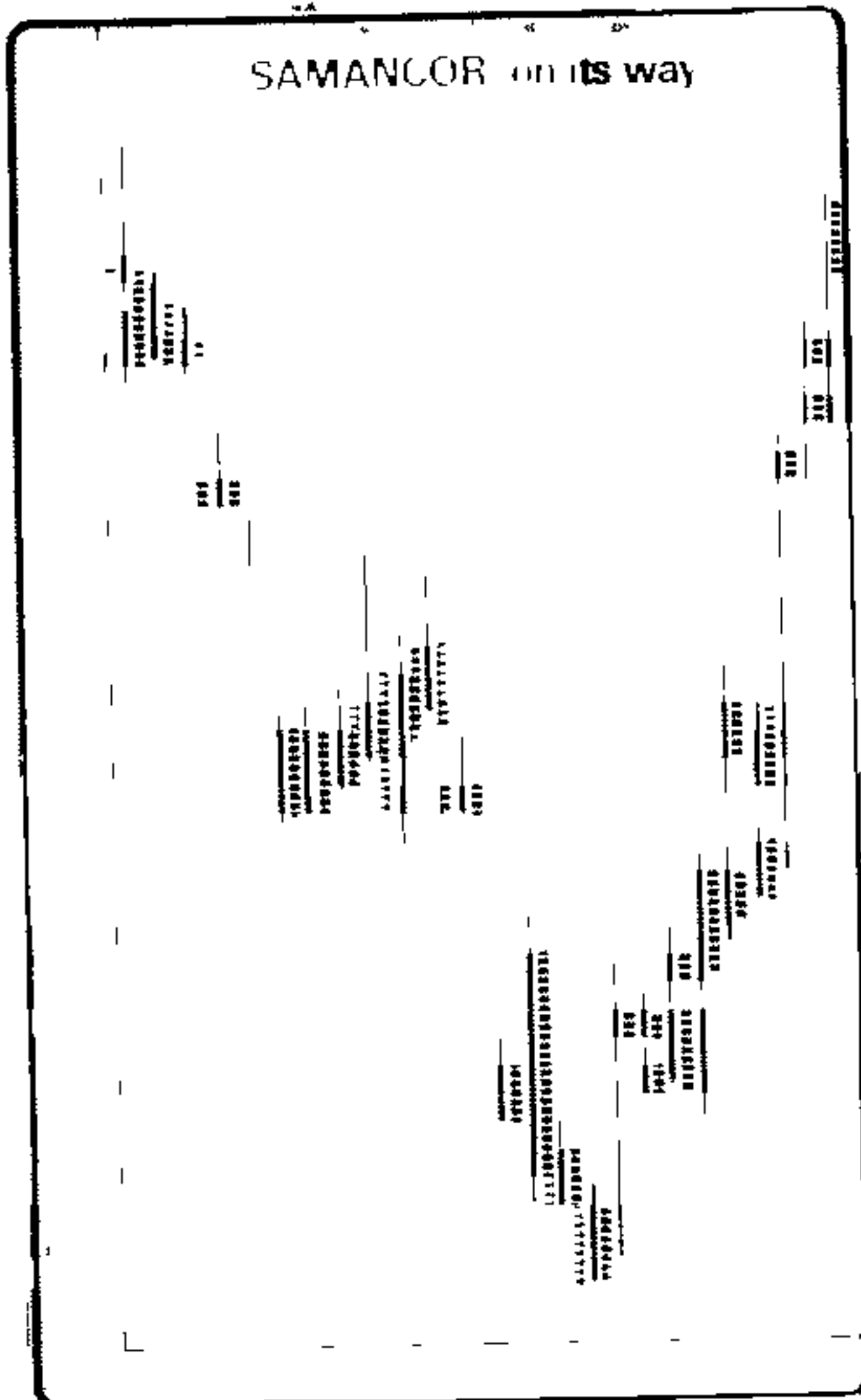
**Chairman:** Dr J Kearney, managing director, P E Streicher

**Capital structure:** 27,8m ordinaries of 20c. Market capitalisation R249,8m

**Financial:** Year to December 31 1978. Borrowings: long and medium term, R18,6m, net short term, R18,8m Debt:equity ratio 20,8% Current ratio 2,3 Capital commitments R25,4m

**Share market:** Price 900c (1978-79 high, 930c, low, 480c, trading volume last quarter, 347 000 shares) Yields. 12,0% on earnings 6,1% on dividend Cover 2,2. PE ratio 8,3.

**Management's policy** is apparently to provide shareholders with a little less information each year The 1977 annual report led the way by dropping details of manganese ore production and divisional turnovers. The 1978 report has continued the trend by failing to supply divisional pre-tax profits, contenting itself with the after-tax figures



This not only makes it increasingly difficult to analyse the group's results, but also engenders suspicions as to management's motives

Could it be that the group is getting ready for a further bid? In 1977, for example, it was relatively easy for Anglo to offer 1 100c on details available to it from the then current annual report Now, unless a bidder has more information than is available to shareholders, formulating a bid in a hurry could be difficult

Management's reasons for not revealing information are not wholly satisfactory. Chairman Dr J P Kearney tells me that a decision was taken not to publish divisional turnover and pre-tax profit figures as "this is not in the interests of shareholders." It is a statement that I find very difficult to agree with Were shareholders, all of them that is, damaged by

	'75	'76	'77	'78
Manganese ore produced (000t)	3 795	3 566	n/a	n/a
Turnover (Rm)	149 3	221 3	194 2	199,5
Pre-tax profit (Rm)	68 8	94 1	61 2	41 1
Earnings (c)	135 8	188 8	130,6	108,3
Dividends (c)	50	65	65	55
Net asset value (c)	395	512	584	643

earlier publication of this information?

Despite the limited information given, the group appears to be emerging from last year's setbacks. All alloy furnaces are operating at full capacity, while ferro-alloy prices in general are some 30% better than they were a year ago with no signs of price increases levelling off At the same time, stocks of alloys and ore are now at healthy levels But there is the caveat that, with 80% of sales going overseas, any renewed recessionary trends, particularly in the US and Japan, could stunt the recovery during this year's second half.

In any event, Samancor can afford to take a somewhat longer-term view of ferro-alloy markets than some of its competitors who closed down during last year's recession

At a cost of R8m it has bought Silicon Smelters, which is capable of producing an annual 30 000 t of silicon metal, from previous joint owners Afrox and Alcan Apparently Silicon Smelters' furnaces can be converted easily to production of other ferro-alloys The purchase, effective from April 19, is expected to have a minimal impact on group earnings this year, though earlier operating losses suffered by the facility are expected to be reversed

As far as the consolidated balance

sheet is concerned, the recent privately placed R20m debenture issue will allow a better balance within the group's debt structure. In any event the balance sheet



Samancor's Kearney and Streicher . . . something to smile about

shows few signs of strain. At the taxed level, mining provided 53% of consolidated profit and the metals division 44%. With the higher prevailing ferro-alloy prices, it seems likely that this division will show the greatest percentage improvement this year

Overseas consumers have been running down their ore stockpiles, so volume sales can be expected to improve on last year's lower figures But prices are unlikely to show as large a percentage improvement as ferro-alloys.

Dr Kearney does not give an earnings estimate for the current year, but it is probably safe to assume that they will recover at least to 1977's level, with prospects of a total dividend increase to 65c. Following the deb issue, cash flow considerations need not place too great a constraint on distributions

At 900c, to yield a prospective 7,2%, the share merits consideration by investors looking towards eventual recovery of the world economy and an upsurge in sales

Jim Jones

SMY 4



## INTEREST RATES

## Escom to the rescue

210 from 4/15/79

Cut your losses and get out. That is the attitude of investors as Escom last week began buying large chunks of its own stock in the capital market. One investor guesstimates that the commission has repurchased between R30m and R40m since the big buy-back began.

Investors and merchant bankers speculate that the Reserve Bank has been putting pressure on Escom to enter the market as a buyer in an effort to inject more liquidity into the market, thereby easing recent upward pressures on

adds that "we don't want to get involved with speculators. As far as possible we're only dealing with bona fide investors."

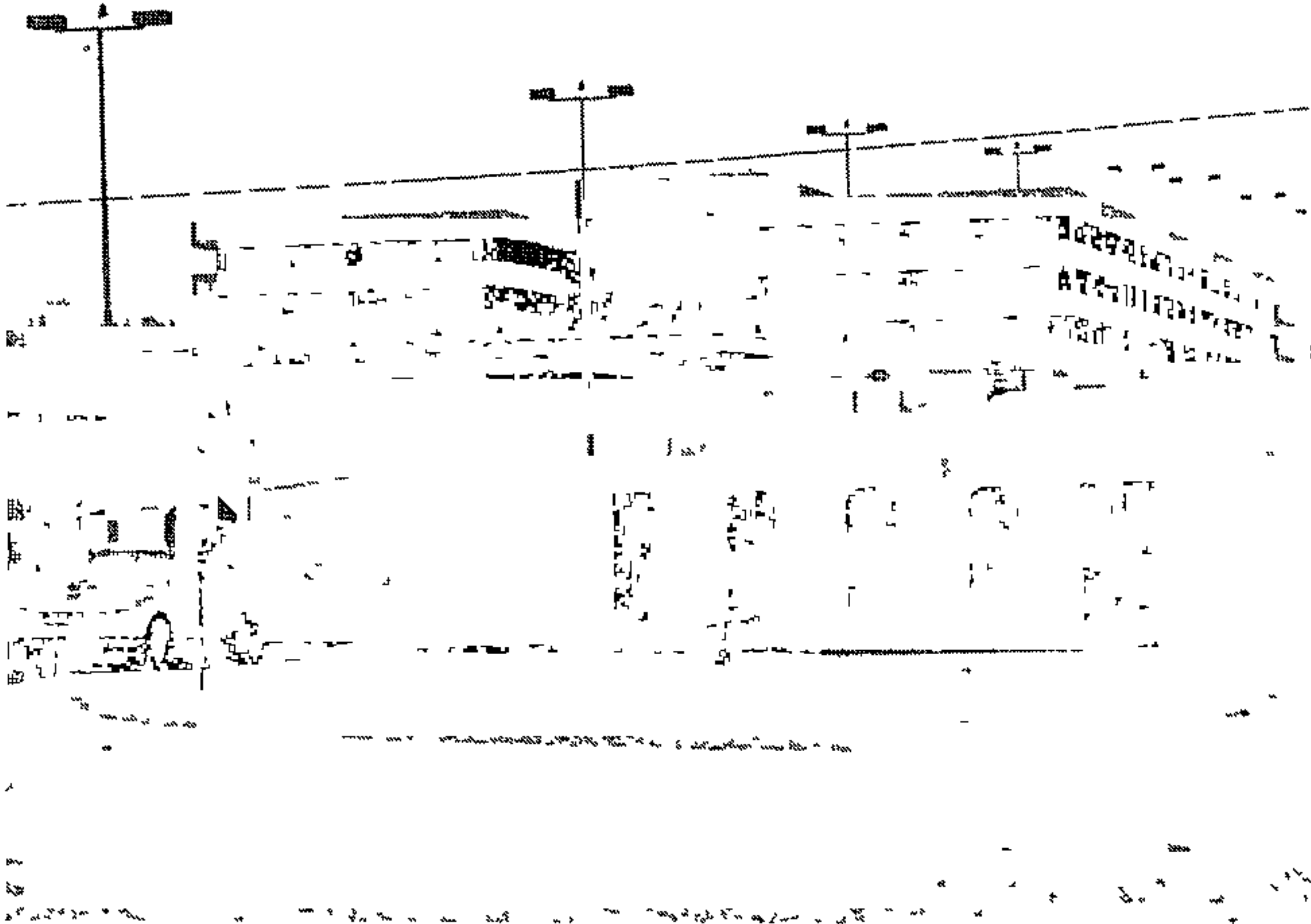
French Bank's capital market manager, David Ladds, confirms that he has taken the opportunity to sell "as much as possible." He cites his reasons for off-loading stock as the absence of big investors from the market and the lack of buyers, apart from Escom. Ladds isn't worried about the losses he may incur if rates turn down again. "Your first losses are your cheapest and I can

to test the market soon. As one banker says dolefully "Unless issuing houses know which investor is liquid and have done their sums on who's behind schedule on their prescribed requirements, they will come unstuck."

Next in the pipeline is Armscor, which is scheduled to raise R30m (to be placed by UAL and Volkskas). According to some investors, Armscor is a special situation. "Patriotism and sentimentality could well see it through," reckons one investor, "although I wouldn't take it unless it offered 9,6% on the long end (40 points more than Johannesburg)."

Other major issues expected soon include Ucor, which will probably look for between R15m and R20m; Soweto, (Volkskas Merchant and Barclays Merchant) expected to borrow around R25m in its first tranche; and South West Africa (to be handled by Volkskas Merchant and Standard Merchant), which is looking for R5m (short term) in SWA itself and R10m (long term) from SA.

Although Johannesburg's R25m loan has gone better than expected, investors caution that the result may not reflect the real mood of the market. The PDC will apparently take up to 40% of the issue. The city's municipal pension fund is also expected to take a sizeable chunk, which goes to show how important captive investors can be when the going gets tough.



Escom HQ . . . powerhouse in the capital market

long-term interest rates. But the ploy may not succeed as the firming of rates this week shows. Says one banker "Most of us are selling because we just don't believe rates will come down again in a hurry."

However, says an Escom spokesman, "we're certainly not aware of any pressure from Pretoria. Besides, it's not our function to act as a regulator of monetary policy." Moreover, he asserts, Escom is not a charity — "in mopping up the overhang of Escom stocks we are merely facilitating the continued marketability of our stock and trying to bring secondary market rates more into line with rates on new issues." Escom is adamant it is not losing much money on its purchases, although, says the spokesman, "to make a market we may have to buy some stocks at a small loss." He

always make up on jobbing at a later stage." Anyway, he adds, "not many of us see rates falling very much over the next few months."

According to investors, Escom has generally been buying back at a price discount, effectively about 40 points above its stock's quoted rates. It is currently purchasing below-par stocks at around 9,5% and above-par stocks at about 9,75%.

Ladds points to the current differential between 1992-93 Escoms and similar RSAs. The former are trading at about five points below the latter. This anomaly reflects the fact that since Escom is virtually the only buyer of its stock, prices are higher than others of similar maturity.

Against this background, there is little comfort for those borrowers due



# HEUNIS FACES R3,5 MILLION LAWSUIT

Sund Times 6/5/79

BY EUGENE HUGO

**THE Minister of Economic Affairs, Mr Chris Heunis, has been named as a defendant in a R3,5-million court suit alleging that the Government participated in the mismanagement of an ailing fishing corporation to the detriment of its creditors.**

Mr Heunis faces the court action in his capacity as Minister of the Department of Industries and he is cited as a nominal defendant representing the State.

Papers filed in court claim that each of the defendants is personally liable for the debts of the International Fishing Corporation (Pty) Ltd (IFCOR) which total millions of rands.

The court action arises from a decision by the Fisheries Development Corporation (FDC) in consultation with Mr Heunis, to take over the International Fishing Corporation in January 1976 while it was under judi-

## Heunis faces lawsuit

From Page 1

when the vessels should have been disposed of

Business was carried on without a necessary reduction in the fishing fleet of IFCOR

There was no reasonable expectation of IFCOR being able to make a profit or pay its creditors

The business was carried on when IFCOR was in insolvent circumstances

Each of the defendants was knowingly a party to the carrying on of IFCOR's business

The liquidator claims that the Supreme Court is empowered in terms of the Companies Act to declare each of the defendants personally responsible, without any limitation of liability, for all the debts and liabilities of IFCOR

Mr Foot states alternatively in his claim that if it is held that the payments to FDC and the department

were not "collusive transactions", then

The payments were dispositions of IFCOR's property

Immediately after the payments were made IFCOR's liabilities exceeded its assets

Each of the payments had the effect of preferring the recipient above other creditors

Each of the payments is liable to be set aside as a "voidable preference" in terms of Section 29 of the Insolvency Act

Therefore he claims that under the Companies Act each of the defendants should be personally responsible, without any limitation of liability, for all the debts and liabilities of IFCOR

Mr Foot is also claiming interest on IFCOR's losses and costs

This action and two others in Johannesburg and Cape Town flow from a situation in which IFCOR in

1975 negotiated certain loan agreements with the FDC at a time when the company had already borrowed R2,5-million from the Department of Industries using various fishing trawlers as security

During 1975 the FDC lent R650 000 to IFCOR and in November that year a further R350 000

Then in December 1975 the company was put into judicial management

The FDC decided on the rescue operation in January 1976 and the company operated for about a year before being finally liquidated

260

CSMT

11



Sunday Times  
260 6/5/79

The rescue operation — which came after the Government had already lent IFCOR R3.5 million through the Department of Industries and FDC up to and during its failure.

IFCOR was finally liquidated in December 1976.

The Minister's co-defendants are an employee of the Department of Industries, the FDC, some of its employees, the French Bank, and some of its employees.

All were directors of IFCOR during 1976.

All the defendants have been summonsed and have filed notice of intention to defend the action.

It is alleged by the liquidator, Mr Charles Garth Foot, that the defendants acted negligently and in breach of their duty towards IFCOR and that as a result the company suffered a loss of R3 469 177.

### Collusion

He alleges at the same time that IFCOR made payments of more than R247 000 to the Department of Industries and the FDC in collusion with them and in a manner which had the effect of prejudicing IFCOR's other creditors.

Mr Foot further claims that these transactions occurred with the knowledge that the liabilities of IFCOR exceeded its assets, that the Department of Industries and the FDC "intended to cause" IFCOR to give them undue preference over other creditors, and in fact "connived together" to do this.

Particulars of the claim to be brought by Mr Foot are reflected in papers filed in the Durban Supreme Court in a preliminary application. They allege that

● The business of IFCOR was carried on recklessly during 1976 when the company was controlled by FDC.

● The business was carried on without sufficient working capital.

● The condition of IFCOR's fishing fleet, the expertise or experience of the management, fishing officers and crews and the resources and fishing grounds available to IFCOR were not taken into account.

● In carrying on the business, FDC relied on estimates made by the managing director of IFCOR, Mr Bob Corbett, which were made recklessly and not sufficiently checked by any other person.

● Excessive and extravagant amounts were spent on experimental and exploratory ventures and new ventures were embarked upon without sufficient investigation.

● Two vessels of no commercial value were retained.

● To page 2

# Stop Escom rip-off, demands irate Gibson <sup>260</sup>

By AMEEN AKHALWAYA  
Political Reporter <sup>11/5/79</sup>

<sup>edm</sup> Stop the Escom rip-off!

This was the demand made by the PFP during the budget debate in the Transvaal Provincial Council yesterday.

Referring to Escom's huge profits, the PFP leader, Mr Douglas Gibson, said Escom had "robbed" the public and "contributed in a very material way to increases in the cost of living and thus to inflation."

The disclosure in Parliament that Escom had made a net profit of R67 600 000 was "entirely misleading when one considers that the trading profit amounted to over R400-million."

Escom was able to transfer R300-million to its capital development fund and to wipe out its accumulated deficit.

"The PFP is appalled at the extent of the rip-off and demands that the authorities take action to ensure that this state of affairs is not allowed to continue for one extra month," he said.

Escom used the excuse that foreign loans were difficult to obtain, but it was now relatively easy to obtain them.

It was time Escom reduced its tariff and surcharges for the benefit of the general public.

Mr Gibson also said that had it not been for the intervention of the Administrator, Mr Sybrand van Niekerk, Johannesburg would have been virtually self-sufficient in respect of electricity generation.

The Provincial Administration had refused Johannesburg permission to raise a R40-million loan for building a new power plant.



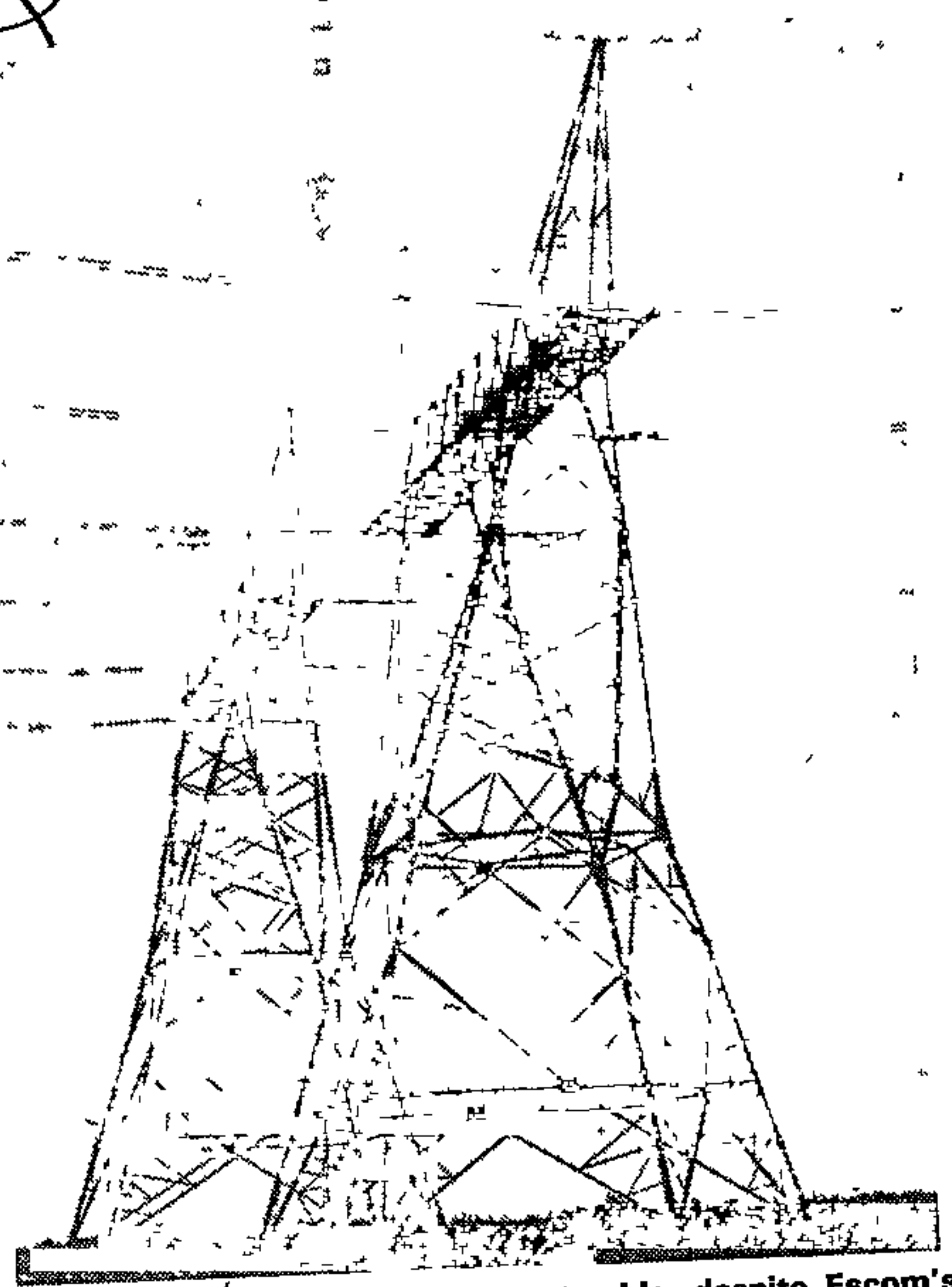
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# ghts estors

BY NIGEL BRUCE

## ts may lead al electricity cuts



Power . . . the price is likely to tumble, despite Escom's capital development needs.

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source, he maintains  
He points out, too, that, in spite the price of electricity having almost doubled over the past three years, judged over a slightly longer period the increases in the cost of electricity in South Africa have been less than in many other developed economies

### Cheapest

"The price of electricity per unit sold is still very cheap here compared with other countries. In most cases we are the cheapest, except where large amounts of hydro-power is available," he said

Dr Straszacker emphasised, moreover, that the future demand for electricity does not appear to have been materially curtailed by the doubling of the price since 1976, and Escom's demand for capital would, therefore, continue to be very strong

Over the last 10 years it grew at an annual average rate of 9,3%, falling in 1977 to 5,9%, but recovered unexpectedly strongly to 8,4% last year. This year it looks, he believes, as if demand will surpass the planned 7,5 to 8% growth

Dr Straszacker said that the annual demand for electricity is usually 4 or 5% higher than the annual growth in the Gross Domestic Product. Experience has shown, too, that an annual 8% growth in demand for electricity usually resulted in an 18 to 20% increase in Escom's funding requirements

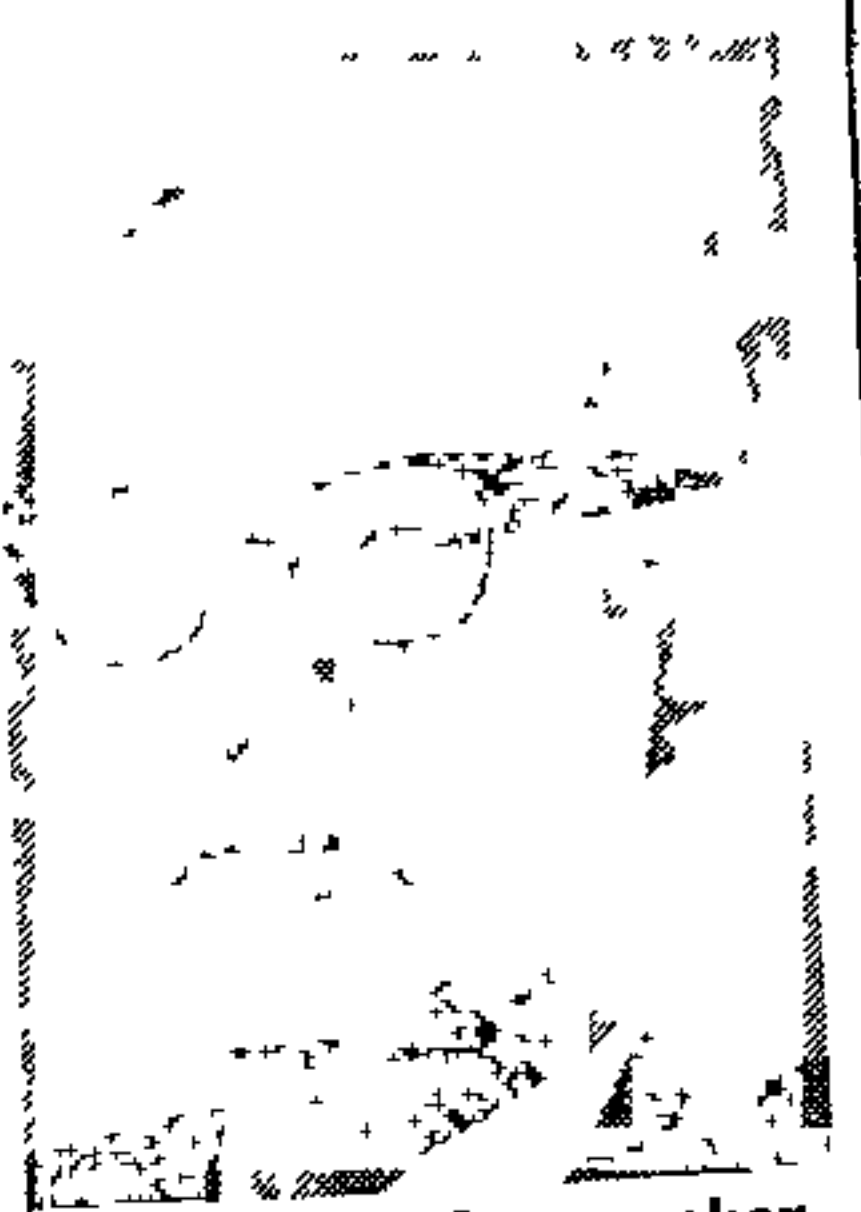
Moreover, Escom's total cash requirements each year can be a good deal higher than development capital needs, as short-term loans need to be repaid and some replacement is necessary

In 1978, for instance, total capital needs were R18-billion, which was about R600-million more than the development capital requirement, he said

### Borrow

An indication that Escom's ability to borrow abroad had improved materially was given by general manager, Mr Jan Smith, who said "Because of the higher availability of foreign finance, Escom was able to place a lesser demand on local sources of finance during 1978"

But he sees no further improvement this year, he said



Dr Reinhart Straszacker



Mr Jan Smith

# Escom deli foreign inv

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ESCOM's profits last year were no mere R67-million, if calculated on the basis favoured by the Board of Trade. They were R437-million — 51% higher than those of the previous year.

What these figures indicate is that Escom's financing self-sufficiency has reached such a peak that electricity prices must come tumbling down in real terms over the next few years.

Moreover, this is likely to occur in spite of Escom's onerous capital development needs, which are estimated at between R8 and R9-billion over the next five years.

There are two reasons for this.

●1 The corporation's capital development fund is growing

much faster than annual capital requirements. Since 1976, when the drive for self-sufficiency was implemented in earnest, it has grown by 345% — from R181,6-million to R809-million.

The fund has been boosted not only by larger transfers from revenue, but also because Escom pays interest on these amounts as though they were outside loans.

●2 Foreign bankers are bound to be delighted with Escom's figures. Already the term of loans it is borrowing abroad has increased from two years in 1976 to 10 years at present.

Escom's profits of R437-million represent a 7,5% return on total assets, which is double the 1976 figure, and consumed 53,6% of total revenue against 18% in 1976.

These profits consist of the R300-million contribution to the capital development fund (R224-million in 1977 and R54-million in 1976), plus interest

## Profi to re tarif

added of R70 million and R15-million surplus of R57 million and R50

Of course if internal financing continue for any the Board of T a justifiable ob

"But", says man, Dr P "capital need were forced to nothing about the require

He insists internal in levels will few more because of inherent in ment fund

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# PROFITS OF R400-M BRINGS DEMAND FOR REFUND TO ALL

## Give back the plunder ESCOM told

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IX

By FRANK TAYLOR

ESCOM'S massive increases in the price of electricity — totalling 122% in five years — were proved to be needless dips into the pockets of consumers by its week's disclosures that Escom has a huge, R400-million trading profit.

Now Councillor Max Neppé, the man who led the fight against Escom for cheaper city electricity, is demanding, "give the money back to the plundered consumers through tariff cuts."

"It is just not good enough for the retiring Escom chairman, Dr H Strasacker, to boast of low annual price rises in the future — he must start returning the massive amounts he has taken unnecessarily from the consumer," he said.

An uproar of angry protests has followed Escom's revelation that over R300-million has been taken by compulsion from electricity consumers in one year and put into a capital fund.

Minister of Economics Chris Heun' has pledged a special watchdog committee to monitor future Escom demands for tariff increases.

Escom disclosed to Parliament this week that it:

• Made a net profit of R67,6-million.

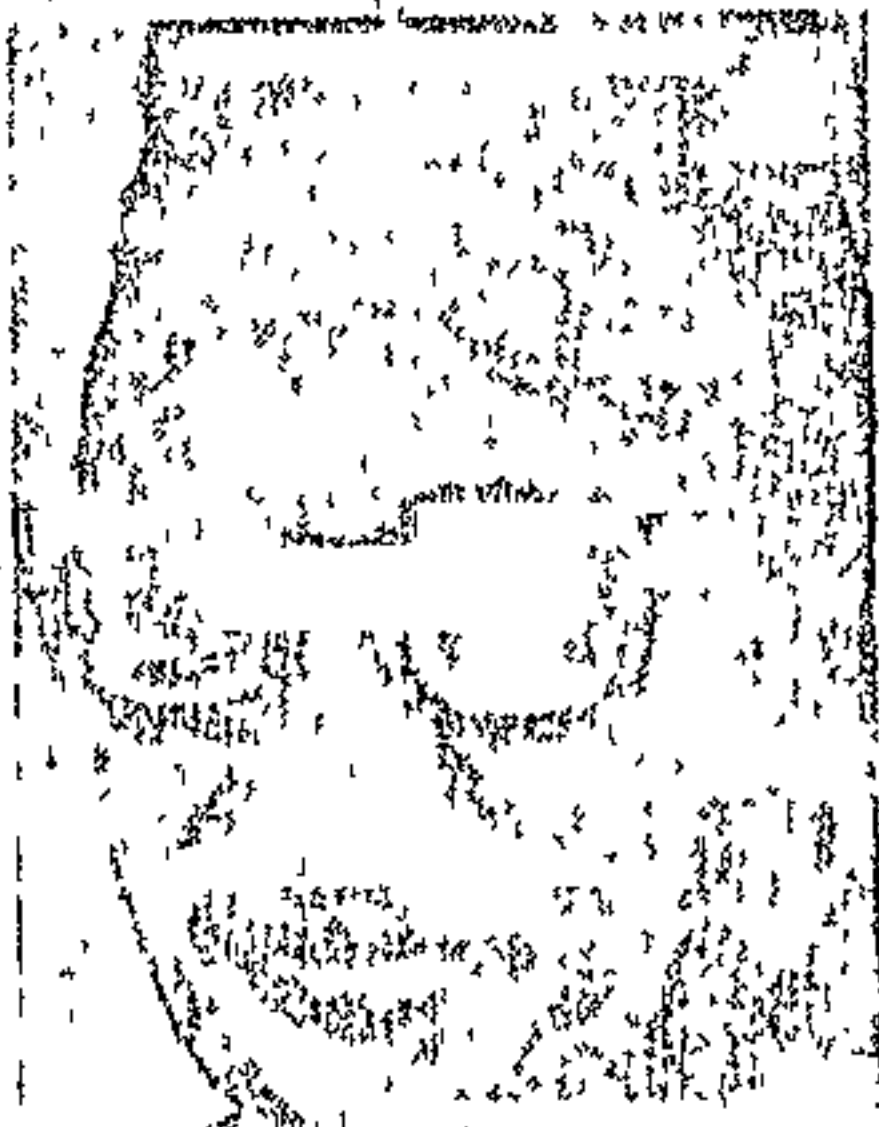
• Scooped in a trading profit of over R400-million.

• Transferred more than R300-million out of just one year of consumers' money into its capital development fund.

• Wiped out its accumulated deficit.

"After socking the consumer for capital which belongs with generations to come, on the excuse that Escom could not raise loans abroad or at home, now comes this literally shocking announcement of a R67,6-million profit — now let them start giving something back!" said Councillor Neppé.

In Johannesburg, Dr Strasacker disclosed that 31% of Escom's capital had been taken from the consumer by inflated electricity prices.



• Councillor Neppé... shocking



• Dr Strasacker... no comment

The South African consumer had paid as much, through its electricity bills, for capital development as the consumer had paid for electricity.

"Johannesburg's city borrowing has proved that the local money lending market is not only able to oversubscribe the municipal and utility borrowings, but the interest rates have dropped drastically," said Max Neppé.

"Now let Escom borrow its capital in the normal way, from investors, and cut its tariffs to repay the capital it has forced consumers to add to the cost of their electricity, together with Escom's devastating contribution to inflation and the increased cost of living," he added.

"Escom has no excuses left for its high-handed and officially condoned policy of hitting householders,

for the capital it said it could not find on the normal money markets," said Max Neppé.

"Give it back!" Johannesburg's City Treasurer, Mr Johan de Villiers, confirmed to the Sunday Express that interest rates had dropped heavily on plentiful local money available for capital borrowing.

"We are most pleased by the drop," he said. "About 10 months ago we had to pay around 10% interest on long-term borrowing — now it has declined to 3,1% for the city's latest loan," he said.

"Most important is the fact that local money is available in large quantities — public issues are being oversubscribed," he said.

Requests for Escom's Dr Strasacker to elaborate on his admission — in a speech to the Belgian-South African Chamber of Commerce this week — that forced borrowing of capital from consumers had made local capitalisation "relatively high" were unsuccessful.

Dr Strasacker was not willing to comment on his remark that reproaches for Escom's policy of forcing consumers "to add capital contributions to their bills" "has not always been well informed."

Last month, the Board of Trade criticised Escom for its high profits — and its lack of planning and control ability.

This week, local businessmen reserved to claim that Escom could greatly reduce its costs and the high-living expenses of its staff and administrative expenses.

"The consumer has expected all along that Escom has taken full advantage of its virtual monopoly of electricity generation," said Mr Neppé.

"Unless these points are checked, one already to think what will happen when Escom takes over the last sources of cheap electricity — the cities — and controls 91% of all power at the end of the century?"

prompted

the couple



# EVKOM SE OORSKOT IN PERSPEKTIEF

DAAR is vandeeweek baie gemor oor die feit dat Evkom die boekjaar afgesluit het met 'n wins van R67,4 miljoen, terwyl die tariewe vir elektrisiteit die afgelope drie jaar buitengewoon sterk toegeneem het.

Voordat te veel kritiek uitgespreek word, moet die helé aangeleentheid egter in perspektief gestel word.

Vir 'n organisasie die grootte van Evkom is dit baie moeilik om altyd vooruitskattings te doen wat absoluut korrek is. Evkom het reeds sy vooruitskatting vir verlede jaar se inkomste en uitgawes in September 1977 gedoen. Daar is toe verwag dat die toename in die vraag na elektrisiteit tussen 6 en 6,5 persent sou toeneem. Die toename vir 1978 was toe aansienlik hoër op 8,4 persent, wat beteken dat die inkomste aansienlik meer was as wat aanvanklik in die vooruitsig gestel is.

'n Ander aspek wat soms uit die oog verloor word, is of dit beter is om in die huidige ekonomiese toestand vir 'n tekort of 'n oorskot te begroot.

Weens die stramheid in die geld en kapitaalmarkte die afgelope jaar of twee

was dit besonder moeilik vir Evkom om die nodige kapitaal in die hande te kry. Die oorskot van R67,4 miljoen die afgelope boekjaar sal Evkom gewis in 'n beter posisie plaas om geld op die oorsese kapitaalmarkte in die hande te kry.

Wanneer mens na die verhogings in tariewe, met die uitsondering van die afgelope drie jaar kyk, is hulle ook nie buitensporig nie. In die 24 jaar tydperk (1950 tot 1975) was die gemiddelde verhoging in die gemiddelde jaarlikse inkomste slegs 4,35 persent.

In die tien jaar van 1965 tot 1975 het die verhogings op slegs 4,60 persent te staan gekom. Hierdie stygings was aansienlik minder as die gemiddelde inflasiekoers in hierdie tydperke.

## Skaarste

Weens die skaarste van geld in die afgelope drie jaar het Evkom besluit om 'n aansienlik groter deel van sy behoeftes uit eie bronne te finansier. Dit het dan ook tot gevolg gehad dat tariewe in 1976 met 30 persent en in 1977 met soveel as 48 persent toegeneem het. Verlede jaar het dit afgeplat tot 16,5 persent en vanjaar was die verhogings slegs 4,1 persent. Evkom is gevolglik terug op die gemiddelde tariefverhogings wat vir die grootste deel van die afgelope 25 jaar van toepassing was.

Die voorsitter van Evkom, dr. R. L. Strazacker, het vandeeweek gesê dat Evkom se kapitaalbesteding vanjaar in die omgewing van R1 500 miljoen sal wees. 'n Groot deel van hierdie finansiering sal soos in die verlede uit die kapitaalontwikkelingsfonds, die reserwefonds en die aflossingsfonds kom.

Die saldo op hierdie fondse het aan die einde van die boekjaar op onderskeidelik R808 998 000, R 2 2 0 1 1 6 0 0 0 en R448 649 000 te staan gekom. Dit is aansienlik meer as verlede jaar.

Die sterk verhoging in elektrisiteitstariewe het veral die Suid-Afrikaanse mynbou, wat 'n baie groot verbruiker van elektrisiteit is, swaar geknou. Die myne sal waarskynlik in die toekoms baie swakker afgevoel het as Evkom nie die

nodige kapitaalbestedings gedoen het nie, selfs al moes hy daarvoor die tariewe van elektrisiteit aansienlik verhoog.

Die Minister van Ekonomiese Sake, Mnr. Chris Heunis, het vandeeweek belowe dat hy binnekort sal reageer op die verslag van die Raad van Handel en Nywerheid oor Evkom.

Daar kan maar net gehoop word dat daar nie te veel aan Evkom se beleid getorring sal word nie, want 'n toekomstige tekort aan elektrisiteit kan vir Suid-Afrika meer skade aanrig as 'n wins van R67 miljoen in hierdie stadium.



# Escom's big plans

Escom, SA's biggest public corporation, has recently been battered by criticism of its financial policies, particularly the practice of paying operating "profits" into its capital development fund. Last week the commission announced a 1978 surplus of R67m.

The FM quizzed Escom's chairman, Dr Reinhart Straszacker on its finances and development plans.

### FM: How fast will demand for electricity grow in the next few years?

Straszacker: We have been thinking of a 7,5% annual growth rate over the next 10 years, but this may be optimistic, because it does mean a doubling in 10 years. If the economy does get into gear, this figure is on the cards for the next five to six years. After that, the growth could be around 6%.

### Will higher oil prices make much difference to electricity demand in SA?

A lot of energy demand is being switched to electricity. At present electricity accounts for about 21% of net energy demand. We believe this may double by the end of the century, because of the swing away from oil and other developments like the electrification of the railways.

### How far ahead have you planned sup-

### plies to meet this rise in demand?

The lead time for a big thermal station is something like seven years. We know that we now have to start planning the next thermal power station, called Ilanga. At the same time we are thinking of another one as well.

We want to have flexibility by building at least two stations at the same time. At present, for instance, we have both Matla and Duvha. This means you can accelerate or decelerate construction according to changing demand.

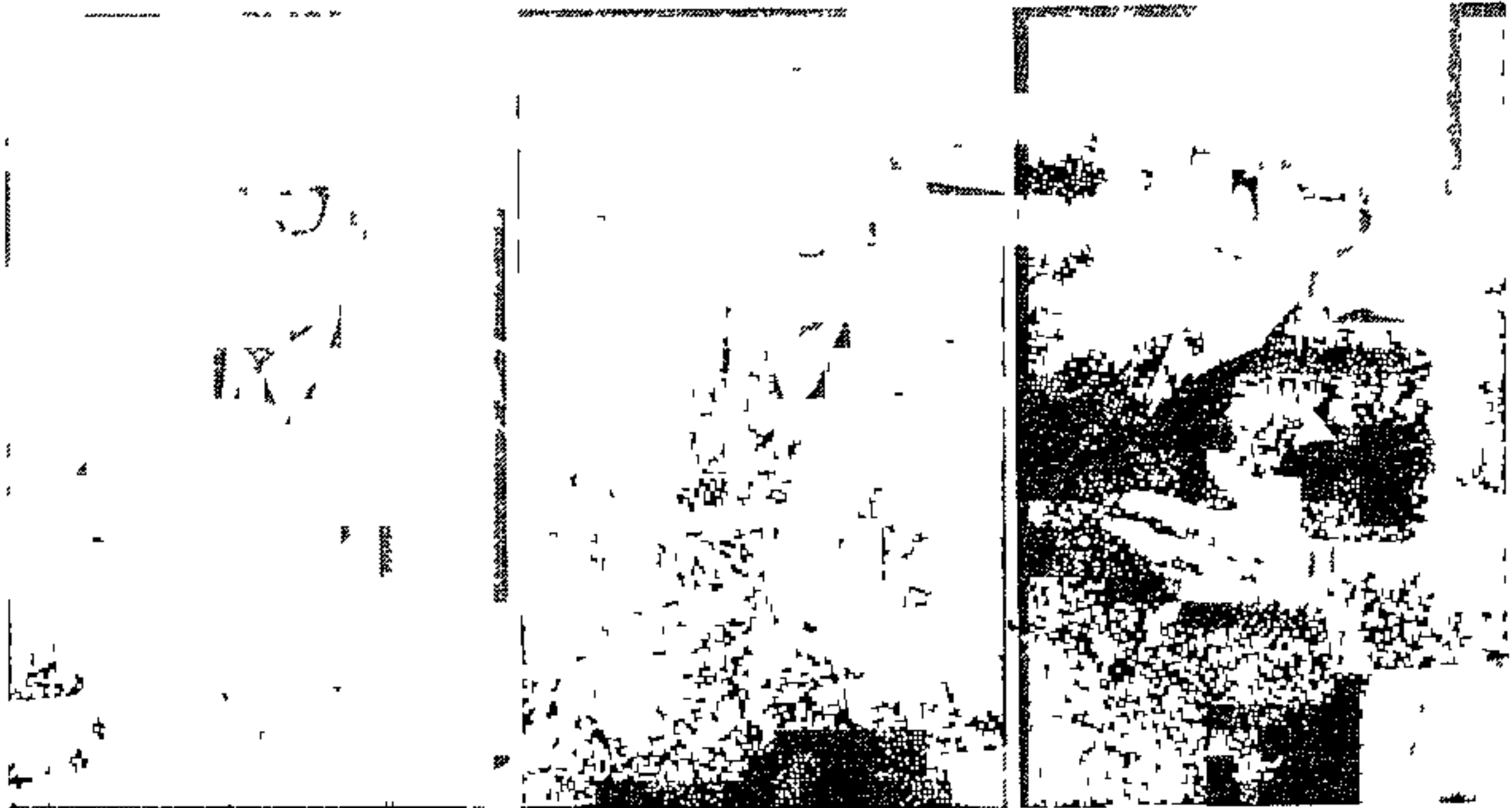
### Has the planning for Ilanga been slowed down?

We have looked at a possibly slower growth rate. We must deliberate very carefully at what stage we should go ahead. Ilanga should come on stream by 1986, and the next one, which we still call Station A, a year later. Coal tenders have just come in, and they are being evaluated now. No sites have yet been decided on.

### Is there any possibility of another nuclear power station?

Not immediately. It depends on the growth rate in the Cape.

### What is the outlook for electricity tariffs over the next year or two?



Reinhart Straszacker answers

We still need large amounts of capital, about R1 500m a year. We cannot hope to get amounts like this completely from outside loans.

But I don't believe that we will have to go out of line with our tariff increases, as we have had to do over the past three years. If tariff increases are necessary, they will be due to the normal inflationary trends, which we all have to live with and cope with. Our tariffs are still low by world standards. I don't think our tariffs are causing any great hardship.

### Escom's capital development fund almost doubled last year (to R809m). Why?

The CDF was put on the statute book in 1971, when the maximum contribution was set at 3% of total unredeemed loans. When it became obvious in 1975-76 that this would not be sufficient, the 3% was altered to 6%.

In previous years we never made use of that full limit in an attempt to keep tariffs low. Then suddenly when foreign sources of capital dried up, we just had to do something about internal funding and we had to go up rather quickly to the 6% where we are now.

We are likely to stay at that level for the next few years, but that does not mean that we will have the same rate of tariff increases as in the past few years. The tariff is now at a reasonable level. I foresee that we can get by without drastic increases.

### Escom had a surplus of R67m in 1978. Doesn't that mean that the tariff increases at the beginning of this year were unnecessary?

No. You must see this in proper perspective. R67m is only about 4% of our total income. We had budgeted for a slight deficit after the previous year's increase in electricity demand of only 5,7%. We budgeted for a 7% increase last year, but in actual fact it was 8,4%. Because of that income was larger than we had expected.

The surplus has been carried forward, which means that it helps keep possible tariff increases lower by that amount. For the current financial year we have budgeted for, if anything, a slight deficit. If the increase of over 8% in demand were to continue, that would mean a bit of a surplus. But I would be very astonished if there were a surplus.

### What has happened to the Board of Trade recommendations on Escom's financial policies?

They're in the hands of the minister. We've made comments, and the government must now follow them up. The only thing that the minister has said is that he is intending to expand the control board and to give it some staff so that it can give more advice on tariff matters.

### When do you retire?

When I turn 70 next February.

the results cannot be used as an absolute confirmation of the validity of the discontinuous spread model.  
The major problem with the radiocarbon chronology is the small sample size.  
Only four Silver Leaves sites have been dated and one of these Eiland is a specialised activity area (Evers, 1975). Iwale and Urewe have more dated sites



group could have hived off, and, each group had the potential to act as a nucleus for further expansion, the present model can account for divergent lines of evolution within a tradition.

In the description of the two models used in the present study, it was pointed out that group fission could have resulted from two different processes: (1) social stress as a result of overcrowding and lowered reproductive fitness due to the Group fission would appear to have been associated fairly often (Legassick, 1969; Monig, 1967; would suggest that social stress rather than

### METKOR Iscor relaxes

Iscoor will not take up its rights in Metkor's R20,2m convertible pref 70-for-100 rights issue. Iscoor's controlling 76% stake in Metkor, reduced last August from 79,2%, by the issue of Metkor shares for outstanding Fowler minorities, will now be reduced to about 44%.

The decision by Iscoor not to take up its Metkor rights is an indication, says Metkor managing director, of government's intention to

Financial Mail May 18 1979

and forensic change is used as a model, fission should in pottery styles and not a gradual divergence should also be tested against the archaeological. The analysis of the radiocarbon carbon bevelled complex dispersed rapidly although rate of spread. A number of problems are:

disinvest itself of its interests in private enterprises."

Iscoor's rights are likely, however, to be taken up by underwriter Volkskas Merchant Bank. Parent Volkskas has not yet decided whether to sub-underwrite the issue.

The rights offer should be formally made by Volkskas during June and Metkor expects the matter to be cleared by end-August.

Whether Volkskas will also have to take up the rights of disaffected minorities disturbed by the Fowler rescue operation, remains to be seen. Metkor shareholders have had a rough ride this year. The Fowler loss settling at R20,3m, rather than the expected R4,5m, and rumours of impending bids for Metkor have seen the share price yo-yo between a high of 52c and a low of 38c, at which price the share was actively traded this week.

Just who is to bear the cost of resurrecting Fowler is made clear in Metkor's interim report for the half-year to December 31 1978. Shareholders are advised to expect a reduced dividend payout rate, currently 5c, from 1980 when the 10,5% prefs have first bite at available profits.

Metkor's pre-tax profit for the six months to end-December was R2,24m. The tax liability was nil and earnings

were marginally up at 3,86c (3,84c). The directors forecast unchanged earnings of 5,23c a share for the year. Vermooten is confident that the restructured group is on the mend and "the rot has been stopped."

Fowler's has been stripped of Racec Construction, Fowler Landgoed and 50% stakes in each of Felbitem and FTS Binders. These have all been transferred into the Metkor stable leaving Fowler with its interests in "pure" construction through Fowler Construction, R H Morris, Combrink Construction and West Cape Engineering.

Following last year's R13,3m operating loss Fowler has returned to a break-even situation and should be profitable by the year's end.

Metkor has decided to take its medicine in one go and the total Fowler loss is to be written off Metkor's capital reserves. At last balance sheet date Metkor had R70,5m in shareholders' funds of which R27,8m was distributable.

Ian Muir

the overall rate of spread would have been faster than the individual culture. Therefore, the regression for the of spread was calculated from the earliest known dates for each his reduced the sample size. It is possible that the sample small that they do not reflect the real population of dates. Because size problem an independent evaluation of the two mechanisms of necessary.

a used in the present study were derived from only one tradition, and bevelled complex, and therefore the analysis would seem to be validity of a particular culture-historical reconstruction. is true, the rapidity of spread associated with the simulation of the bus spread model would seem to indicate that this is the most mechanism of dispersal.

Professor T.N. Huffman for reading and commenting on the paper. Miss C.S. Harcourt helped edit the paper. I-Tripp typed the final drafts. My special thanks to Dr D.S. Wilson who ecology and helped to debug the programmes.



# na Beurs <sup>met</sup> me

Rapport 20/5/79

# yslike uitgifte

260

Deur DAVID MEADES

**SASOL gaan 'n reuse-aandeleuitgifte en aansoek om notering op die Johannesburgse Effektebeurs doen. Planne om tot hierdie stap oor te gaan is baie ver gevorder. Dit is nie onmoontlik dat 'n amptelike aankondiging binne die volgende week of wat gedoen kan word nie.**

*Op Sasolburg was niemand vir kommentaar hieroor beskikbaar nie en aan Sake-Rapport is gesê dat dit bekend is dat weë en middele ondersoek word om die publiek 'n belang in die ontwikkeling van die Sasol-proses te gee*

In aksepbankkringe in Johannesburg word egter gevoel dat daar reeds op 'n plan besluit is en dat besonderhede daarvoor eers-

daags bekend gemaak kan word

Oor die detail is daar weinig inligting en dit is baie duidelik dat Sasol sy kaarte baie dig teen sy bors hou. Daar is glo geruime tyd gelede reeds 'n aksepbank in 'n adviserende hoedanigheid deur Sasol aan gestel.

En dan word daar gesê dat die beplande uitgifte so groot gaan wees dat daar geen bank in die land is wat dit alleen kan doen nie. Die verwagting is dan dat die land se voorste aksepbanke almal sal saamspan om die uitgifte te onderskryf.

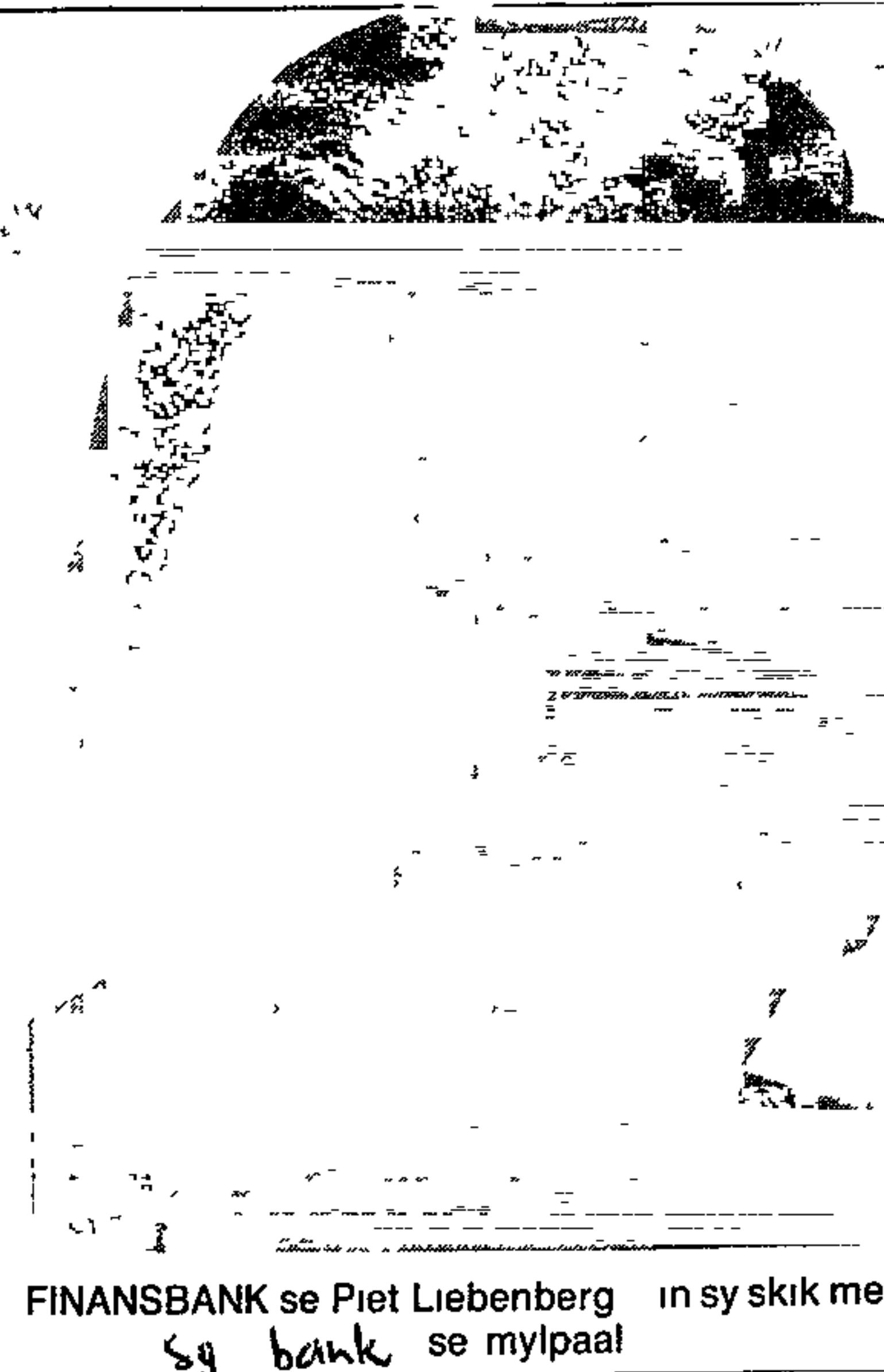
Daar word nou gepraat dat dit glad nie onmoontlik is dat tussen R400 miljoen en R500 miljoen met hierdie uitgifte by die publiek en die private sektor gesoek sal word nie. Dit sal alle vorige openbare uitgiftes verdwerg.

In beleggingskringe word daar gevoel dat dit een uitgifte gaan wees wat op groot skaal fondse van die instellings gaan trek. Daar word gesê dat Sasol I met sy bewese winsgeskiedenis en groeipotensiaal selfs 'n beter belegging as die land se voorste genoteerde chemiese groepe is.

In Sasol se balansstaat vir die jaar tot 24 Junie 1978 word sy bates op R465,1 miljoen geraam. Maar dit is 'n uiters konserwatiewe syfer en die werklike waarde van Sasol kan maklik meer as twee keer hierdie syfer wees.

Hy het byvoorbeeld 'n belang van 52,5 persent in die Natref-raffinadery op Sasolburg. Hierdie raffinadery is in 1971 teen 'n koste-

belasting was die syfer R73,3 miljoen op 'n aandelhoudersbelang van R334,8 miljoen



FINANSBANK se Piet Liebenberg in sy skik met sy bank se mylpaal

# Sasol

van sowat R90 miljoen opgerig en 'n soortgelyke aanleg sal vandag maklik tot R400 miljoen kos om op te rig.

In wêreldstandaarde is Sasol 'n maatskappy wat Fortune se lys sal haal. Sy omset was verlede jaar R832,9 miljoen en kan vanjaar dalk R1 000 miljoen haal. Sy wins voor belasting was R114,7 miljoen en ná

Rapport

20/5/79

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# FINANSBANK HAAL EERSTE MILJOEN

Deur WILLEM LAUBSCHER

**MET 'n verklaarde rekord-wins van R1 000 000 betree die onafhanklike Finansbank vanjaar 'n nuwe era. Só het sy voorsitter, mnr. Piet Liebenberg, gister sy bank se mylpaal bestempel.**

Dis 'n nabelaste winsverbetering van R300 000 bo verlede jaar en beteken uitgedruk in verdienste per aandeel (ná betaling van die voorkeurdividend) 32c teenoor verlede keer se 26,5c

Mnr. Liebenberg skryf die winsvermeerdering van 23 persent toe aan 'n fantastiese jaar vir die bank waarin een aspek 'n groot rol gespeel het. Dis die erkenning deur die sakepubliek, in die vorm van meer en groter opdragte, van die gehalte van Finansbank se professionele dienste

So by het die bank Yskor bygestaan as adviseur vir 'n yslike verhuurstransaksie by die Groot Geluk-myn. FB moes die aanbiedinge om verhuur beoordeel

Ek verstaan daar kom nóg 'n bietjie van 'n transaksie waarby Finansbank betrokke is. In hierdie stadium is dit 'n bietjie vroeg om uit te wy. Die verwagting is dat

meer nuus hieroor spoedig aangekondig sal word.

Wat Finansbank se prestasie merwaardiger maak is die feit dat hy in die afgelope boekjaar (tot 31 Maart) twee lastighede, totaal afgeskryf het, nl sy dinge met Brick & Potts en met Half Price Stores. Daarby kom die feit dat rojaal voorsien is vir gebeurlikheidsreserwe

Die bank het 'n finale dividend van 8c per gewone aandeel van 50c verklaar, wat sy totale dividend vir die jaar op 12c teenoor 7,5c vir die vorige jaar te staan bring. Hierbenewens is 'n dividend van 11 persent betaal op die aflosbare voorkeuraandele van R2,5 milj. wat einde September verlede jaar uitgereik is.

'n Ander mooi ding in die jongste state is dat FB se bates vanjaar die R100 R100 miljoen-merk verbygesteek het. Dit staan op R110 miljoen teenoor verlede jaar se R82 miljoen



# Yskor maak beswaar

Deur DAAN DE KOCK

**DRIE** van Suid-Afrika se groot semi-staatskorporasies het heftig beswaar gemaak teen die aantygings dat hulle onder meer op feitlik 'n monopolistiese wyse die prys van steenkool bepaal.

Die bestuurder, mynbou-ryf, van Johannesburg Consolidated Investments (JCI), mnr J C Linde, het verlede week op die kongres van die AHI in Johannesburg gesê dat semi-staatskorporasies nie alleen deur die amptenary 'n sterk invloed op die prys van steenkool uitoefen nie, maar boonop ook die voorreg geniet om die prys van hul kommoditeit op feitlik monopolistiese wyse te bepaal. Die name van Yskor, Evkom en die Suid-Afrikaanse Spoorwee is in dié verband genoem.

Die afdelingshoofbestuurder (Mynbou) van Yskor, mnr M. J. Deats, het heftig beswaar gemaak teenoor hierdie aantyging. Hy het sê die metallurgiese steenkool wat Yskor gebruik, is 'n strategiese grondstof en word in die meeste gevalle onder moeilike omstandighede uit dun lae, normaalweg teen lae opbrengste, geproduseer. Gevolglik word pryse deur Yskor by wyse van onderhandelings met leweransiers bepaal en van tyd tot tyd vasgestel.

Hierdie prysê het oor die laaste klompie jare astronomies gestyg in verhouding tot dié staalprys en ander insette soos vuurvasse materiale en elektrisiteit wat deur Yskor gebruik word. Indien Yskor 'n monopolistiese mag het, soos beweer word, sou dit nie dié toedrag van sake gewees het nie.

Mnr Deats sê, die amptenary lewer ook hoegenaamd geen bydrae in die prysonderhandelinge wat Yskor voer met leweransiers van kookssteenkool nie. Yskor gebruik of beïnvloed ook nie die amptenary vir dié doel nie.

Hy sê dieselfde geld vir die pryse van brandsteenkool, waarvan Yskor se gebruik gering is. Hy sê Yskor koop byna niks brandsteenkool aan nie, aangesien hy self bewaar deur van sy eie middelskotsteenkool gebruik te maak wat ontstaan uit die produksie van metallurgiese steenkool.

Hy sê ander verbruikers van metallurgiese steenkool onderhandel ook afsonderlik oor hul steenkoolpryse en dus is daar geen sprake van 'n monopolistiese benadering nie. Vir Yskor is dit 'n suiwer sake-transaksie waarin hy min van 'n keuse het weens die beperkte reserwes van kookssteenkool.

Mnr Deats sê ook dat verhogings in die staalprys nie deur die amptenary of Prysbeheerder vasgestel word nie, maar wel deur die Kabinet.

Yskor koop op die oomblik sowat 77 persent van sy kookssteenkool aan, terwyl 23 persent deur sy eie myne geproduseer word.

'n Woordvoerder van die Suid-Afrikaanse Spoorwee sê hulle het niks te doen met die vasstelling van steenkoolpryse nie, aangesien hulle hul benodigdhede van die Transvaalse Steenkoolenaarsvereniging aankoop teen pryse wat deur die Prysbeheerder bepaal word.

Verder is hul verbruik van steenkool ook baie klein.

'n Woordvoerder van Evkom sê dié onderneming het ook niks te doen met die vasstelling van steenkoolpryse nie. Hy koop sy steenkool op 'n tendergrondslag aan. Die pryse wat hy betaal is dus mededingend en word bepaal deur die gewone markneigings.

Hy sê Evkom het niks te doen met prysbeheer anders as om die Prysbeheerder te nader as die prys van steenkool hoer is as die beheerde prys nie. In so 'n geval kan die prysbeheerder sy diskresie gebruik om pryse verlaag moet word al dan nie.

## CAPITAL SPENDING

### Sasol to the fore

260

Am 25/5/79

Public sector capital spending is expected to rise by nearly 30% this year, well up on the 7,5% increase accorded in 1978, pushing total outlays up to R7 billion. According to a Department of Statistics survey, almost half the total will be accounted for by the public corporations, which anticipate a 40,2% hike in capital spending during 1979. In 1980, a 6% increase in capital expenditure is estimated, but this could be affected by the recommendations of the Priorities Committee (FM April 20).

According to Escom PRO Boet Uys, the corporation's capital costs are expected to escalate from R1 billion last year to around R1,3 billion in 1979. Most will be channelled into the still uncompleted Kriel, Matla and Duvha power stations, the Drakensberg storage system and Koeberg.

Excluding electricity, the investment outlays by public corporations will soar by 61,4%. The decision to go ahead with Sasol 3 is the main reason for this. Sasol will not disclose how much it plans to spend this year, but Minister of Finance Owen Horwood pointed out in his budget speech that the oil from coal programme will cause the public sector's share of total capital investment to soar to about 70% this year, compared with 52% in 1978.

Iscor will be raising its capital expenditure slightly, says public relations manager Jerry Jerling. Capital outlays totalled R294m in 1976-77 and R94m in 1977-78. For the whole of 1979, Iscor plans to spend about R158m.

Capital outlays on government housing

schemes are expected to be nearly 46% up on last year, bringing total expenditure to R302m. The National Housing Fund's capital outlays are budgeted to climb 5,8% to over R187m in 1979-80. An estimated R13m will go towards Mitchells Plain, R16m to Atlantis, R15m to Phoenix, R7m to Lenasia and R46m to Ennerdale.

State enterprises, including Railways and the Post Office, anticipate a 20,6% hike in capital spending. The SAP, however, is only planning to raise its outlays for the 1979-80 fiscal year by 2% to R140m. Major undertakings are:

- The new Durban station involving R19m this year.
- Improvement of the carrying capacity of the Cape Ridge-Lady Smith line, R 2m.
- An additional one ber for Richards Bay, R18m.

The Post Office plans to keep increases to a minimum. For 1979-80, fixed investment will total R363,6m - R32m up on the previous year.

Government will be raising capital spending on state water schemes from R107m in 1978 to R121m in 1979 (13,1% up). The Lesathu-Vaal Pever Scheme involving about R40m this year, Drakensberg Pump Storage System (R30m, excluding Escom's contribution) and the Rietfontein Pump Storage System (R20m) are some of the 1979 projects the Department of Water Affairs is undertaking.

According to the Department of Statistics, nearly half 1979's public sector expenditure will be for the purchase of machinery and equipment, only 20% will be spent on buildings, 29% on other construction work, and 3% on land and used buildings.

Professor J.L. Boshoff

Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, bare vergaderings toegesprek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switserland, Swede, Israel en Zambie besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomaate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en opvoedkundige verenigings. As gevolg van sy besoek aan Nederland het hy 'n toelae vir die Konstruktiewe Program ontvang van die Algemeen Diakonaal Bureau van die Gereformeerde Kerken in Holland.

Professor J.L. Boshoff, ere-fellow van die Konstruktiewe Program, het met 'n aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal, kontak opgebou.

#### (b) Konferensies

Gedurende 1978 het die Direkteur die volgende konferensies bygewoon:

Jaarlikse konferensie, Nasionale Uitvoerende Komitee- en Raadsvergadering van die Suid-Afrikaanse Instituut vir Rasseverhoudinge, Kaapstad (Januarie).

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April).

Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandelings voorlegte in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosio-logiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).



**Sunday  
EXPRESS**

**Busin**



Joe Stegmann  
... Sasol MD

# Public invite invest R500-

**IN LINE** with recent Government thinking, the man-in-the-street and institutions are being invited to participate in the profitable Sasol group of companies.

This is the first time in history that the State has opened up a State organisation to public participation

The public is being invited to subscribe more than R500-m to finance the extension of Sasol 2

In an equity offer some R20-m will be offered to the man-in-the-street and R480-m will go to financial institutions like pension funds and insurance companies

It is thought that the shares which will be listed on the Johannesburg Stock Exchange, will have a value of around R2 each, and a holding of Sasol shares will ease the pain of ever-rising fuel prices for the South African motorist

With an investment in Sasol he will be able to reap some benefit through dividend income when the price of fuel rises. For Sasol, having a fixed capital cost, albeit enormous - R6 000-m for developing Sasol 2 and 3 - it is able to derive great advantage when the price of fuel products increases

in an announcement this

weekend, the managing director of Sasol, Joe Stegmann, said a scheme had been arranged to allow public participation. A new company, Sasol Ltd, has been formed to be the parent of the Sasol companies

From the start Sasol 1, which turned in R114-m pre-tax profit last year, will be wholly-owned by Sasol Ltd and the two new Sasols, currently being developed, will be held 50% each by Sasol Ltd and the IDC

When the latter two are commissioned and become profitable they too will also become wholly-owned sub-

siaries of Sasol. The public will be invited to buy shares in Sasol Ltd. About 10-m ordinary shares with an estimated value of around R2 each, will be offered to the public and financial institutions will be invited through a private placing of convertible debentures and ordinary shares to subscribe for the remainder

The debentures of the same value as the shares will have a conversion date towards the end of 1980. Although it is rumoured that the ordinary shares will be pitched to yield less than 8%, the attraction for the

small investor is the fact that income will rise rapidly

As Sasol points out, its profit after tax has more than doubled in three years from R73.3-m and private investors will participate to 70% of the Sasol. It is planned that 60% and 70% of ordinary shares in Sasol will lie in private hands, a percentage which will decrease as Sasol becomes a wholly-owned subsidiary of Sasol. Provision has been made, however, for the R300-m rights issue

Business



EDITED BY PENELOPE GRACIE

# ...ed to ... in Sasol

... in the ... could rise ... at, Sasol ... as more ... the last ... 0.1-m to ... e invest- ... in 60% ... 1 profit ... between ... the ordi- ... sol Ltd ... estors' ... which ... Sasol 2 ... owned ... rd ... made ... and a ... is pro-

grammed to again lift the public interest to around 60% (The same will apply when Sasol 3 running profitably: is introduced)

There is little doubt that Sasol and its many advisers will ensure that the offer is attractively pitched. It wouldn't do to have the issue fail

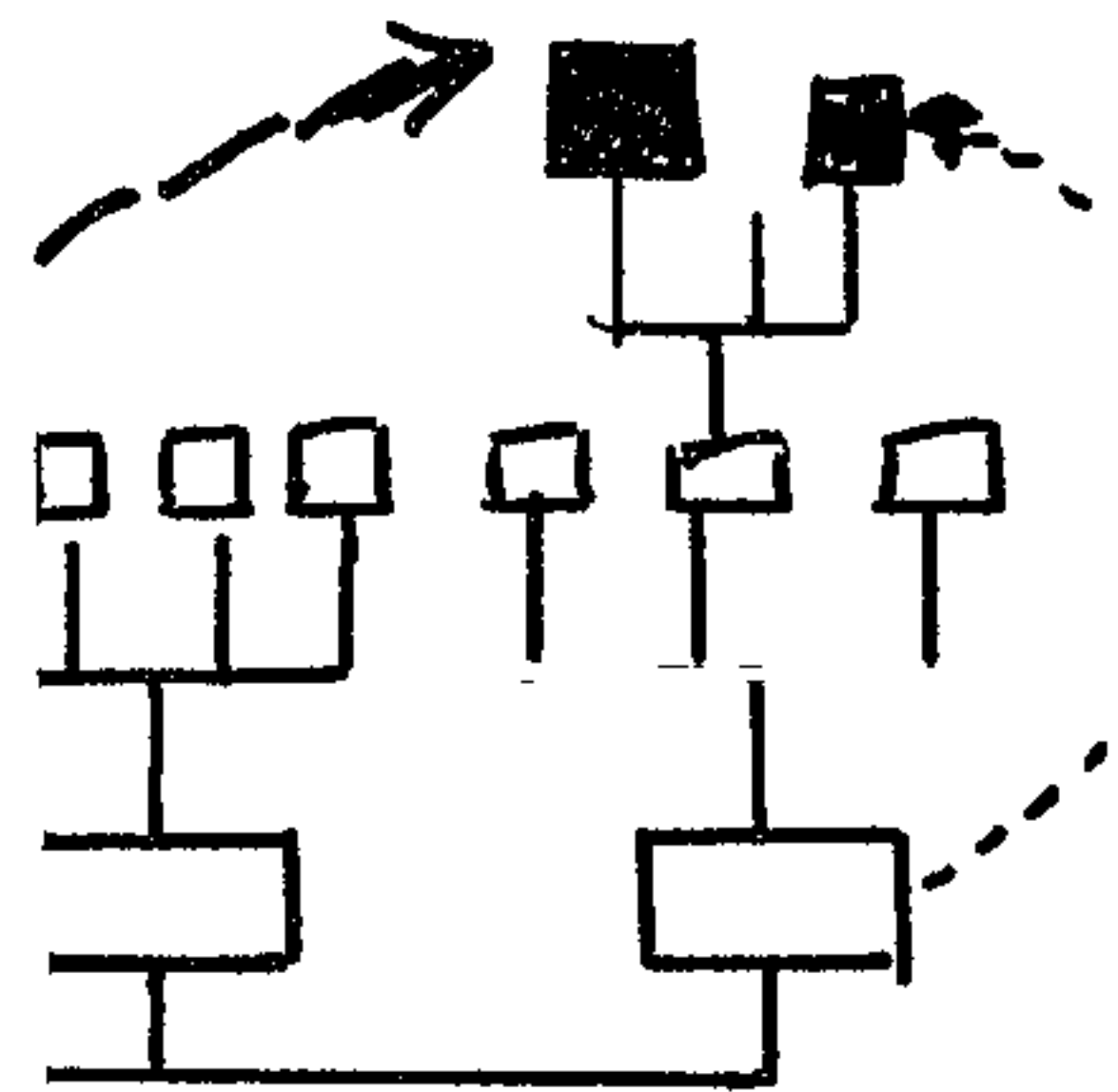
Stegmann said the prospectus should be complete by the second half of June. It's on the cards that the institutions will plump for the debentures which give a tax advantage rather than the shares

A great deal hinges on the issue. It's the first time

the Government has been brave enough to float off an interest in a "strategic industry" to the private sector - a move that is to be commended

However, the private sector operates on returns on investment and as this is likely to be the single largest investment for most institutions they will be more than usually conscious of returns

The other factor hanging on this issue is the interest rate pattern. Taking R500-m plus out of circulation over a two year period, if it does nothing else, will psychologically push up rates



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# ISCOR FINANCES

## To the rescue

FM 16/79  
262

In an effort to pull Iscor out of the red, the State is to take over responsibility for all its costly "socio-political" manufacturing activities, such as the making of special steels at uncompetitive rates for strategic uses.

In addition, government is looking at ways of unburdening Iscor of as much of its R2 billion in foreign loan commitments as possible. Repayment of these loans, together with Iscor's strategic obligations, are — as far as the corporation is concerned — the main reasons for Iscor's parlous financial situation. During the last financial year, the steel-maker recorded an unprecedented loss of R73,2m.

Secretary for Finance Joep de Loor tells the *FM* that a committee under the chairmanship of Industries Secretary Philip Theron is negotiating a formal "contract" between Iscor and the State. The committee should report within the next few weeks.

"It will be a five-year contract and will define carefully the line between Iscor's purely commercial and its political-cum-social responsibilities. The contract will lay down in black and white the State's contribution to the corporate exchequer and — this is where a treaty element is most present — lay down a specific schedule of financial compensation or assistance for duties imposed on the company for non-commercial reasons," explains De Loor.

"Our concern is really to keep on the market certain products that are loss-makers, but that have to be produced — either to prevent an escalation of our import bill, or for strategic reasons," he adds.

De Loor is reticent on how government proposes to relieve Iscor of its massive foreign debt servicing problem. He is also reluctant to tie government to any method

regarding the financing of Iscor's unprofitable activities. He states, however, that it will not necessarily mean the Minister of Finance will have to ask Parliament for a further amount of money.

The secretary of the committee is to be a high-ranking official of the State. It is expected that the committee will provide a detailed report to the Minister of Finance by the end of the month.

De Loor says that the committee will also look at ways of unburdening Iscor of as much of its R2 billion in foreign loan commitments as possible. Repayment of these loans, together with Iscor's strategic obligations, are — as far as the corporation is concerned — the main reasons for Iscor's parlous financial situation.

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773

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### Referensies

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# A strategic opportunity

260 PM 1/6/79

It seems that Sasol's issue will be pitched at 200c a share — small enough to attract the individual — and yielding around 8% to ensure strong institutional support

Some merchant bankers are reeling at the tight time scale Sasol wants details of the capital market and the likely pitching rate within weeks MD Johann Stegmann has already stated that details of the terms and new structure will be made public in the second half of June But, the prospectus will probably not be ready before the end of August and the issue

are still working on the figures What is clear is that the rate will be attractive, because the issue must be seen to succeed A failure would probably preclude Sasol from returning to the market for a second go for many years So, 8% is not far-fetched Sasol's management feels strongly about being financially independent and no government sops can be expected So the shares will not be prescribed investments But one merchant bank's view is that the institutions are not big enough, and that the government could

allow it to increase its cover, as well as giving the institutions the opportunity to plan ahead, a convertible debenture issue is planned. This will be open only to institutions, and could have an opening tranche of 40c, followed by four quarterly instalments of 40c

At the end of 1980, when the debts are fully paid, they will be converted into ord's This option follows initial consultations with various institutions with the objective of making the issue viable from the start.

The effect of the instalments will be to defer servicing of the full issue For instance, by the end of June 1980, only three of the instalments will have had to be serviced If 40% of the institutional shares are acquired through these debts, the interest in the nine months to end-June will be around R5m The rest of the shares would thus absorb R33m in dividends in the nine months, which is an annualised 8% yield

At this rate, institutions will probably more than fully subscribe the issue But it is not the initial rate that will be of cardinal importance The earnings and dividend growth will be scrutinised more closely Some institutions are looking forward to the issue because it is a welcome move by government out of the private sector and will provide them with quality scrip, still in short supply

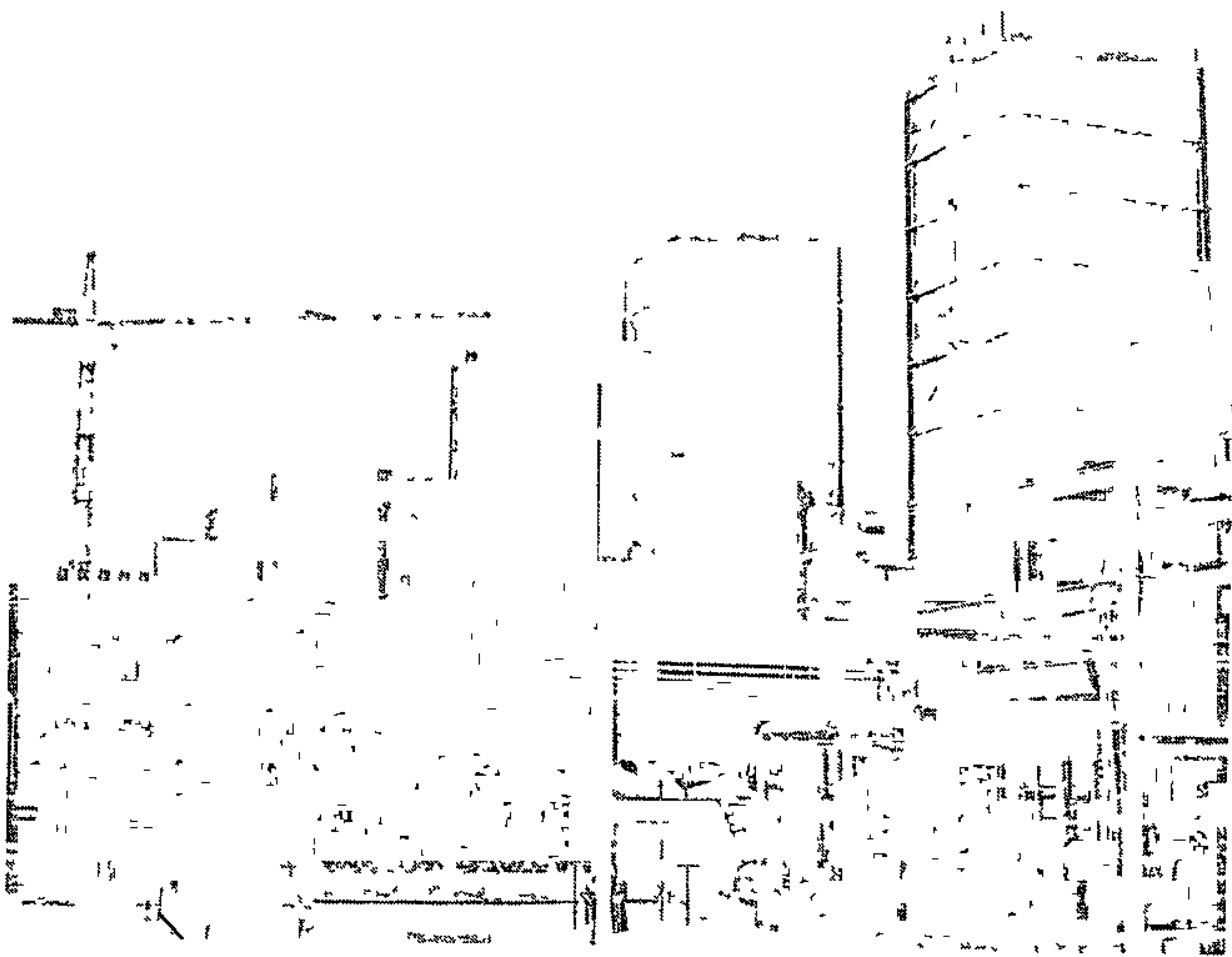
With oil and petrochemical prices mooted to continue their upward trend, there can be little doubt that the Lurgi-Fischer-Tropsch oil-from-coal process will be increasingly profitable

Initially, the idea seems to have been that five institutions would be asked to each take up R100m of the issue This way, it would have been assured of success Now, with five merchant banks, VMB, UAL, SMB, Barclays, and Senbank involved, and with Finansbank advising Sasol, the issue will probably be done in the normal way with institutions applying for allocations

## Foreign interest

There is talk among bankers of overseas investors coming in through FR for R100m Also bankers are suspicious that some oil companies might get tough and insist on preferential treatment when it comes to the allocation of the shares, if SA is to be assured of continuous oil supplies

However, one merchant banker points out that, unless the Reserve Bank has had a change of heart on the FR market, it is unlikely to increase the pool by a further



Sasol's oxygen plant . . . public catalyst

completed in September For an issue of this size that is quick But Sasol must catch the market before it is too late

Interest rates could turn upwards as liquidity is syphoned off by industrial investments ahead of the expected economic recovery However, as long as the issue is completed this year, there is little danger of it failing for this reason alone

From the scrappy information to hand it is possible to glean a few useful figures at this stage Firstly, it seems that the total issue could be around R750m Institutions will probably get R500m, individuals R25m and the State, via IDC, the rest, which amounts to 30% At this stage, the yield is merely a calculated guess as the consortium of five merchant banks who will be the issuing houses under the leadership of Volkskas Merchant Bank,

do some arm twisting to get the commercial banks to buy shares as well

An oversimplified calculation indicates that the first full year's dividend could absorb R60m This would require earnings of around R120m if the dividend is to be twice-covered This figure, however, could be out of Sasol's reach, with cost escalations offsetting the higher prices of Sasol's products It is unlikely that earnings will be much higher than R90m this year and R105m in the year to June 30 1980 By comparison, taxed profit last year amounted to R73,3m

However with Sasol's year ending in June the shares will be entitled only to dividends for a nine month period This could absorb only R45m, requiring R90m in earnings to cover the dividend twice

To give Sasol even more flexibility and

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# Koeberg won't cut power price

By DONALD ANDREW

**ELECTRICITY** tariffs in Western Cape will be cut when the Koeberg nuclear station — only 100 km from Cape Town — comes on stream in 1983.

This has enraged Cape businessmen, who say Eskom's reason up to now for charging more for power in the Western Cape than on the Rand is the cost of transmitting power.

Mr Friedlander, president of the Cape Town Chamber of Commerce and deputy chairman of the Cape Town City Council's utilities and works committee, said:

"I can understand the Western Cape being discriminated against with imported electricity with Koeberg here one would expect a more equitable tariff structure."

The Western Cape economic growth is lagging hopelessly behind the rest of the country and is seriously behind the rapidly growing population growth. The price of input factors are particularly high, many of which must be imported from the Transvaal.

A recent Government-commissioned report on the Western Cape economy states that Africa as a whole the

cost of electricity accounted for about 1,8% of total costs in the manufacturing industry in 1977.

Contrasting strongly are the electricity costs of Western Cape fruit production, for example, which were 12% of total costs in the same year.

In 1978 the average price of Eskom electricity in the Western Cape was 2,3841c a unit, against 1,6333c for the Rand and Free State undertakings.

Total Western Cape consumption was 5 216-million units, costing in the region of R124 361 992 last year.

Municipalities took about half of this (51%), with industry directly absorbing almost a third (31%), but because the price for municipalities is generally lower, the industries paid almost as much — R48-million.

When the average unit price to industries is compared between north and south, the Cape position worsens.

Last year, Rand and Free State factories paid only 1,6994c against 2,8015c.

Taking actual cases, a large Cape clothing manufacturer using 480 000 units with a peak demand charge of 1 520 kva, paid Eskom R13 051 last year.

A medium-sized clothing factory using 150 000 units with 600 kva, paid R4 954.

Similarly, a large motor as-

sembly plant (350 000 units and 1 800 kva) paid R13 589 and a medium-sized motor assembler (180 000 units and 900 kva) paid R7 036.

In terms of the Electricity Act, Koeberg, like all Eskom power stations, falls under the Central Generating Undertaking, while tariffs in the Western Cape, along with other regional undertakings, should be in line with the costs of supply, which includes the cost of distribution.

Mr Friedlander said he was also against Eskom's policy of making consumers pay, through increased tariffs, for capital projects.

Eskom's Western Cape manager, Ron Myburgh, was quite categorical that Eskom had no intention of reducing the price of electricity to the region when Koeberg came on stream.

However, he conceded that the price increase rate for Eskom electricity in the Western Cape might be slowed down relative to the Rand over a number of years after 1982.

The 2 000 mw Koeberg plant will push out more power than the Western Cape's consump-

tion and will thus also contribute to supplies elsewhere.

It is estimated that roughly two-thirds of its capacity to start will be consumed by other undertakings, though its contribution to total national production in 1983 (about 16 500 mw) will be only about an eighth.

An Eskom spokesman said prices in the Western Cape would not be brought down after Koeberg because its R2 000-million cost had to be paid for by all the undertakings on a basis proportional to consumption.

So the hungriest regions, such as Rand-Free State, will pay the lion's share.

Yet even this system of payment — highly favourable to the Cape compared to the Rand — will not permit the Cape relief from its tariff burden.

Eskom is bound to implement policy as laid down in the Act but it is known that inside the commission there is the belief that, especially in view of the Government's decentralisation policy, discrimination against areas far from power sources should be replaced with a national uniform tariff structure.

Questioned on this, an Eskom spokesman would only confirm that the commission's hands were tied by Parliament.

In other words, it would be up to business and local and

Provincial government leaders in the Western Cape to lobby MP's and the responsible Minister.

How receptive legislators would be to changes in the tariff structure could depend on resistance from those regions presently enjoying a relative benefit.

The Act states that no consumer should subsidise another but until expensive inputs, such as electricity, are eased, at least one of two lesser factors militating against lower prices in the Cape will continue to restrict the very growth needed for the region to extricate itself from the high tariff structure.

The two lesser reasons why electricity in the Cape is relatively expensive are the wholesale and peak demand factors.

Quantity discounts are advanced, so, for instance, Johannesburg, which consumes double that of Cape Town, pays less per unit.

The Rand's round-the-clock mining industry is mainly responsible for flattening out peaks in demand — a weighty pricing factor.

To correct the disadvantage the Cape would have to become more industrialised, preferably with heavy primary industries.

Obviously Eskom (and the Railways) could go quite far in assisting development with lower prices.

# Halt Koeberg call at City meeting

By BOB MOLLOY

A PROPOSAL to suspend the licensing of Koeberg nuclear power station until it could be shown that it would bring no harm to the people of Cape Town was carried overwhelmingly at a crowded meeting of the anti-Koeberg campaigners in a Woodstock hotel last night.

It was agreed to mount a national campaign to raise awareness of the hazards of nuclear power by working through common interest groups throughout the Republic

Response to the meeting was so great — over 110 signed an attendance register — that the group had to transfer the meeting to another room and bring in extra seating to accommodate all who turned up

Mr Geoffrey Seeff, the chairman of the meeting, appealed for anyone opposed to the construction of the Koeberg nuclear power station to join the campaign and bring it to the attention of their local ratepayers associations, women's and church groups, and any other organization with an interest in public welfare

Dr Arnold Abramowitz, a senior lecturer in psychology at the University of Cape Town, said that the case against Koeberg rested on two grounds. The fact that the authorities had adopted an "insufficiently tested technology

with both calculable and incalculable biological hazards", and the psychological instability which could occur in populations living close to a nuclear power station

"What we need and what the authorities do not seem to have contemplated, is an assessment of the likely consequences of living near Koeberg even if no unplanned event occurs during the 40 years of its useful life"

A single false alarm from Koeberg could

- Jam the telephone system
- Cause a run on the banks
- Create traffic jams and road blocks with attendant hazards

- Pose severe problems in evacuating captive groups such as hospital and mental patients, and even convicts — all of whom are sited in the Peninsula

- Bring on an orgy of looting — and the need to deal with it

- Create rumours of air, water, food and soil contamination and subsequent fear and tension

- Cause a slump in the value of property

- Bring businesses to the brink of recession and ruin

- Leave a legacy of irrational fear that would delay or prevent any attempt at rehabilitation

"There is a *prima facie* case for believing that nuclear installations have features that make for reactions of uneasiness which are likely to be both widespread and more and more difficult to allay with the passage of time. And this may be the case even if nothing actually goes wrong," Dr Abramowitz said

Miss Annette Reineke said that as a former MPC she had raised the question of the Koeberg site and been talked down. She was aware that Escom's initial letter to the Provincial Council advising of the choice of site had not been put to members and she considered this "a very serious matter indeed"

She warned the meeting that

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To page 2



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From page 1

they were involved in a power struggle between the people and the authorities which had nothing to do with politics. They could only achieve their aims when they took into account the forces ranged against them

"For my part I intend to take this to the women's organizations and I urge anyone else to make as many other people and organizations as possible aware of the issue," Miss Reineke said

Mr Tom Walters reported on the city council debate in which his proposal to stop Koeberg and test public opinion had been rejected. The Escom letter had also never been put to council members, which meant that the people of Cape Town had never been consulted, Mr Walters said



GENERAL NEWS

14/1/79 2:00 R.D.M.

# Koeborg to Escom boss slams SA Board of Trade Learn from US tragedy 'Border policy is a failure'

City Editor

By DEREK SMITH  
City Editor

SOUTH Africa will not hesitate to implement lessons learned from the near-disaster recently at America's Three Mile Island nuclear power station.

That's a promise from the general manager of Escom, Mr Jan Smith, at a time when many South Africans, particularly in the western Cape, are questioning the necessity and safety of the Koeborg nuclear plant.

He said at the annual congress of the SA Property Owners' Association yesterday that the Three Mile Island tragedy would have an influence on Koeborg. It was the first serious mishap in an industry which had an almost impeccable record.

Although the Koeborg design was different, any improvements in safety would be incorporated.

THE GENERAL manager of Escom, Mr Jan Smith, yesterday scathingly criticised the South African Board of Trade, accusing it of shortsightedness.

In a remarkable public attack by one Government agency on another, Mr Smith said the board had damaged Escom's credibility and, consequently, its ability to raise development capital overseas.

His comments, made in Johannesburg at the annual congress of the SA Property Owners' Association (Sapoa), followed a recent Board of Trade report which accused Escom of poor management and of making excess "profits".

Mr Smith said the board, in its report, had overlooked important issues confronting electricity supply in South Africa and had dwelt at length

on items which had little or no bearing on the ultimate price of electricity.

The real issue — that of sufficient funds to continue with vital expansion programmes — was grossly misrepresented through the unfortunate use of the word "profit", he said.

What the board termed profits were, in fact, that portion of the tariff used to finance part of Escom's expansion.

This had become necessary to secure sufficient supplies of electricity, not in the distant future, but in as little as five years.

"The short-sightedness of the board is remarkable if viewed against the fuel crisis situation in which South Africa finds itself only a few weeks later," he said.

generation insensitive to the public's interests, stacking away vast profits for unspecified purposes," Mr Smith said.

The fact that this untrue state of affairs had been put straight by the Secretary for Industry a week afterwards had little effect on the public.

"This tarnished image is going to remain with Escom for some time, despite the fact that we have served South Africa well and our past record indicates that we planned ahead wisely," he said.

Escom's integrity had been questioned unjustly. Though rectified, this did not undo the damage — not only in South Africa but also overseas.

"Thus, ironically, inhibits our chances to borrow money overseas — the very reason we had to increase our tariffs in the first place," he said.

SOUTH Africa's much-vaunted decentralisation policy, partly designed to bring work to the homeland borders, has not been a great success.

Thus was frankly admitted yesterday by the Chief Director (Planning) of the Department of Environmental Planning and Energy, Mr W F Vasagie.

"Over the past few years it has become clear that our efforts to decentralise were not as successful as hoped for," he told the annual congress of the South African Property Owners Association (Sapoa) in Johannesburg. "It seems that not only did we focus on too many growth centres from which decentralisation must obtain its initial impetus, but we also tried to do this too far away from existing strong growth centres from which decentralisation must obtain its initial impetus."

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(260) FM 15/6/79

# Iscor on its mettle

A steel price increase — between 10% and 12% — is expected to be announced at the end of the month as a first step in Iscor's recovery programme

Economic Affairs Minister Chris Heunis has undertaken to review the price of steel at the end of June each year, and sources in the industry say the figure this year will be "a minimum of 10%"

More significantly, however, the *FM* learns government hopes to gear the price of steel more closely to the financial demands of Iscor in future, so that the State-backed steel-maker should operate at a profit within the next three years

This is one of the key recommendations of the Theron Committee, which last week handed to Heunis its proposals on how to rescue Iscor from financial disaster. The corporation is currently running at an annual loss of R70m, and its foreign loans amount to R2-billion

## In the black

Though the committee's chairman, Secretary for Industry Philip Theron, reports that Iscor should be in the black within the next 36 months, Iscor sources regard this view as "cautious". With government having promised to put in more equity in future (a pledge endorsed by the Theron committee), and a new pricing policy in the offing, Iscor brass believes the corporation may be "marginally profitable" in just over a year

They base their argument on a three-year cycle of increased productivity (up by 5% annually according to a recent survey)

Meanwhile, injections of government equity will continue until the ratio of loans to total capital employed — at present a staggering 60% — is improved

"We expect a price increase at the end of June, and our gearing will get better along with more realistic revisions of price in future," a senior Iscor source adds

The Theron Committee also looked at

- The problem of elasticity in demand for steel,
- Capital reconstruction,
- Future projections, and
- Productivity

The *FM* understands its projections were bullish "in a conservative sort of way". But the investigation by the inter-departmental committee has clearly revealed a distinct turnabout

Equally clearly, the rest of the industry must also benefit, since they have had to suffer the same price structure as Iscor. Critics of Iscor argue that the steel giant

has no excuse for losing money if relative newcomers like Highveld can make the grade

Iscor's argument, on the other hand, is that it has had to bear the onerous financial burden of making special steels at uneconomic prices for strategic and "socio-economic" reasons

And although government has sunk vast amounts of capital into Iscor for this reason, the corporation's management maintains these sums have not covered costs

In this regard, Secretary for Finance Joep de Loor, who is a member of the Theron Committee, says a formal five year agreement will be drawn up between the State and Iscor. "The contract will lay down in black and white the state's contribution to the corporate exchequer and lay down a specific schedule of financial compensation for obligations imposed on the corporation for non-commercial reasons"

And he adds "The contract will carefully define the line between Iscor's purely commercial and its political-cum-social responsibilities"

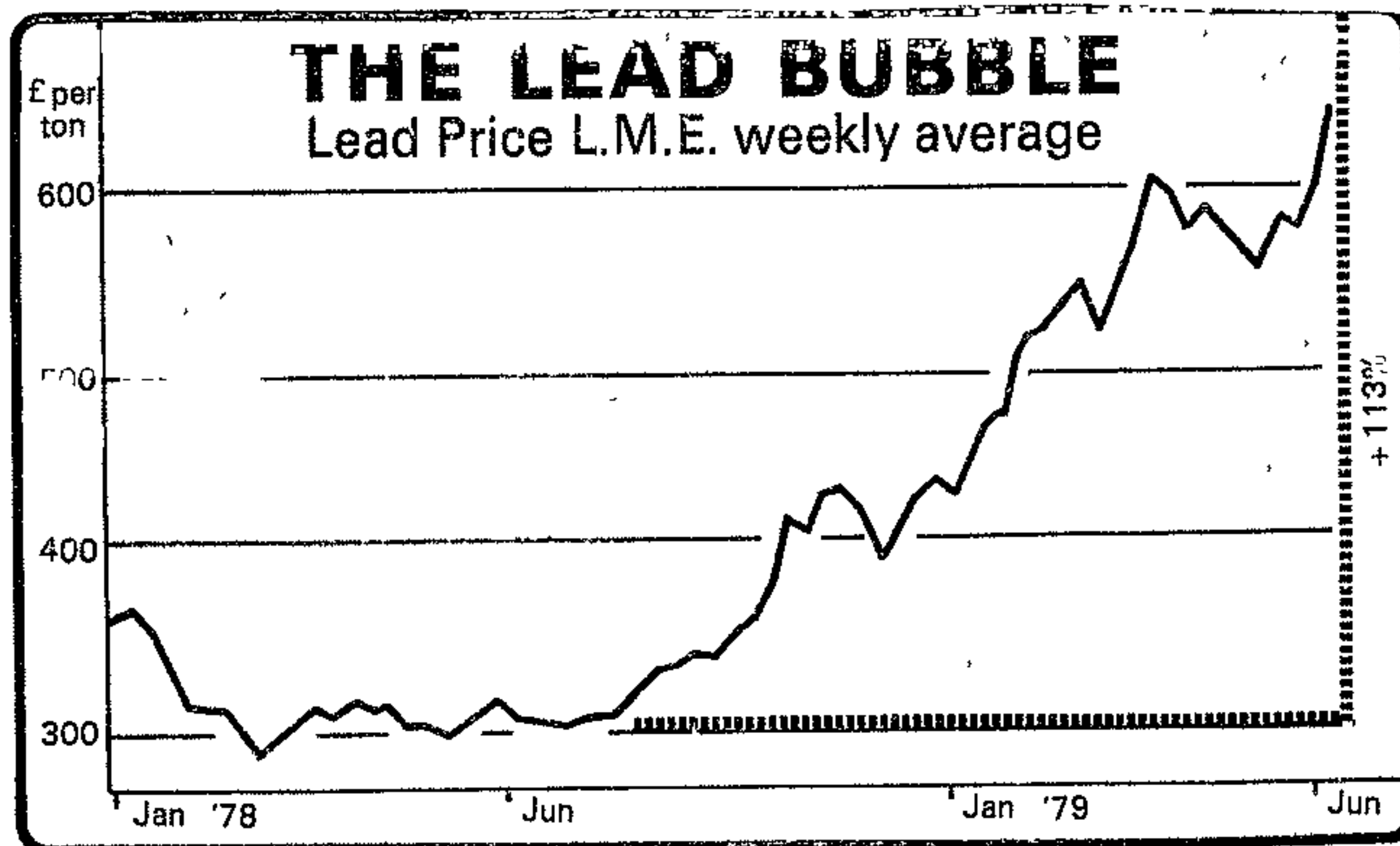
Moreover, De Loor makes it clear that government is to press ahead with its plan for "gradually selling off viable state business enterprises which compete directly with the private sector, and which can be run as well, if not better, by private enterprise"

Anglo American will no doubt find De Loor's remarks fascinating — particularly in the light of their abortive bid to take over Samancor several years ago

Right now, however, the steel industry is waiting with some anxiety for the full Theron report

Heunis tells the *FM* he has not had a chance to study it. Theron, however, hopes the Minister will table it before Parliament prorogues next week

This seems likely, though Heunis warns that it is not necessary to table an inter-departmental document in the House "It may be released later," he says





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# Farmers slam Escom

EAST LONDON — In view of the fuel crisis it is necessary for a high-level commission to investigate the supply of economical electrical power to the agricultural sector, according to a motion passed by the EAU here yesterday

The Electricity Supply Commission was severely criticised during debate on a motion by the Pineapple Growers Association, and the Kei Road, Queenstown and Eastern Border Farmers Associations

The tariff here was unfavourably compared with that in Rhodesia

Examples given were those of a Rhodesian farmer who recently paid R3 600 for an electrical supply to his farm, and

whose South African counterpart would have paid R36 000 for the same service, and four Rhodesian farmers who paid R20 000 for supply to their farms. Equivalent farmers in the Queenstown district would have to pay R136 000

An Escom official, Mr Martin Opperman, said Escom was a body created by legislation in 1922. It had to operate within the Electricity Act

The Act said Escom had to recover, as far as it was practical, the cost of supplying a service from the consumer

With reference to the high cost of electricity he said Escom's standard was very high. The people of the country do not want a second grade service

They want a first grade one and that is what Escom is giving them, he said

It was difficult to believe electricity was so cheap in Rhodesia. He was sure the situation needed to be analysed before comparisons could be made

If Escom's system of supplying and financing electricity was to be changed it would have to be at the request of all the farmers' unions in the country

He was against farmers themselves doing the necessary manual labour involved in establishing an electricity supply to a farm. Escom had its own labour force and it did not want to create a problem which might impair this force's loyalty — DDR

Biggest coup was the decision last week by the West German export credit insurance company, Hermes, to insure around DM300m of credit for German exports destined for Secunda

German equipment will be supplied mainly by Linde (cooling systems), Deutsche Babcock (boilers), Lurgi (chemical processing plant) Demag Mannesmann (heavy transport equipment) and KSB (water pumps)

The credits have been arranged by Deutsche Bank Dresdner Bank and Commerzbank The funds will come from various Euromarket loans and AKA, the export promotion bank specialising in medium and long-term loans The FM learns that the Eurocredits for Sasol run for up to seven years

French export credits arranged so far total over R100m, and extend for five years Most of the money will come from Banque de Paris et des Pays Bas, with Banque de l'Indochine et de Suez, Credit Lyonnais and Societe Generale also participating All credits have been insured by Cotas, the French export credit guarantee agency

Main French contractors are Air Liquide (oxygen plant) Spie-Batignolles (civil engineering) Diesser-France (compressors) and Heurtey (furnaces) A French firm is also hoping to land an order for piping, one of the items for which Stegmann says contracts have not yet been signed

#### Millions from the UK

The British contribution to the project is substantial, though not nearly as big as the German or French shares Imports from the UK include fired heaters worth over R7m pumps worth R4-R5m, fans, cranes, forklift trucks and process control equipment, some of which will also originate in the US and Japan

Hill Samuel arranged a £15m line of credit for Sasol 2 about 18 months ago, which manager Pieter van Huyssteen says has been used "to a reasonable extent" According to Van Huyssteen this line may also be used for Sasol 3, and talks are currently in progress to work out the details The loans are insured by the British Export Credit Guarantee Department, which grants its prime rate — 7.5% on five year US dollar credits — for exports to SA

Full use has also been made of Swiss export credits, with all major Swiss banks participating under the leadership of Credit Suisse The main Swiss suppliers are Sulzer Bros (turbo-compressors) and Brown Boveri

Not so lucky are US contractors. Eximbank will approve neither export finance nor credit guarantees for projects in SA Says a spokesman for Chicago Bridge and Iron, which makes pressure vessels and tanks, and is the biggest US contractor for Sasol 3 after Fluor "We're relying for

payment on the good faith of Sasol"

A Sasol spokesman says that since adequate arrangements have been made outside the US no applications for finance from the US have been necessary

Many of the foreign-controlled firms working on Sasol 3 have offered locally manufactured goods, and thus do not need foreign trade credits Among such companies are Hawker Siddeley (electric motors, switchgear and fans), the Austrian firm Mather & Platt (fire protection equipment and pumps) and Weserhahn (coal stacking and reclaiming system).

## FINANCING SASOL

### Foreign Flood

Sasol MD Johannes Stegmann revealed last week that almost all the supply contracts for Sasol 3 have now been tied up The corporation, its bankers and suppliers have also been hard at work finalising the foreign export credits which will be used to finance about 20% of the project's R3.3 billion cost

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Sunday EXPRESS

# Business



EDITED BY PENELOPE GRACIE

# Huge Sasol offer running 3 weeks behind schedule

THE R500-m Sasol offer of shares and convertible debentures to the private sector is running about three weeks behind schedule.

But no major snags have been encountered with the issue. "It's just that it's such a huge offer and so many people are involved it takes longer than usual to get things done," sighed one merchant banker.

The early announcement by the then Minister of Economic Affairs, Chris Heunis took some

merchant bankers by surprise. Called in to advise, they were not all that happy at a statement they regarded as premature.

According to bankers, the offer details are still being discussed. One thing has definitely emerged — the ordinary shares will have a 200c value and Sasol is looking to raise between R25-m and R30-m from the small investor, the man-in-the-street.

The remaining R470-m to R475-m will be raised over a 15 month period from the institutions.

The five merchant banks consulting on the issue have not yet prepared even a preliminary document for JSE perusal.

And while it is hoped to launch the share offer and the convertible debenture offer simultaneously, it could happen that the debenture offer to the institutions comes first.

Merchant bankers are not unduly concerned that Sasol's slipping off of R470-m will unsettle the market. But they do concede that with

changed market conditions, it is not going to be as easy to raise the R470-m as was thought a month ago.

The financial community was put out this week when Minister Heunis took the Sasol matter into his own hands and announced that applications would be for a minimum of 200 shares at 200c a share.

If the issue is to be aimed at the man-in-the-street and not the professional investor, as has been suggested, it is asking a lot to

expect him to pay a minimum of R400.

What is more likely is that the minimum application will be R400 with a minimum allotment of R200.

One thing is certain — the merchant banks are struggling to keep the share issue as simple as possible.

The man-in-the-street is not a sophisticated investor, so the chances of the offer will doubtless be among the most straightforward the JSE has ever seen.



# IT'S ALL SYSTEMS GO FOR SASOL FIVE

Sum. Times Bus. 29/11/79

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**GOVERNMENT has given the green light in principle for Sasol Four. The estimated cost, allowing for inflation at 10% a year, could be at least R4 500-million.**

This was revealed this week by South African and overseas financial sources close to the Sasol projects.

There is still no final decision on the launch date for the new project and its location is being kept under wraps until Government is ready to give the final go-ahead.

But there are no technical or engineering reasons for delay, as planning in these areas is said to have been largely completed before the announcement of what is now called Sasol Three.

A senior Government spokesman confirmed on Friday that Pretoria had accepted the new Sasol, although "there is still no final commitment. That will depend on how the oil situation develops and on the availability of capital."

Sasol Three was at first known as Sasol Two-extension for the excellent reason that it was not the Sasol Three as originally planned.

It was a simple doubling up of Sasol Two, injected at Secunda ahead of the original Sasol Three on grounds of strategic urgency, cost and financing.

To press ahead with the original Sasol Three, Government would have had to establish a completely new infrastructure at a new location. As important, it would have been necessary to go to tender for

construction and financing at this, instead of merely extending Sasol Two contracts and financing arrangements.

The original Sasol Three was therefore held over and could now provide the basis for Sasol IV.

Local and overseas sources suggest that finance is the central reason why the announcement of Sasol Four has not already been forthcoming from Minister Chris Heunis, Minister of Finance Owen Horwood or the Prime Minister himself.

One way or another, well over R1 000-million has already been raised overseas to finance Sasol One extensions, Sasol Two and Sasol Three, more than half of it quite recently.

With at least two of the most important overseas lending countries already way over their export credit or lending limits for South Africa (all the advanced economies set limits on what they will provide each year to other countries), there is little chance of enough money from abroad for Sasol Four for the time being.

The decision last week by the West German export credit insurance company, Hermes, to insure around DM300-million (R140-million) of credit for German exports for Secunda has been hailed as the biggest single coup in Sasol's recent overseas financing programme.

In fact, extra European money, in the form of long-term loans rather than export credits, totalling at least another R300-million, has apparently been signed.

It is not only the size of the loans which is exciting. The terms are also exceptionally favourable. It may be argued that they

reflect a peak of overseas confidence in the future stability of South Africa not equalled since the sixties.

The loans are for terms of eight years or more, and repayment need not be started before 1984, coinciding with the gathering of cash-flow from Sasol Three.

Interest rates on the loans are said to be only between 1% or 2% above the current London Interbank (Libor) rate. This suggests a firm view that South Africa will remain a safe haven for investment at least until the late eighties.

With the R2 458-million required for Sasol Two now virtually sewn up and some R2 000-million already in the pipeline or in process for Sasol Three, for which R3 276-million is needed, the country can feel confident that Sasol Four will not be far behind should the need arise.

Given stringent fuel savings in South Africa and a possible easing of the oil imports supply and price squeeze by the mid-eighties (as Opec's largest customers cartelize to increase their bargaining muscle and begin reducing their reliance on oil for energy), it now seems the country could achieve more than 65% self-sufficiency in oil by 1989, if not earlier.

Following the appointment to the Public Service Commission this week of SA Breweries chief Dick Cost, General Mining's Wim de Villiers and Old Mutual's Jan van der Horst, private sector appointments to the Sasol board are also reported to be in process.

The combination with Sasol's own top managers should do much to continue the conversion of the whole oil-from-coal programme from an expensive if essential millstone to an excitingly vast and profitable new field for private and public sector investors alike.



# Produktiwiteit keer hoër staalprys

Deur DAAN DE KOCK

**WAS** dit nie vir die reuse-besparing wat verhoogde produktiwiteit (daar was 'n reële styging van 5 persent die afgelope drie jaar) Yskor besorg het nie, sou Suid-Afrika in gewees het vir 'n nóg groter skok in die prysstyging van staal.

Die prys is van Vrydag 12,2 persent hoër en die nuus is met bra gemengde gevoelens deur die georganiseerde handel en nywerheid ontvang.

Soos elke saak het Yskor natuurlik 'n handvol motiverings vir sy ongewilde stap. Sake-Rapport het lank met die manne gesels en die prentjie wat aanleiding gegee het tot die prysverhogings lyk min of meer as volg:

- 'n Sterk styging in die inset-items wat in die staalproses gebruik word. Hierdie stygings was in die eerste plek te wyte aan die hoër inflasiekoers, maar in die geval van Yskor was dit vererger deur die feit dat grondstowwe, hoofsaaklik kookssteenkool, ystererts en dolomiet, as gevolg van geologiese faktore onder steeds moeiliker omstandighede ontgin word.

- Bykomende koste wat aangegaan moes word om te verseker dat beskikbare bronne van hoëgraadse steenkool ten beste benut word.

- 'n Sterk styging in die prys van 'n groot deel van die aangekoopte goedere wat deur Yskor in die produksieproses gebruik word — soos vuurvaste materiaal en ferrolegerings. Laasgenoemde se pryse het sterk toegeneem veral van weë die hoër energiekoste.

Die voorsitter van Yskor, dr. Tommie Muller, sê die verhoging in die staalprys sal nie noodwendig tot gevolg hê dat Yskor se „winssposisie“ drasties (die onderneming het laas in 1973 'n wins getoon) sal verbeter nie, aangesien die verhoging slegs op plaaslike afset van toepassing is, m.a.w. op sowat 65 persent van die totale tonnemaat staalprodukte wat verkoop word.

Vir die berekening van die prysverhoging is van die veronderstelling uitgegaan dat die staalbedryf sy volle produksie op die plaaslike mark verkoop — 'n toestand wat op die huidige tydstip van ekonomiese slapte en gevolglike lae binnelandse vraag net nie moontlik is nie. Yskor het egter die laaste tyd-

tydperk 1952 tot 1970 onveranderd gebly het.

- Dat die staat van 1 Julie 1973 (die begin van die eerste „rooi boekjaar“) tot 31 Mei 1979 'n bedrag van R635 miljoen in Yskor gestoot het. Van hierdie bedrag was R565 miljoen in die vorm van aandeelkapitaal en R70 miljoen in die vorm van 'n rentesubsidie.

- Dat die totaal van huidige buitelandse en plaaslike lenings R1 900 miljoen beloop en dat rente op 'n jaargrondslag op R170 miljoen te staan kom.

- Dat Yskor, in die huidige omstandighede in die hande van private inisiatief nie winsgewend sal wees nie.

- Dat die Sishen-Saldanhabaai-projek op die oomblik sowat R170 miljoen per jaar se buitelandse valuta verdien.

Professor F.A.H. Wilson

Dr Gertrud Heydorn

Mnr F.A. Jacobs

Mnr H M Jimba

Boshoff

an der Horst

die Jaarvergadering van die Maat- elke drie jaar 'n verteenwoordiger rkiesing is in 1978 gehou en die kop A W Habelgaarn. Terwyl geen gelê word nie, word hulle geraad- e wat die Sentrum se program raak.

daarin geslaag om sy verliese sterk in te kort.

Verder word verwag dat Yskor in 1979/80 se boekjaar ongeveer R220 miljoen minder uit die uitvoer van staal gaan verdien.

Ander interessante punte wat deur dr. Muller genoem is, is:

- Dat dit die 9de prysverhoging sedert die begin van die 1973 kalenderjaar is, maar dat staalpryse in die

tuut vir Rasseverhoudinge, Kaapstad (Januarie).

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April)

Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandeling voorgelê in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosio-logiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).

A Mobiliteit en Politieke Verandering in Suid-Afrika

Hierdie projek is 'n paar jaar gelede aangepak. 'n Onderzoek onder die kleurling bevolking van die Kaapse Skiereiland is onderneem. 'n Aantal tydelike navorsings-

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Nim 3/7/79 260

# U.S. may seek Sasol 'know-how'

Mercury Correspondent

WASHINGTON — South Africa's oil-from-coal technology could be at the core of a projected crash energy programme expected to be announced soon in the United States.

President Carter, back from the Tokyo economic summit to find a nation bickering and confused and demanding action, is about to turn all his attention to the fuel crisis.

He is expected to launch a massive energy programme to free the United States from the Opec shackles.

Sources said in Washington that in addition to the obvious immediate measures such as a standby rationing authority and alternate refueling days for motorists, the programme would be based on synthetic fuel production.

The long petrol queues in which motorists have to wait up to three hours for dwindling supplies, have helped concentrate American minds that there is in fact an oil crisis.

## Public mood

The legislative rush on Capitol Hill to push through Synfuel (the new word that has become part of the language) Bills appears equalled by the White House's determination to match the public mood.

President Carter whose standing in the polls has steadily dropped to its lowest point in his Presidency because of the public perception that he is not solving domestic problems, is beginning to act tough on issues like oil.

But for the synfuel programme to start contributing quickly to a lessening of dependence on imported oil, American plants will have to start off with the best available technology.

This is where the Sasol technology comes in.

An aide to Congressman Bill Moorhead, who steered a major Synfuel Bill through the House of Representatives, said yesterday the best way of producing petroleum products from coal was the South African process.

"The kind of plants Sasol has are the kind of plants we've in mind here for our programme.

"The basic technology is known but South Africa has refined it and is doing commercially what we're still doing on a pilot basis."

Best estimates of United States synfuel production target dates range from 1982 to 1984.

Congressman Moorhead's Bill has a "fast track" three-year clause providing for speedy resolution of environmental problems.

But, however you slice it, said one Capitol Hill source, "we need the South African know-how."

Congressman Moorhead's aide said whether America would pay for the Sasol technology or acquire it on some other

the residents the men have been to The residents are the West Rand Ad

Communities

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quatter families, except ere registered workers, nship at Glenmore, the ation Board, Mr Louis

He said that since Thursday, when the board gave an undertaking in the Supreme Court that only squatters who specifically requested removal would be shifted about 50 families had been moved to Glenmore.

He said there were now about 140 families at Glenmore and about 50 left at Klipfontein. Those at Klipfontein near Kerton included about 30 families headed by registered employees and 20 families who refused to move.

He said the worker families would soon be rehoused at the nearby Kerton emergency camp.

Since Thursday, squatters who expressed a desire to be moved to Glenmore, were asked by

have their names mentioned because the Wrab might evict them, they said.

The past week was the worst for them because they say the water was on and off the whole week. They have not been able to do anything in their houses.

Wrab officials were not available for comment yesterday.

the board to sign a letter of consent.

In an interview from Grahamstown yesterday, the chairman of the newly-formed Glenmore Action Group, Professor Rodney Daveport, said it was in excusable that the Department of Plural Relations was refusing to allow journalists to visit Glenmore.

"The public ought to be encouraged to take an interest in the resettlement. There can be no possible objection if it is seen to be done properly," Professor Daveport said.

He said the burning

question was the long term prospect of work at Glenmore. Commuting between Grahamstown and Glenmore by workers was ruled out because return bus fares were R1.80.

The authorities were gambling with people's futures. What work would there be in five years time when the Glenmore settlers had finished building the proposed 5 000 house township there, he asked.

The government does not appear to have learnt the lesson at Ilunge, Dimbaza and other resettlement areas where long term work prospects did not meet expectations, he said.

In an interview last week, the Deputy Minister of Plural Affairs and Administration Dr Willie Vosloo said it was hoped to eventually establish light industries and agricultural projects at Glenmore. None of the long term plans had been finalized yet, he said — DDC.

## Squatter

mutually agreed basis had still to be decided.

Meanwhile Saudi Arabia decided to raise its crude oil production, reports Sapa-Associated Press.

Quoting an official source at the Royal Palace, the Saudi Arabian State Radio said the production increase was temporary but did not specify how much it would be.

The source said the increase was necessary to meet expenses in Saudi Arabia's R119 280 million 1976-81 development plan.

Because of the principle of supply and demand, a substantial increase in Saudi Arabian production could theoretically hold down prices worldwide.

They came home and said Ezra I heard them tell my father not to hold public

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tion yesterday Sgt E N Hlatshwaya who was in charge said Mr Sinaba was not held by them. If arrested he said he could have been taken in at some other police station.

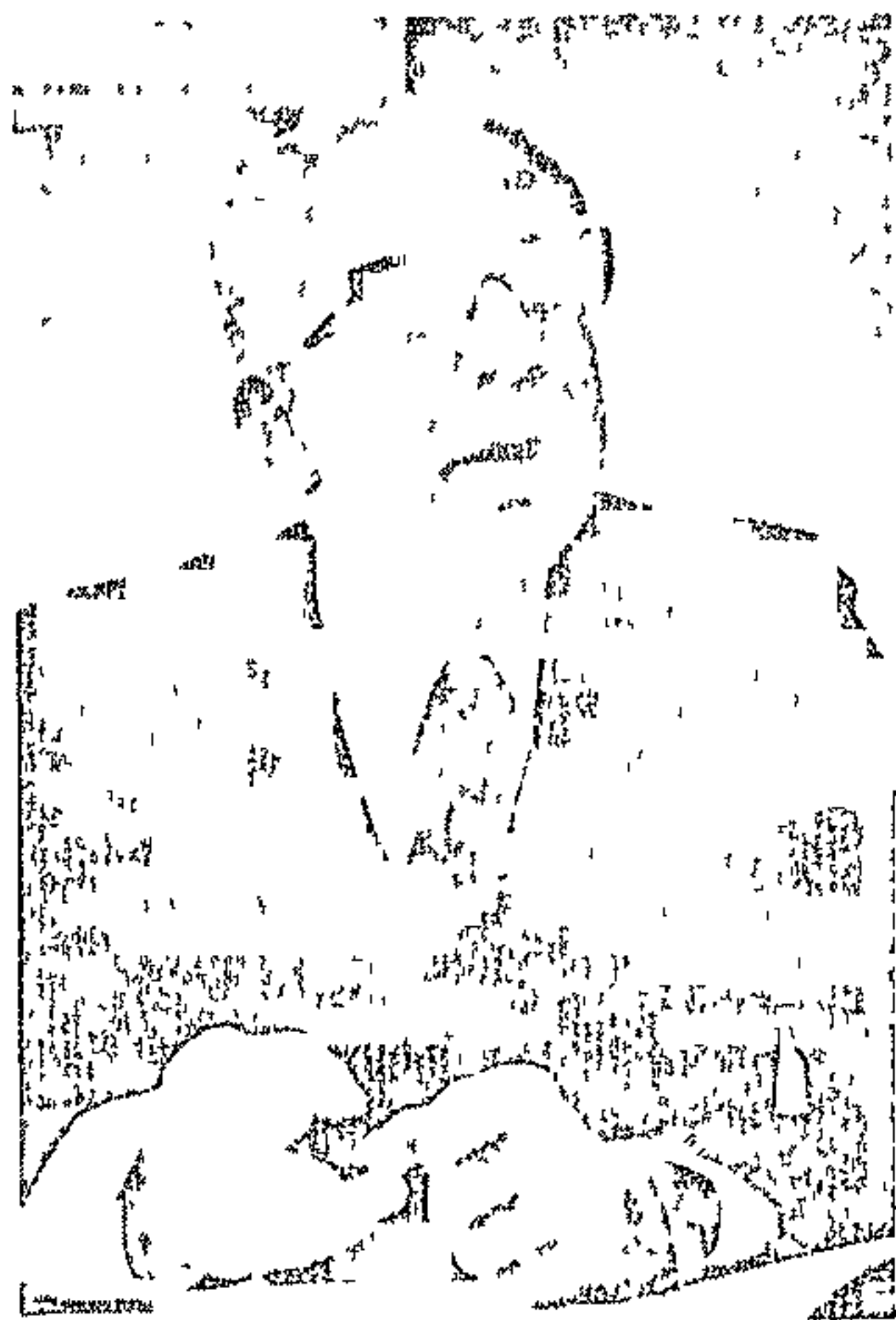


# Pruning Iscor's assets

The findings of the Theron Committee, which recently completed its investigation into Iscor, "show that the Corporation is well on the way to recovery" So says the new Minister of Industrial Affairs, Dr Schalk van der Merwe

More significantly, however, Van der Merwe tells the *F.M.* the road to full corporate health involves the selling of "as many of Iscor's subsidiaries as possible to the private sector" He explains "It is a good principle that the private sector should be brought in on all facets of State enterprise to which it can adapt We are going to move along that road - there is no doubt about that"

And, with a hint of his medical background (he is a doctor by profession though he has served for some time as a member of the Cabinet's economic policy committee) the Minister adds "We believe we have found the prescription, and we will certainly administer it" This change in attitude is one that will be roundly welcomed by the private sector Indeed, large corporations such as Anglo American are expected by government to



Theron predicting Iscor's steady recovery

take another look at Iscor subsidiaries. Anglo, particularly, is known to be very keen to resume takeover negotiations for one of Iscor's most successful offshoots - SA Manganese (Samancor) - in spite of the way its last attempt was aborted at the eleventh hour by government With P W Botha in the driving seat, many senior government men believe that Iscor will be permitted to shed Samancor (see *Fox*) And even Van der Merwe says he will have to look at the matter again in the light of what he calls "this new trend"

Perhaps it is appropriate that a medical man should have been charged with resuscitating the ailing State-owned steelmaker Two lawyers have failed - Chris Heunis and Louwrens Muller - and a turnaround from the huge R73 2m loss of last year is not only necessary from an economic point of view, but also in order to raise the understandably dejected spirits of the people who run Iscor

Secretary for Industrial Affairs Philip Theron, who chaired the committee, has adopted a cautious approach to Iscor's

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Financial Review July 8, 1979



Schalk van der Merwe . . . inviting the private sector to participate

rescue operation His forecast that the steel giant will be back in the black within three years is regarded by Iscorites as "more than a little pessimistic" Chairman Tom Muller and his management team reckon 18 months will be nearer the mark

They argue that Iscor's net loss for 1978-79 will be R98m, which does not include any contribution from the State The previous year's figure was reached after the State accepted R70m of the Corporation's financing charges for its own account Had they not done this the comparable amount lost would have been R143,2m So Iscor's performance for the year ended June 30 should improve by as much as R45m, or one-third In addition, the National Productivity Institute found that over the past three years, Iscor had achieved a real increase in productivity of between 5,2% and 4,7% a year These productivity gains contributed a total of R68m to the corporation over that period

Asked by the *F.M.* whether these figures were not supportive of Iscor's private projections, Theron made it clear he did not discount them

"I won't say it's not possible," he concedes, "but they depend very much on export prospects If exports remain at the same unattractive price levels then I think not But if the price increases, not to mention the volume, then Iscor could be back in the black very much faster" (Iscor expects its steel exports to increase by nearly 31% to R400m during the current year) Theron says his own forecast is based on the assumption that 95% of production will be sold on the local market, giving a return of about 8,5% to Iscor

But, he stresses, the rescue operation is largely dependent on the strictest application of other medicine he's prescribed Most important of all is the regular injection of cash by way of an annual price hike, using inflation as a yardstick "but not necessarily a

determinant"

"There has been a decision by the cabinet committee dealing with these matters that the steel price will be adjusted once a year," he explains But to what extent he would not commit himself "If you say 10%, I suppose that's as good a figure as any - but I don't want to be labelled a 10 percenter I must admit though, it is a reasonable figure - not too conservative or too extreme"

The committee has also recommended that the State be asked "in the national interest" to compensate Iscor for the production of unprofitable products Furthermore, if Iscor is compelled to expand its activities, particularly to decentralised areas, also in the national interest, then a different formula will be decided on to ensure that Iscor's debt ratio does not increase beyond 50% At present the corporation owes R2 billion in fixed period loans, and its financing costs for the last financial year amounted to a thumping R133,8m At the end of its last financial year 64,8% of Iscor's total net assets was financed by means of loans or other borrowing devices The net book value of Iscor's assets in the same year amounted to R1,9 billion

Iscor blames the low SA steel price and these interest payments for its ills And it would be difficult to gainsay this argument After all, SA still has one of the lowest steel prices And the debts were incurred to finance such vast projects as the Sishen-Saldanha ore mine and port, as well as the Grootgeluk coalmine and Newcastle works



Iscor's Tom Muller . . . an optimistic view of Iscor's upward climb

the target of 40% will be reached in 1983 In addition, the State is to forego its annual dividend payments for the duration of the recovery programme But, warns Theron, "any weakening in productivity will not be compensated for by way of price increases"

Significantly, attention is being given to the possibility of limiting Iscor's wide product range to those (other than strategic steels) that can be manufactured on an economic basis In addition, buyers of small quantities of steel are already being encouraged to bypass Iscor and to make use of steel brokers and service centres in the private sector These companies, in turn, are now encouraged to buy in a greater measure from Iscor This has had the effect over the past two years of reducing the number of Iscor's active clients from 2 200 to 600 And Iscor seldom accepts - as it did in the past - orders for non-standard products at uneconomic prices Instead, it charges the uncontrolled prices permissible for special steels

The question is also asked by Theron whether the time is not opportune for the State to "use pressure" to increase the price of scrap metal Such an increase would be granted with the express purpose of passing the principal benefits on to the primary generators of scrap, including Iscor, in order that they in their turn will be able to obtain much larger quantities

Naturally, this would have the effect of removing some of the expensive production burden from Iscor's shoulders After all, it's well known that most of Iscor's private sector competitors, with the exception of Highveld Steel and Vanadium, make virtually 100% use of scrap Producing steel from scratch, as Iscor and Highveld know, is vastly expensive Only Highveld's lucrative vanadium and ferro-alloy operation keeps it really viable

All this activity on the Iscor front raises another spectre Some years ago, Iscor

## LISTED PRODUCERS

One obvious by-product of government's move to boost Iscor's profitability is the positive effect on other major steel producers They have had an excellent run recently on the JSE and the latest price rise virtually guarantees that they will do even better in the rest of the year For a closer look at prospects for Highveld, Usco and Dunswart turn to *Fox*, page 63

The five-year recovery plan takes the continuation of these projects, and other smaller ones into account And in this regard, Theron reckons an outlay of R826m will be required over the period Apart from the agreement to hike prices annually, and the "cover" on strategic products and projects, the State is considering cash contributions up to 1982, or as long as Iscor's debt ratio stays too high There are two schemes, involving in the one instance government subsidisation to the tune of R235m, and in the other R200m

Government believes, however, that debts will be lower than 50% by 1981 and

P.T.O



chairman Tommy Muller went on the record saying that if Iscor could raise itself to profitable levels, even the steel-making activities might become an attractive takeover proposition for the private sector. He was shouted down by the then Minister of Economic Affairs, Chris Heunis.

The FM posed the question to Theron. His view is that a sale of Iscor proper would not be my approach.

A return on capital employed of 8.5% and even 10%, which is what we hope to achieve, will not be attractive to the private sector. A private investor would need about 20% to 25% for his investment to be worthwhile. I personally can't see this happening particularly in view of the

fact that we are concerned at keeping the steel price as low as possible. We would naturally also like a higher yield but from the viewpoint of the country's economic development, this is something we will have to sacrifice," he explains.

On Samanco: "The company is profitable and it therefore has a positive effect on Iscor as a whole. For that reason I wonder if that should be one of the subsidiaries to go to private enterprise at this stage. But I suppose we will have to do some reasonable offers and they will have to be considered."

The other side of the coin is that Iscor could use the many millions of rands that would be injected from the sale of subsidiaries - particularly Samanco,

which would have brought in over R100m for the Anglo de Iguazú Group.

And it could be grossly misused - against the social and environmental goals to hand over such a large amount of money to a private sector company.

Even people like Theron, who were in the way in the corporate world, were in the boardroom. They appeared to be in favour of the Iscor concept, but they were not. There can be no doubt about it. The deals loaded against the private sector.

Unless this requirement is met, the efforts of Theron, Farmer, Heunis, de Lou, and even Chris Heunis, who of whom sat on Iscor's board (and committee) are futile.

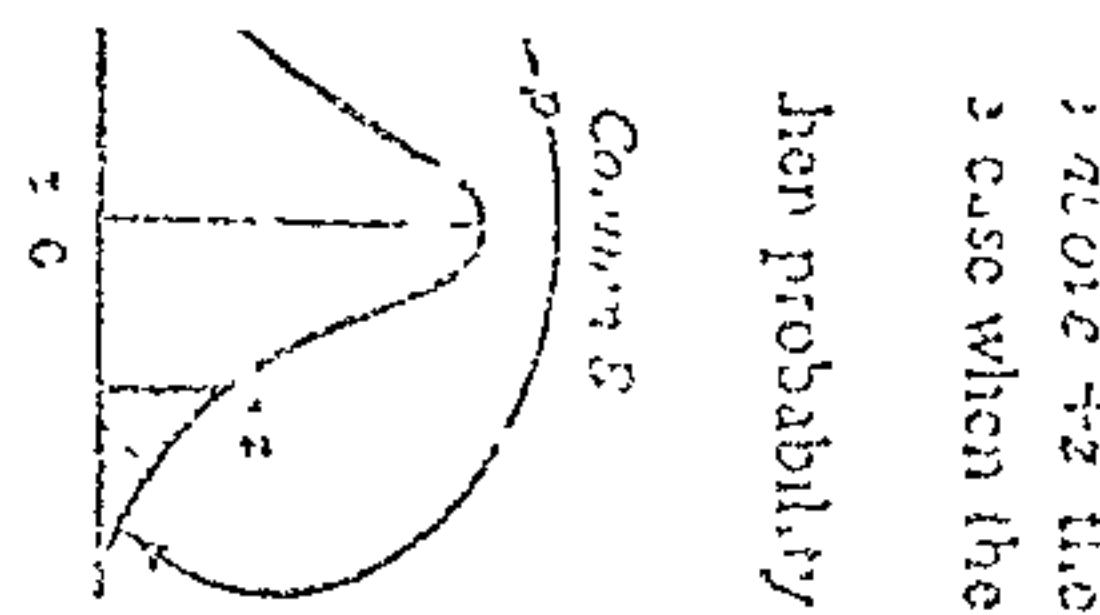
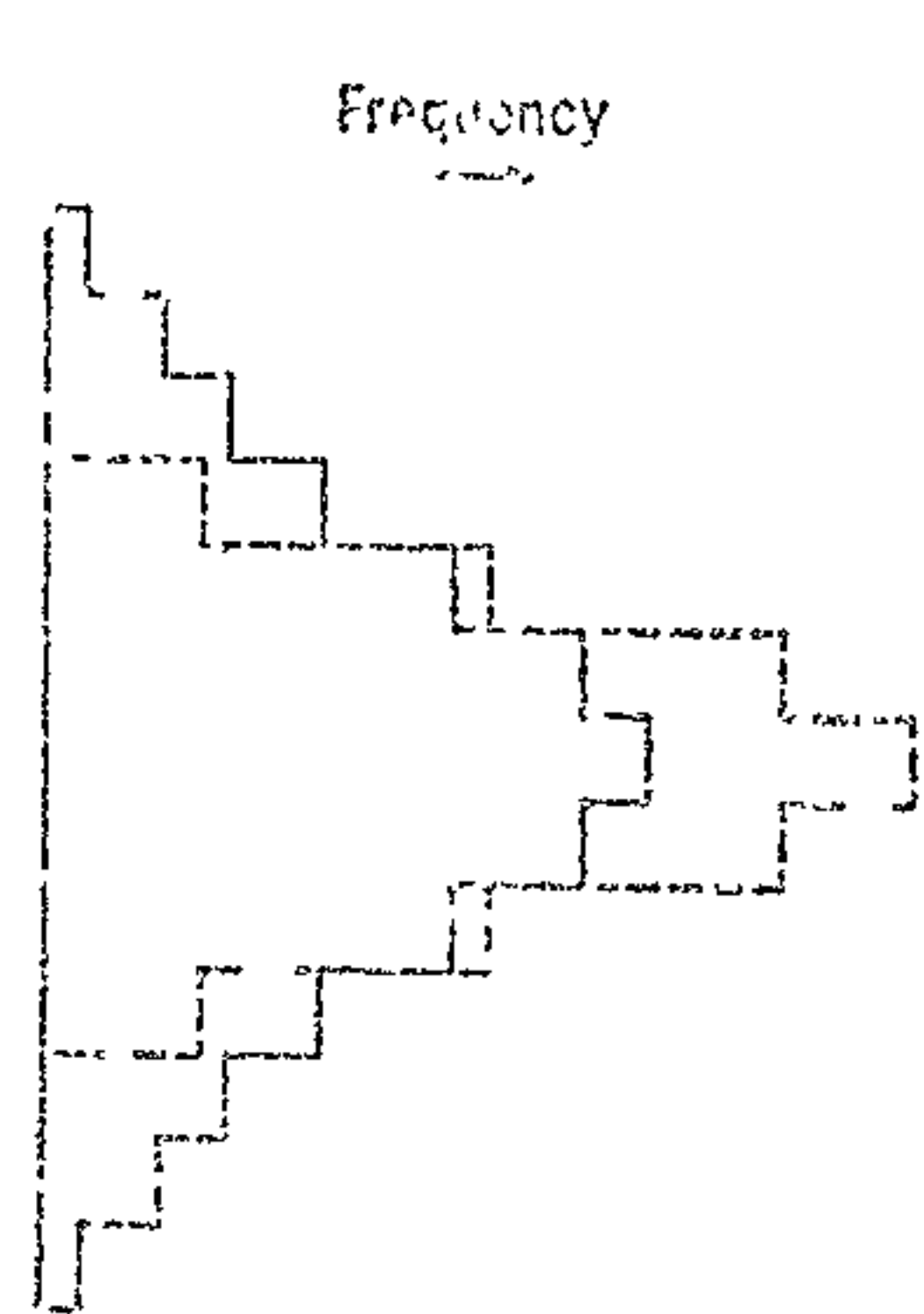


Table with 2 columns: p, and values ranging from 1.000 to 0.003.

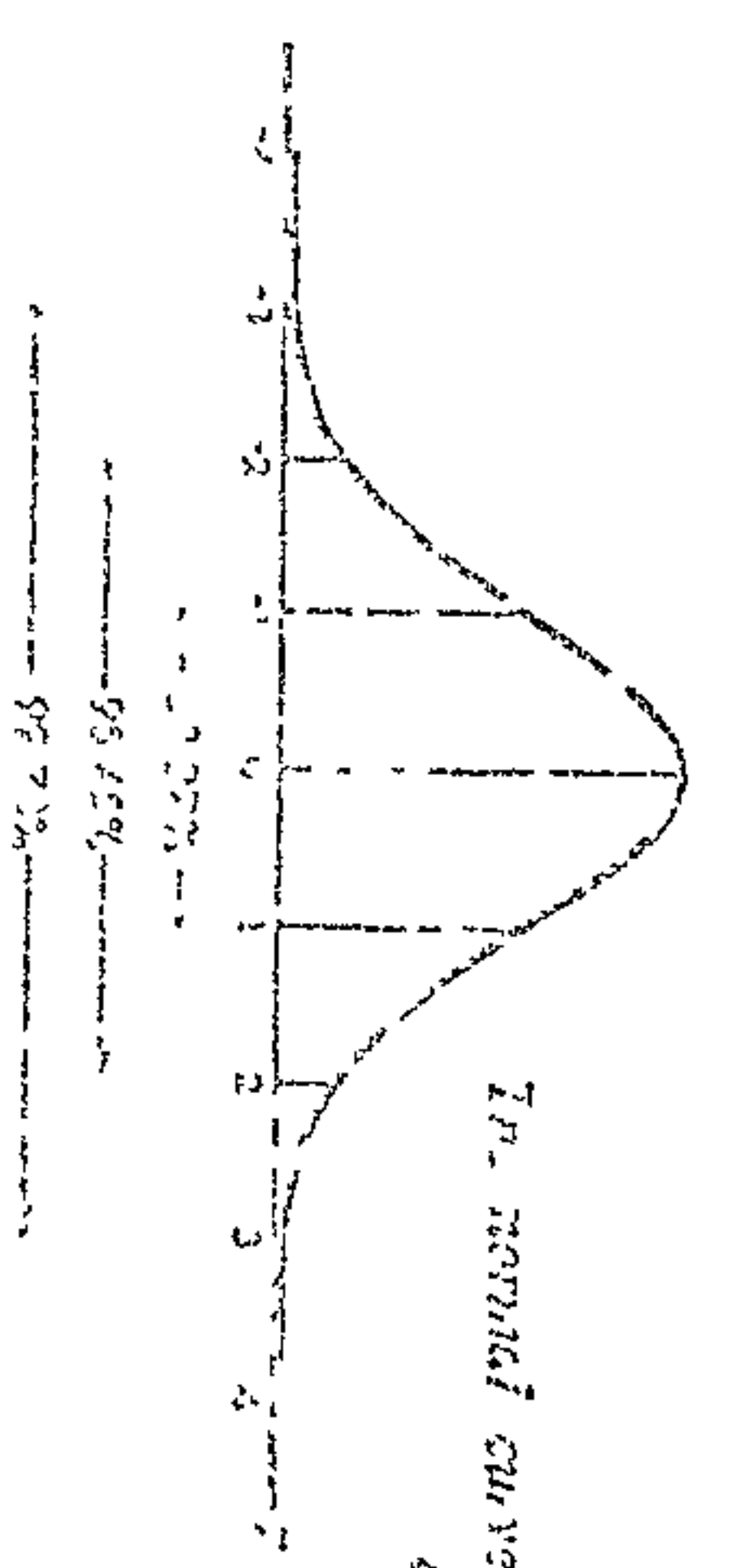


Distributions with the same mean value, but different standard deviations

Percentage points of the normal distribution	σ	σ	σ
10	0.1257	90	1.6449
20	0.2533	72	1.7507
30	0.3953	64	1.8808
38.30	0.5000	61.45	2.0000
40	0.5244	59	2.0537
50	0.6745	48	2.3263
60	0.8416	38	2.5758
66.76	1.0000	33.73	3.0000
70	1.0364	29.95	3.5000
80	1.2816	23.00	4.0000
85.64	1.5000	17.92	4.0000

σ = the percentage of the occurrences that will lie not more than σ from the mean.  
 σ = the number of standard deviations away from the mean with which the given percentage of the occurrences will lie.

For 4th edition see D. V. Lindley and J. G. P. Walker, Statistics, London: Cumberlege, 1973 (Table III)



There are several measures of skewness. One is:

$$\text{Skewness} = \frac{S(\text{Mean} - \text{Median})}{S(\text{Standard Deviation})}$$

with ranges from -3 to +3

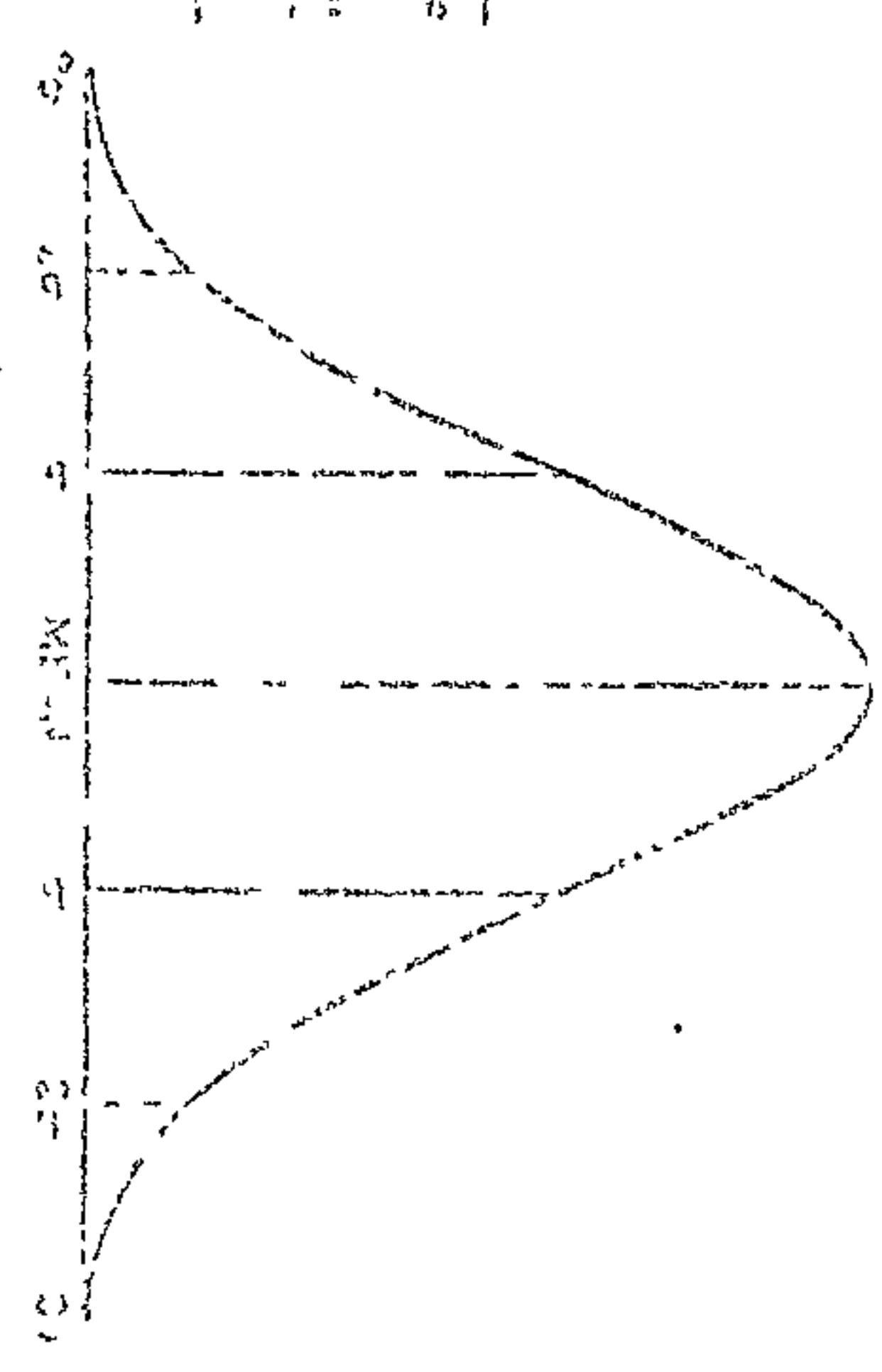
$$\text{and another} = \frac{(Q_1 + Q_3 - 2 \times \text{Median})}{(Q_3 - Q_1)}$$

which ranges from -3 to +3

$$\text{Skewness} = \frac{\sum(x - \bar{x})^3}{\sqrt{\sum(x - \bar{x})^2}}$$

With a prefix by empirical error this should be used.

A Normal or Gaussian Distribution



used to be. According to Schoeman "SA, in the sphere of agriculture, as in every other sphere today, has to look after itself and not rely on world surpluses of agricultural products. For our own survival and continued prosperity, and position in southern Africa, it is essential that agriculture must be expanded and developed as strongly as possible."

As there is no more land, this can only be done by increased efficiency. There has been some improvement: the number of white-owned farms has decreased from a peak of 116 848 in 1950 to 80 000 in 1974 and 75 563 in 1976, i.e. the number of white farmers is nearly 30% fewer, while the average size of farms has increased. For maize farms the estimate is from about 880 ha in 1973-74 to between 1 000 ha and 1 100 ha in 1977-78. Average crop yields have also increased gradually. Obviously this is not enough. But the solutions are not easy to pinpoint.

"I am at a loss to understand," says one economist, "how SA hopes to feed its population cheaply without using economies of scale," (that is, without making more use of mass production). Citing the US, large-scale or corporation



A staple food . . . but will there be enough in the future?





# R25m pay rise for Iscor workers

By GERALD REILLY  
Pretoria Bureau

ISCOR's 62 000 workers will share R25-million in pay increases dated from the beginning of July

The increases are in line with similar rises negotiated by the Steel and Engineering Industries Federation for the steel industry in May.

In terms of the agree-

ment negotiation between Iscor and the seven trade unions involved, white technical workers are to get a 10% rise, administrative workers 8% and black workers 12%

The increases come shortly after the steel price hike of 12,2% announced by the chairman of Iscor, Dr Tom Muller, last month

Iscor sources claimed

last night that the R25-million pay rise would not prejudice the Corporation's climb back to a profit-making situation

However, economists pointed out that the R25-million with pay rises granted in other sectors so far this year would swell inflationary pressures

Later this year the Railway unions are expected to

confront the Minister of Transport, Mr Heunis, with new wage demands

At last week's meeting of the Federal Consultative Council of Railway Staff Associations, protests were made over the steel price and other recent price increases

The Salaried Staff Association has already submitted a claim to the Minister.

straight line. A 20% allowance is granted for tax purposes, wear and tear being 20% on the reducing balance. Tax rates were 40% in 19.6 and 42% in 19.7, and taxable income amounted to R45 000 and R50 000 respectively, for the financial years ended 31.12.19.6 and 19.7

1. What is the balance on deferred tax account in respect of the plant at 31.12.19.7, assuming
  - a) deferral method
  - b) liability method?
2. Show how the tax charge will be disclosed in the income statement for the year ended 31 December 19.7, assuming
  - a) deferral method
  - b) liability method

(assume there are no other items causing timing differences)
3. How will the answer to 2. be affected by the existence of an extraordinary gain on disposal of a division of the company, amounting to R70 000, all of which was taxable, in the 19.7 financial year?
4. How does the answer to 3. change if the R70 000 is now a deductible loss, which can be set off against the taxable income from other sources of R50 000? Draw up the income statement assuming the deferral method is used.
5. Further to Note 4, assume now that the company has a set profit before depreciation of R60 000 in 19.8.

Draw up the income statement for the 19.8 financial year under a) liability method

b) deferral method

Assume the tax rate remains 42%



SASOL

F.M. 13/7/79 (S) (S) 260

## Stalled by dissent

Dissatisfaction is growing over the way the Sasol issue is being handled by merchant banks. Dissent among some of them is causing what are believed to be unnecessary delays.

Despite Sasol MD Johann Stegmann's announcement, that he expected particulars of Sasol's launch to be finalised by the second half of June, it is now almost the second half of July and details of the rate, the proposed pref share issue, proposed debentures and participation by overseas oil companies still appear to be in the balance.

The merchant banks are still testing the market, but it appears that there is consensus on a 7% prospective yield. When the preliminary announcement was made, the prospects of the issue were only coolly welcomed in certain quarters and the thinking at Sasol was that the issue would have to be pitched at an attractive rate, possibly as high as 8%, to ensure the issue's success. After all, Sasol is well aware of the implications if the issue failed — a second chance would be unlikely. In any event the last petrol price hike had not been announced at the time and now the Sasol project looks that more essential and attractive.

### Long-term investment

Another reason for deciding on a lower rate is that Sasol does not have to rely on stags. It is aiming the issue at long-term investors who receive tax advantages on dividend income. To institutions, a 7% dividend yield is worth close to 12% due to the tax offset.

It appears that the slated convertible deb issue has been thrown overboard. The reason for issuing debts was to allow institutions to plan their forward commitments. To replace that arrangement, Sasol will enter contracts with institutions allowing them to pick up four predetermined tranches of shares until end-1980 at varying intervals. Debts were not thought to be such a good idea, as tax advantages would not accrue to institutions and necessarily higher deb rates would just have added to Sasol's costs.

With the new arrangement, the ords will become eligible for the dividends as and when they are taken up. Effectively it means that the first tranche, which will be allocated in September, when the shares are listed, will be entitled to half of the interim dividend for the six months to end-December. And the second tranche to be allotted Jan 1 1980 will get the final. This will give an effective return equivalent to 35% of the dividends that would

have received if all the shares were taken up at once. From then on the remaining two tranches will be taken up half-yearly on July 1 1980 and January 1 1981.

To attract more institutions a new element has been introduced — namely, a pref issue. Stegmann tells me "the prefs will be compulsorily convertible into ords at an early date still to be determined."

One merchant banker says these prefs are to be aimed at pension funds and insurance companies, which are more concerned with achieving high returns than growth. This implies that the prefs will be pitched at higher rates than the ords. He believes Sasol could be thinking along the lines of conversion within two to three years. This suggests that despite Sasol's obvious growth prospects, there could be some institutions, such as insurance companies, which may hold back from the issue.

There is also talk of misgivings regarding the appointment of five merchant banks. This has apparently led to drawn-out meetings in which decisions are reached with difficulty. And, some merchant banks are competing against others to get the best for clients rather than looking after Sasol's interests. That was not the whole idea behind their appointment. Sasol, understandably, is becoming a little peeved with these manoeuvres.

Another bone of contention is Sasol's future board of directors. Some of the present heads are likely to roll. A call is being made to government and the IDC to draw even more heavily on the private sector to participate in management of the enlarged company. With government more amenable to private sector consultation, it is likely that private enterprise appointees will increase.

### Foreign stakes

There is still no clarity on overseas participation. Generally, it is believed that government has little option but to allocate as many shares as are demanded by the oil majors operating in SA. Hill Samuel, which is not a member of the merchant banking team, believes that Sasol has it in mind to give it the task of looking after any overseas investors due to its strong overseas connections.

The oil majors probably recognise the growth prospects. And as one Sasol official points out, "at current oil prices we will be able to service the new shares, but the big bonanza is yet to come with Sasol 2 and 3. And, that was before the latest 40% petrol price hike."

At this stage it is not possible to quantify the effect of higher petrol prices on Sasol's earnings. But with the latest hike, Sasol could well achieve the R120m earnings this year which appeared to be out of reach at end-May.

However, Sasol 2 and 3 should be money-spinners as long as the oil price continues to rise. Sasol 2 was designed to be profitable once crude oil prices approached \$15 a barrel. That level has now been convincingly passed with SA paying \$40 a barrel and more.

Peter Pittendrigh



## OIL PRICE

# Slippery slopes

260

FM 13/7/79

~~SA~~

FM 13/7/79

SA's retail price of petrol is in precarious balance. But whether it will rise yet again in response to higher Opec postings for the third quarter depends on a number of seemingly unpredictable factors.

Formalisation of Opec's multi-tiered price structure, which sets the Arab light benchmark crude at \$18 a barrel — but permits individual exporters to levy quality and geographic differential surcharges to an upper limit of \$23,50 a barrel — has somewhat complicated application of the standard price formula government applies to SA oil companies. This means that in any given period the landed price of oil in SA will range between \$20-\$25 a barrel cif (including cost, insurance and freight) for oil acquired in the formal sector of the market, to \$35-\$40 cif bought on the spot market.

Under normal circumstances the increased Opec posted prices would certainly have resulted in a higher domestic price in terms of the agreed standard formula which allows SA oil companies a gross margin yielding less than 15% before interest and tax on depreciated book value.

However, since December 26 last year, when SA was cut off from Iranian sources of supply, the domestic pricing mechanism has been dictated by the international spot market and the weighted average price of offshore acquisitions has soared way above official postings. This is despite the 20%-30% of current imports that comprises unembargoed oil obtained outside the spot market.

After Opec's December 1978 price fix, which was to have been a phased quarterly rise averaging 10% on the year, government raised the home price of all petroleum products 3,2c a litre, of which about 1,7c went to the oil companies and 1,5c into the State Oil Fund (SOF) equalisation account to pay for premiums charged in excess of posted prices.

### Levy raised 6c

In February this year the premium equalisation levy was raised 6c a litre when spot prices began to move to \$20 a barrel and last month it was hoisted a further 15c a litre which, according to then Economic Affairs Minister Chris Heunis, included 10,4c for the equalisation fund and 4,6c a litre for the "oil companies".

At that stage SA was paying \$35-\$40 a barrel, between two and three times the price of the Arab light benchmark crude. To pay the premium, SA consumers contributed nearly 17c a litre to the equalisation fund, while Finance Minister Horwood surrendered 2c a litre of his

excise collections to further boost the fund.

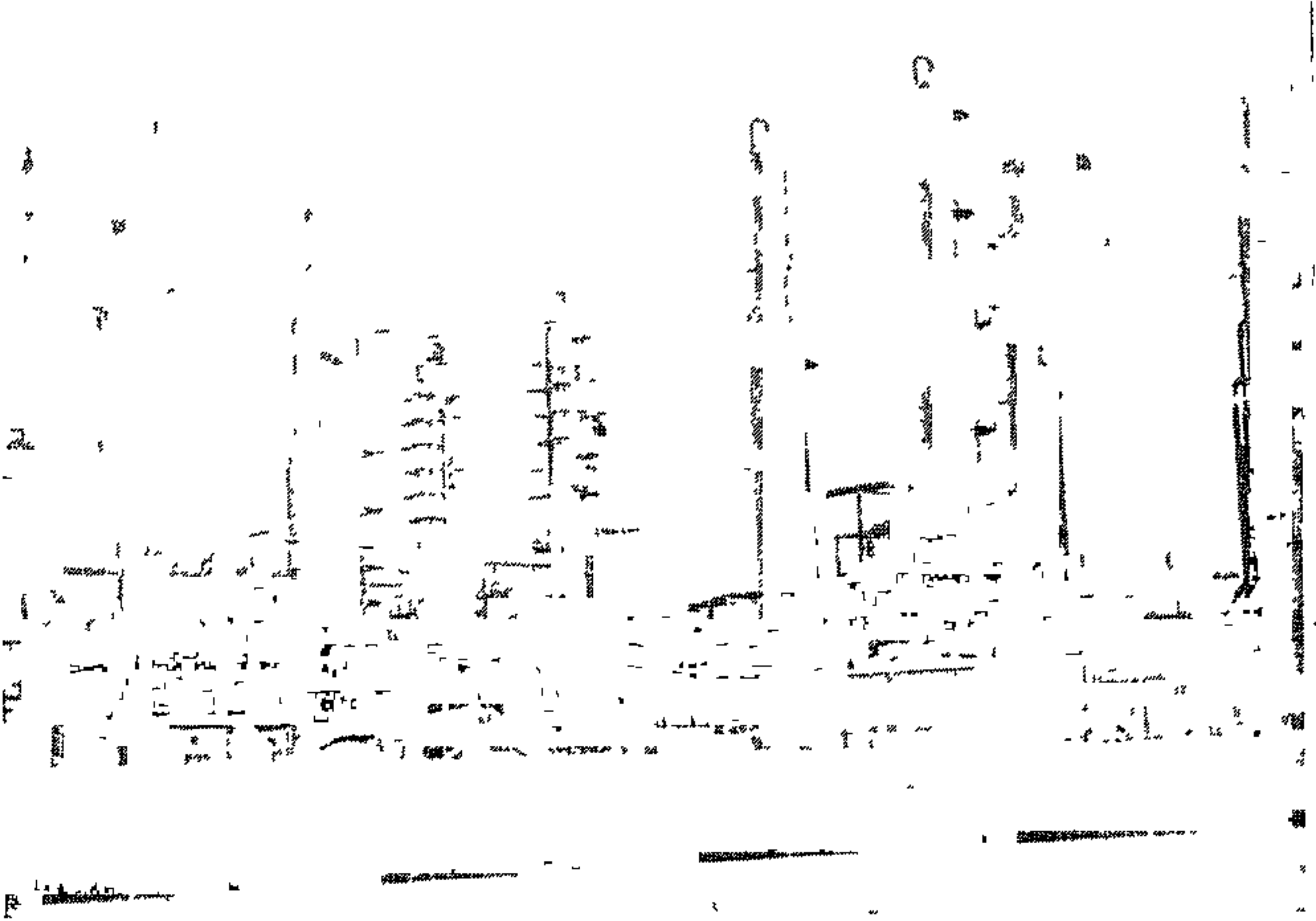
The question now is whether the higher postings in the formal sector of the market will require a further increase in retail prices to compensate the oil majors for higher offshore costs, or whether there is a sufficient degree of "over-recovery" in the existing SOF levy simply to divert the relevant portion to the companies by a mere book entry, and leave existing retail prices as they are.

The answer depends on the behaviour of the spot market. If it stabilises at a lower

level than the one ruling at June 28 then the SOF will be in a position to absorb increased entitlements of the oil majors. If they don't, consumers will have to cough up a few more cents a litre at the pump.

Factors determining the behaviour of the spot market are so plentiful and so unpredictable that government oil officials are saying "The name of the game is waiting".

Other factors that will influence the spot market are Mexico's marketing policy, the severity of the northern winter,



Sasol . Opec makes it look better every day

level than the one ruling at June 28 then the SOF will be in a position to absorb increased entitlements of the oil majors. If they don't, consumers will have to cough up a few more cents a litre at the pump.

Factors determining the behaviour of the spot market are so plentiful and so unpredictable that government oil officials are saying "The name of the game is waiting".

If Saudi Arabia raises production 1m barrels a day as expected, it may restore calm to the spot market, particularly now that posted prices have been lifted closer to the insane levels obtaining on the so-called Rotterdam market at the end of June.

But the question oilmen are now asking is whether Saudi Arabia will make additional production available to Aramco (the western oil consortium dominated by US majors) or to Petromin, the Saudi national oil company. The importance of the answer to this question seems to be

the US administration's ability to formulate a working energy policy, the internal stability of Iran and threats by Libya to halt production altogether.

But quite apart from short-term discomfort in terms of the domestic oil price, the behaviour of the spot market will influence SA's own plans to achieve at least 50% relief from imported oil.

It is no secret that government depends overwhelmingly on consumer levies to finance the development of Sasol 3. Of Sasol 2's estimated capital cost of R2 450m, no less than R1 626m came from consumer contributions to the SOF. There have been no official statements that Sasol 3 will depend less on SOF contributions for its funding.

Arguably, therefore, if the lion's share of present contributions is diverted offshore to pay for persistently high oil prices, how much will remain to build up a pot to pay for Sasol 3?

The answer is one of government's most closely guarded secrets.



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SUNDAY TIMES, Business Times, July 15, 1979

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# Energy strategy to cost R35 000m

IT WILL cost some R35 000-million to make South Africa virtually self-sufficient in energy within 10 years — the approximate time span now being used as a yardstick by Government and by the country's major energy producers and users.

This compares with an oil imports bill which would probably top R50 000-million in the next decade if no further work was done to advance the drive for energy independence.

But as this drive will continue, the oil imports bill will naturally diminish.

So the cost of achieving self-sufficiency will now be roughly equal to the cost of oil which the country will have to continue importing until it is no longer needed.

These projections were made by Business Times this week and tested by top strategic planners in the energy and transport fields.

They pointed out that, if the targets were realised, by the end of 1989 South Africa would have fixed assets worth more than R15 000-million (after allowing generously for

depreciation) for the production of her own energy.

Also, she would have the necessary energy, saving some R5 000-million a year in foreign exchange which would otherwise have had to be expended on oil imports.

And the price for all this (again, after depreciation of the requisite fixed assets) would have been paid for, with much to spare, by savings in the meantime on liquid fuel imports.

Meanwhile, both the Railways and private sector rail operators say the magic point has now been passed at which

it becomes cheaper to use electric rather than diesel locomotive power for rail traction.

Where the cost of new capital equipment needed in the electrification of lines is included in the calculations, the "break-even" point is naturally still some way off, but approaching at an accelerating pace.

SAR General Manager Mr J C de Waal says that even before the most recent increases in diesel fuel prices, the cost of rail traction energy was typically 0,28c per gross ton/km using diesel lo-

cos, compared with 0,20c using electric units.

In 1979-80, the SAR expects the cost for diesel traction to rise more than 30% to some 0,39c compared with a rise of only 10%, to 0,22c, for electric traction.

Looking five years ahead, the figure for diesels in 1984/85 is expected to be around 0,70c against 0,36c for electric traction, assuming a 10% annual increase in electricity costs and 13% a year in the price of diesel fuel.

Mr De Waal says electric traction became cheaper in terms of energy costs as long ago as 1974/75, before elec-

tricity prices leapt ahead as Eskom began to finance more heavily from its own resources.

To justify new electrification of lines, some 15 "typical" trains a day in both directions were necessary in 1974/75. This rose to almost 20 trains a day in 1977/78 after the large climb in electricity prices, but is expected to be less than half this figure, on 9,8 trains a day, by 1980, following the huge recent hike in liquid fuel prices.

The figure should be down to some 8 trains a day by 1985. Of the SAR's total route

lineage of 23 300 km, some 6 900 is currently electrified. But this will rise to 7 700 km (33% of the total) when construction already begun is complete and to 9 300 km by 1985, or 40% of the total.

Already, however, 64,6% of gross ton/km are hauled by electricity, compared with 30% for diesel and 5% for steam.

In order, new sections to be electrified include De Aar-Pieter (by late 1983), Pyramid-Pietersberg (by mid-1983), Bloemfontein-East/London and Springfontein Noupoort (both mid-1984).

Eskom estimates its basic capital spending at R15 700-million in the next 9 years or so, provided inflation is not above 8% a year. With 10% inflation, the figure will naturally be much higher in unadjusted rand terms.

Overall, the commission actually paid a decreasing average for its coal in 1969-72. In 1973-78 the average cost per ton surged by some 22,5% a year as a result of "extraordinary" factors (for instance, big increases in coal workers' wages).

In future years, the increase in coal prices is expected to be about the same as the annual increase in the Consumer Price Index.

The cost of coal represents some 21% of Eskom's overall costs as debited to the Electricity Supply Account.

In 1973-78, Eskom's average selling price rose by some 22,5% annually — the same as the coal price to it — mainly as a result of heavy provisions for internal financing.

In future, however, the commission expects tariff increases only, "with no further adjustment for internal financing".

## Experts plot path to self-sufficiency

Kriel power station will help Eskom keep its price of coal level with the Consumer Price Index during the next nine years.



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For full text  
see Acts 1979

# STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA

# GOVERNMENT GAZETTE

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KAAPSTAD, 18 JULIE 1979

CAPE TOWN, 18 JULY 1979

[No 6588

DEPARTEMENT VAN DIE EERSTE MINISTER

DEPARTMENT OF THE PRIME MINISTER

No 1561

18 Julie 1979

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word —

No 119 van 1979 Wet op die Suid-Afrikaanse Yster en Staal Industriële Korporasie, Beperk, 1979

No 1561.

18 July 1979

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

No 119 of 1979 South African Iron and Steel Industrial Corporation, Limited, Act, 1979



260 FM 3/8/79

# More in the pipeline

Now that Sasol is to be predominantly privately held, there appears to be a fair amount of confusion and - in some quarters - dissatisfaction regarding what is widely thought to be continued public "subsidisation" through the 4c State Oil Fund (SOF) levy. Also Sasol is unhappy with the view in some quarters that profits will be guaranteed by the 3,6c protection.

MD Johann Stegmann stresses that the SOF levy is not intended to subsidise Sasol 1, 2 or 3. And he emphasises that the State is to be reimbursed for any part of its stake in capitalisations of the project it may decide to surrender to the private sector.

The SOF is planned to fund 68,4% of Sasol 2's R2,5 billion capex and, together with unspecified Parliamentary appropriations, 64% of Sasol 3's R3,3 billion. The rest will be funded from R1,1 billion export credits and the R525m raised by the imminent share issue.

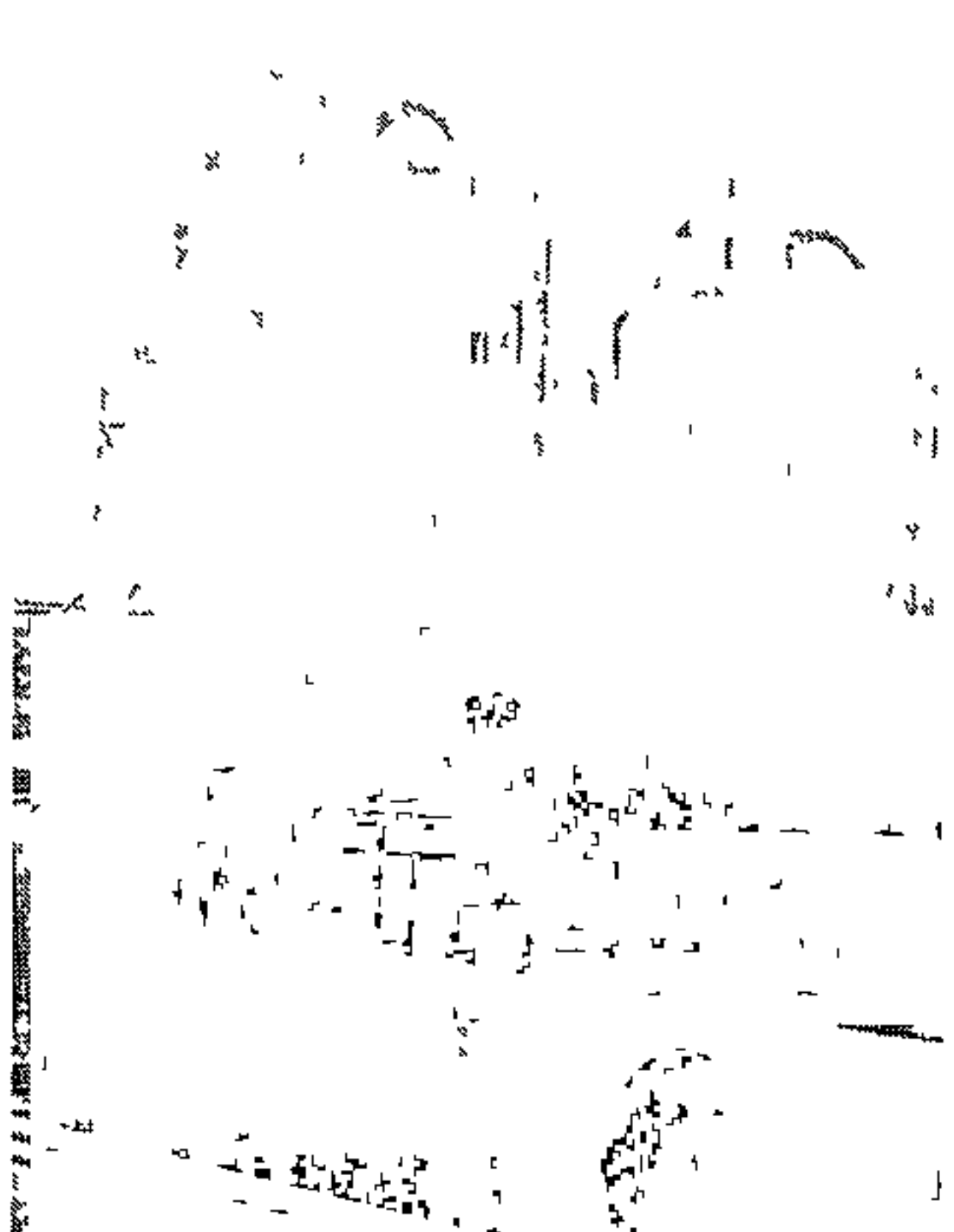
The progress towards increased private participation in Sasol could be as follows: Sasol, which is a newly created holding company, is issuing 375m no-par-value ords at R2, of which 245m will be privately placed with institutions and 17,5m issued to the public here and overseas.

## SASOL'S PROFITS

	1977	1978	1979	1980
Pre-tax profit (m)	40	115	140	160
70% share	28	80	98	112
20% share	12	35	42	48

IDC's current holding of 102,3m Sasol 1 ords and 12m R1 prefs will be replaced by 112,5m new ords in the new holding company. In effect the State is selling part of an existing asset to help pay for Sasol 3. After the listing, IDC and Sasol will each own 50% of Sasol 2 and 3, which will mean that they can be classed as associates and Sasol will participate in dividends only.

As and when Sasol 2, which comes on stream in January, becomes profitable, probably in 1981, the question of its takeover by Sasol will be considered. This will broaden the group's equity base and be followed by a rights issue, enabling the Sasol shareholders to repay the State for part of the R1,7 billion and R300m it has sunk into the Sasol 2 operation through SOF and Parliamentary appropriations respectively.



Sasol . when will the next stake be sold?

Logically, this means that loan capital will have to be increased or that shareholders will have to find another R1,4 billion if they are to maintain their 70% shareholding. But as with the present placing, which is being made in four unequal tranches, further loans and rights issues would have to be staggered if they are not to cause major short-term distortions of the local capital market. Fully aware of the possible disruptive affect of the capital market absorbing such a large amount, IDC will take over the increased Sasol 2 share capital and give the public the opportunity to participate in rights issues from time to time.

In the case of Sasol 3, it is planned that Parliamentary appropriations and the SOF will provide R2,1 billion, export credits R655m and the issue R525m. The R525m effectively remains as part of IDC's stake in phase 3 of the project. So, as and when Sasol 3 becomes profitable, probably in the mid-Eighties and a further public participation is offered, up to R1,8 billion would have to be found by the private sector if it were to again maintain its 70% stake in the overall group. So here again IDC will initially take up the entire additional Sasol 3 share capital and let the public increase its share from time to time. At this stage it is not the State's objective to give the public a 70% stake in the whole operation.

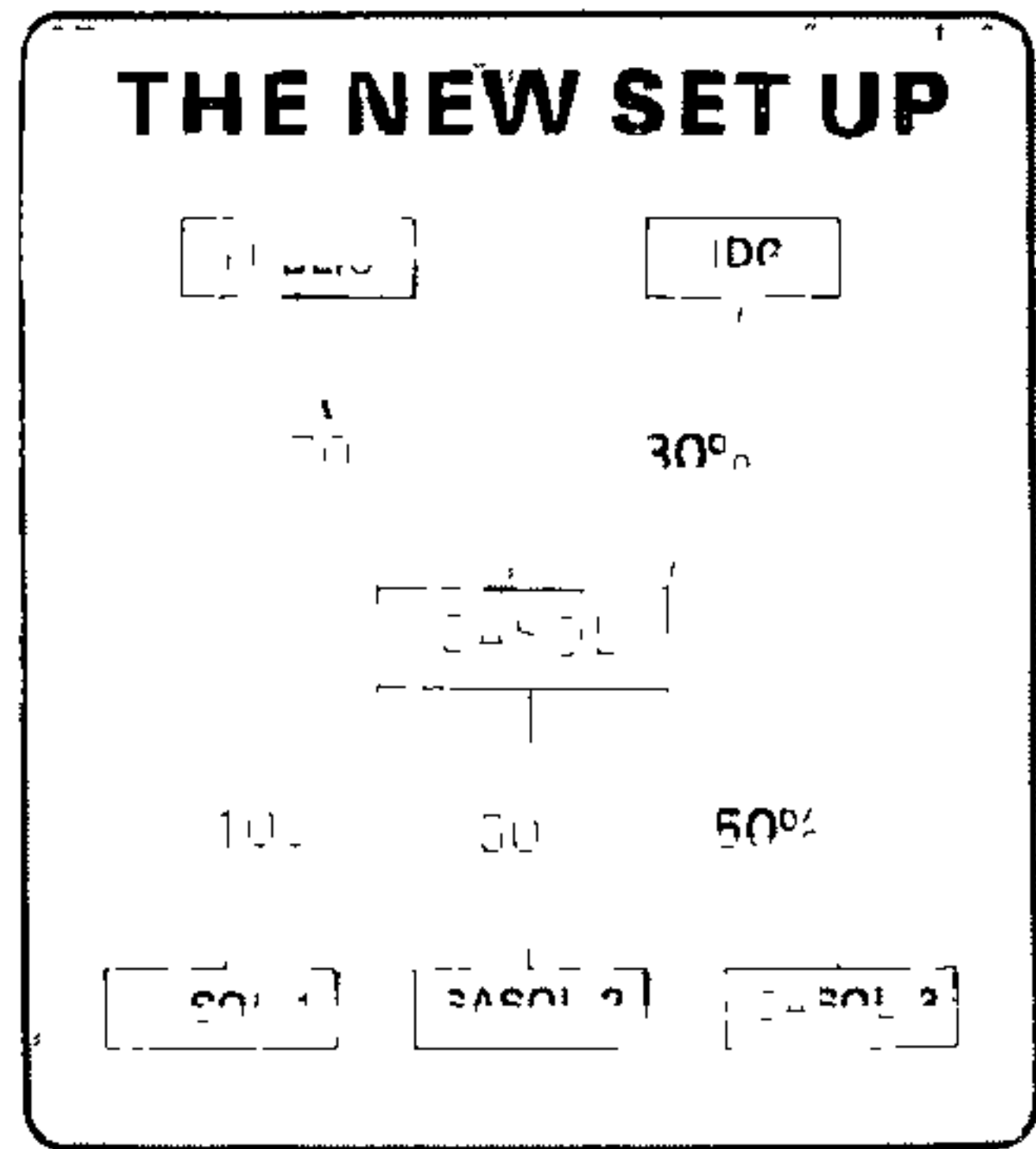
As for the other bone of contention, namely the 3,6c protection, which became

effective on July 1, Stegmann is at pains to point out that this must not be seen as a State instrument to guarantee Sasol's future profitability, come what may. He says, it is designed to grant protection to all local fuel producers who use indigenous raw materials. Previous Economic Affairs Minister Chris Heunis said, in fact, that should cost factors and the price of petroleum products deviate from the assumptions made for the economic evaluation of Sasol, the 3,6c surcharge may be adjusted upwards or downwards. However while the government has not decided on the mechanics through which this protection will be given, local petroleum product prices will not be increased as a result.

Stegmann further explains that Sasol is compelled to adjust its prices in line with world crude oil prices, so it needs the protection until crude oil prices have risen to levels where this no longer necessary. Currently, Sasol 2 should become profitable at a crude oil price of \$22 a barrel, without protection, but before taking account of the inflationary effect of the recent oil price. He adds that the protection will act as a catalyst and give Sasol a good start, but stresses that the company must stand on its own feet from inception.

Sasol's board will strive for an annual 12,5% growth. In the year to end-June annualised earnings of 28c have been forecast, from which a total of 11,5c will be paid on shares which were fully paid from the start. As the shares are to be issued in September and due to the staggering of the issue, 12,5% dividend growth may be achieved without having to decrease cover much below 2. But without the prospectus there are still grey areas.

Peter Pittendrigh





# R25 miljoen aan loon

Maandport 8/7/79

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## Yskor

**YSKOR se sowat 62 000 werkers sal aan die einde van vandesmaand R25 miljoen meer per jaar aan loon en salarisse ontvang. Hierdie verhogings is in ooreenstemming met soortgelyke verhogings wat vanjaar in Mei deur Seifsa vir die staalbedryf as geheel beding is.**

*'n Ooreenkoms wat deur Yskor en die sewe vakkonde aangegaan is, maak voorsiening dat die loon van blanke ooreenkomsposte en anderwante poste vanaf 1 Julie vanjaar met 10 persent verhoog word. Die salarisse ten opsigte van administratiewe poste word terselfdertyd met 8 persent verhoog, terwyl die loon van swartes met 12 p opgestoot gaan word.*

Die aankondiging van hoer loon en salarisse volg kort op die hake van die aankondiging dat die staalprys met gemiddeld 12,2 persent opgestoot is.

Na verwagting behoort die hoer loon nie Yskor se herstel na 'n winsposisie (daar is reeds goeie voordeeling hiermee gemaak) baie nadelig te raak nie.

Die rede hiervoor is dat Yskor daarin kon slaag om die laaste tyd die produktiviteit van sy werkers aansienlik op te stoot en dat hierdie reëling steeds voortduur.

Volgens 'n vergelyking van Yskor se resultate vir 1976/1977 en 1977/1978 se boekjare wat deur die Nasionale Personeel Instituut gemaak is, was daar 'n verbetering van 0,4 persent in 1977.

berekening wat deur Yskor self gedoen is, en wat van 'n ander metode gebruik gemaak het, toon aan dat die verbetering in produktiviteit 3 persent beloop het.

### Ingebou

Hoewel die resultate van die twee metodes van mekaar verskil, bestaan daar egter nie twyfel dat Yskor redelike sukses behaal het om die produktiviteit van sy werkers op te stoot nie.

Die NPL-studie toon ook aan dat Yskor die afgelope drie jaar sy totale produktiviteit in reële terme met ongeveer 5 persent per jaar opgestoot het.

Die loon- en salarisverhogings is reeds ingebou in die 12,2 persent prysverhoging in staal wat vroeër aangekondig is.

Friends (Quakers) en van die American Friends Service Committee deurgebring. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, hare vergaderings toegespreek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbonde aan verskeie universiteite besoek.

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switserland, Swede, Israel en Zambie besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomaate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en proefkundige verenigings. As gevolg van sy besoek Nederland het hy 'n toelae vir die Konstruktiewe Pro-ontvang van die Algemeen Diakonaal Bureau van die Formeerde Kerken in Holland.

Bessor J.L. Boshoff, ere-fellow van die Konstruktiewe Ram, het met 'n aantal instansies, wat universiteite atal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal, kontak opgebou.

### Konferensies

Turende 1978 het die Direkteur die volgende konferensies ewoon.

Jaarlikse Konferensie, Nasionale Uitvoerende Komitee- en Raadsvergadering van die Suid-Afrikaanse Instituut vir Raasseverhoudinge, Kaapstad (Januarie).

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April).

Negende Wêreldkongres van Sosiologie, Uppsala, Swede  
Verhandeling voorleg in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosio-logiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).



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### Byvoordele

Benewens Evkom se uitmuntende opleidingskemas wat reeds genoem is, is daar ook talle ander byvoordele Evkom as werkgewer, is begaan oor die welsyn van sy werknemer vanaf die oomblik waarop hy of sy in diens tree tot en met aftrede Evkom se pensioenskema waarborg 'n ruim pensioen Evkom glo dat 'n gesin 'n eenheid is en dat 'n gelukkige gesin baie bydra tot die produktiwiteit van die werknemer. Daarom help die Kommissie die werknemer om 'n eke huis vir sy gesin te bekom deur middel van 'n Huiseienaarskema indien fondse beskikbaar is. Werknemers moet egter aan sekere voor-skryfte voldoen om aan dié skema deel te kan neem.

### Administrasie

Vir die administratiewe werknemer is daar ook interessante loopbane wat persoonlik, bedryf, konstruksie en baie ander vertakkinge van Evkom se werksaamhede insluit waarin van klerke tot gegradueerde beamptes 'n belangrike bydrae kan lewer. Al die werksaamhede verg natuurlik ook sekretariale werknemers, tiksters, kantoor-masjienoperateurs e.d.m.

### Regsadviseurs

Die regsadviseur in Evkom speel 'n belangrike rol in die verkryging van serwitte, die kontroliering van kontrakte voor ondertekening, die toepassing van kontrakte, die beheer van Evkom se geldsake, die opstel van konsepwetgewing ens. en is betrokke by alle eise deur en teen Evkom. Seker die belangrikste kontrak wat in 1976 afgehandel is, is dié met 'n Franse konsortium vir die oprigting van Suid-Afrika se eerste kernkragentrale by Koeberg, 28 km noord van Kaapstad.

### Vakleerlinge

Vakleerlinge word ook aangemoedig om hul hulle ten volle in hul onderskeie ambagte te bekwaam. Evkom bied opleiding aan vir instrUMENTWERKKNIDIGES, e

# Oliekrisis verhaas swaai na elektrisiteit

# Evkom bied uitdaginge na loopbaan

EVKOM is een van die grootste werke-wers van tegniese personeel in Suid-Afrika. Aangesien die elektrisiteitsbedryf toegewys is op die gebruik van goed-geskoole en opgeleide ingenieurs, tegnisi en vakmanne om die gesofistikeerde en duur aanlegte te hanteer, word poste aangebied wat 'n wye spektrum dek.

### Loopbane

Loopbane in die elektrisiteitsbedryf strek vir ingenieurs vanaf die ontwerpafdeling tot by beplanning van toevore aan plattelandse gebiede. Uit die aard van sy bedrywighede benodig Evkom dus ingenieurs wat opleiding in die tradisionele en bekende dissiplines ontvang het.

Siviele ingenieurs is genoemd met die ontwerp en konstruksie van staal- en betonstrukture by kragstasies, die uitlê van dorpsgebiede, beplanning van watervoere en -afvoere, ensomere. Op die gebied van die elektriese ingenieurswese dek die ingenieur ook verskeie velde, sommige spesialisere in een rigting.

So is daar byvoorbeeld swaartstroomingenieurs wat hul aandag toespits op die elektriese aspekte van kragontwikkeling, distribusie van elektrisiteit oor hoëspanninglyne op landwyse grondslag, beplanning, oprigting en instandhouding van transformators, toekomstige lasvoorspellings ens. Aan die swakstroomkant is die elektriese ingenieur genoemd met afstandbeheer, instru-

mentasie wat byvoortbeeld 'n sleutelrol speel in moderne kragstasies, telekommunikasie, radiokommunikasie ens.

Daar is 'n wêreldwye tekort aan elektriese ingenieurs wat spesialisere in tegniese beplanning, die kuns en wetenskap om toe te sien dat 'n ononderbroke toevore aan verbruikers gelewer word. Hierdie ingewikkelde werk bied 'n groot uitdaging aan die elektriese ingenieur, veral daar Evkom van die langste swaartstroomlyn ter wêreld gebruik.

Die groot turbogenerators wat deesdae gebruik word, by Krielkragstasie is by ses elk met 'n vermoë van 500 Mw in bedryf, is een gebied waarop die meganiese ingenieur kan spesialiseer. Daarbenewens kan hy hom begewe op die terreine van beplande instandhouding, die ontwerp, oprigting en instandhouding van stoomketels, steenkoolmuelens, reusepompe, lugtoevoere ens. ens.

Chemiese ingenieurs begin ook 'n belangrike rol in die kragstasiebedryf speel.

Die kerningenieurswese is 'n betreklike nuwe veld en ingenieurs wat hierin wil kwalifiseer neem gewoonlik eers 'n ingenieursgraad en spesiasie is daar egter ook belowende betrekings vir diegene wat pas hul studies of opleiding voltooi het.

Diesulikes ondergaan 'n verdere opleiding van 3 jaar by Evkom (waarvan 2 jaar formele opleiding is) waarna hulle by die Suid-Afrikaanse Raad vir Professionele Ingenieurs kan aansoek doen om professionele status.

In so 'n groot organisasie is daar egter ook belowende betrekings vir diegene wat pas hul studies of opleiding voltooi het.

### Beurslenings

Beurslenings vir voltydse studie aan enige Suid-Afrikaanse universiteit word toegeken aan burgers van die Republiek wat in universiteitopleiding belang stel en wat tot voordeel van die Kommissie, as werkgewer van so 'n student, sal strek. Van sodanige studente word verwag om by voltooiing van hul studies in Evkom se diens te tree vir 'n

tydperk gelyk aan die studietydperk waarvoor die beurs voorsiening maak.

Hierdie lenings maak voorsiening vir studies in elektriese, meganiese en siviele ingenieurswese, rekenaarwetenskap, argitektuur, bourekeningkunde, chemie, fisika, handel, wiskunde en statuske.

### Leering-Tegnici

Benewens die loopbane as ingenieur, het die opgeleide tegnisi in bogenoemde velde ook 'n toekoms voor hom in die elektrisiteitsbedryf. Waar baie ingenieurstudente met behulp van beurse studeer, studeer die tegnisi by 'n Technikon terwyl hy betaal word.

Die leering-tegnikus geniet dus akademiese opleiding terwyl hy praktiese ondervinding opdoen. Aan die begin van sy loopbaan maak hy dus reeds kennis met sy werksomgewing, gemet personeelvoordele en doen kennis op van die apparatuur waarmee hy later, saam met die ingenieur, gemoeid sal wees.

### Rekenkunde

Finansies speel 'n belangrike rol in Evkom se bedrywighede en variasies betaan vir gegradueerdes wat in finansie vertakkinge onderleg is.

Rekenmeesters en rekenkundige beamptes het geskikte kwalifikasies soos by B.Comm is ook in aanvraag by hoofkantoor



HARD aan die werk in die komperaar by Evkom. Oor loopbane in dié rigting word in dié artikel hierby meer vertel.



## Vakleerlinge

passers-en-draaiers, patroonmakers, loodgieters, skrynwerkers, ketelmakers en diesel-werktuigkundiges. Opleidingsprogramme vir vakleerlinge is in ooreenstemming met wetsvoorskrifte.

Eskom is trots daarop dat sy opleidingsfasiliteite by Rosherville, Meyerton, Henley en Klip gunstig vergelyk met die bestes in die Republiek. Opleiding van hoogstaande gehalte word verskaf deur gekwalifiseerde instrukteurs en dit verseker dat minstens 50 p.s. van die kandidate in hul ambagstoets slaag. Ná opleiding bied Eskom aan die vakman 'n loopbaan waarin hy kan vorder tot ingenieursassistent en toesighouer.

**L e e r l i n g**  
bedryfspersoneel word opgelei in die verskillende bedryfsaspekte van 'n kragstasie nl. die **b e d r y f v a n** kragontwikkelings- en hulpinstallasies. Deur middel van teoretiese en praktiese opleiding in Eskom se opleidingsentra word Eskomsertifikate verwerf wat die persoon in staat stel om te vorder van installasiebediener tot senior skof-toesighouer.

Behalwe die opleidingskemas wat aangebied word, word werknemers deur middel van finansiële bystand daadwerklik aangemoedig om hul kwalifikasies en bekwaamhede te verbeter.

## Konstruksie

Eskom se uitbreidingsprogram vereis ook die dienste van konstruksiepersoneel. Die personeel tree op in toesighoudende hoedanigheid en sorg dat konstruksiewerk binne die raamwerk van die neergelegde meganiese, elektriese, siviele en instrumentasiespesifikasies opgerig word.

## Rekenaarpersoneel

Die rekenaar verrig 'n uiters belangrike funksie in Eskom se daaglikse werksaamhede. Van die wêreld se grootste rekenaars, die CYBER 174 en 172 gaan binnekort in Eskom se hoofkantoor gemstalleer word. Al Eskom se Distribusieondernemings sal uiteindelik aan hierdie eenheid gekoppel word. Eskom stel dus ook belang in opgeleide personeel in alle fasette van die rekenaarwetenskap.

## Wetenskaplikes

Eskom het 'n behoefte aan fisici, chemici en metallurge wat deur chemiese technici en laboratorium-assistente bygestaan word.



# The growing grid

(20) 7/2/79

Escom is poised for the fastest growth period in its history. Its expansion to cope with the needs of SA's power grid will cost R8 000m over the next five years - and chairman Reinhart Straszacker reckons its current growth rate of 8.9% will mean a doubling up of capacity every eight to nine years.

What this means in hard cash, particularly as Straszacker concedes Escom will have "no option" but to increase its vastly expensive nuclear component beyond the Koeberg power station, is hard to say. But the cost will have to be met. Growth rates in areas distant from the coal field, necessary to

economic coal-fired stations - Escom's potential nuclear sites - are to be watched keenly. And the moment viability is proven, Escom will proceed with its next nuclear station.

At the moment, the Eastern Cape seems the most likely prospect.

Meanwhile, Escom is also following research on the process known as fusion, using hydrogen, as another source of energy. Most of the world's technologically advanced nations are working in this direction and one of the main attractions of the process is that it involves no radiation hazards. The problem is to control the tremendous

temperatures generated.

Significantly, Straszacker's personal belief is that these developments, among others, will lead to Escom's playing a major part in supplying electricity to the rest of southern Africa. He proposes another Cahora Bassa. "There is enough water for duplicating the existing installation, as well as further hydro-electric installations along the Limpopo." "There are a wide range of potential sites below the dam."

"In the long run, this must come about. Politics may prevent these developments for a while, but the way we've evolved, know the opportunities are too good to miss and

they'll get on with it," he asserts.

The commission's immediate commitments, however, are mind-boggling. They include:

- The building of two huge coal-fired stations, Ilanga and Tutuka, at a cost of R1 500m each (at current prices). Both stations will consist of six units - each providing 600 megawatts. Escom policy is to build stations in pairs. And as soon as the site for Ilanga is decided (Straszacker says tenders are currently being assessed, and a decision made within months), Escom will go ahead with Tutuka.

- A commitment to the SAR to meet all its electricity requirements in the Railways' conversion from diesel fuel. Straszacker reckons the electrification of the tracks will take several years - enough for Escom to cope within planned margins.

- A new pumped storage scheme, probably near Wolseley in the Cape, to provide the national grid with an extra 1 000 megawatts during peak power usage periods. This will involve the construction of two dams at different levels. During slack consumption hours, water is pumped from the lower to the higher dam, and when demand peaks the water is routed back to the lower, driving a turbine installation at the same time.

- The building of dry-cooled, as opposed to water-cooled power stations. There is an acute shortage of cooling water for power stations, and the switch will not only involve the construction of larger, more expensive towers, but the less efficient process will also use 5% more coal, and

- The creation of sufficient spare capacity for Escom to handle malfunctions or "outages" on large units - and allow the commission to properly maintain and service all its units. This has not been possible in the past, and lack of proper maintenance has often led to major power failures.

News of Escom's plans will no doubt alarm many consumers, since recent tariff hikes by the commission have been a real bone of contention.

Straszacker, however, believes the planned expansion will not be financed from Escom's tariff coffers. Annual tariff increases (expected to be much smaller than over the past few years) will be adjusted simply to the additional capital needs of Escom brought about by what he terms "normal inflation." Says the Escom chairman, "Most of our growth needs (between 30%-50%) will be met out of the Capital Development Fund (CDF)."

The CDF has doubled over the last year to R809m. Legally, the maximum that can be put into this fund is the equivalent of 6% of outstanding loans, equal last year to about 24% of total income. Escom foresees the contribution to the CDF will continue at this rate for some time. Indirectly, the consumer also contributes

to the CDF, even if not by way of tariffs. All interest on stock must eventually be paid by the consumer, and since this interest feeds the CDF to a great degree, the consumer contributes handsomely to the fund's rapid growth.

One positive result of the tariff hikes, however, has been their bullish effect on foreign investors. According to Straszacker, foreign investors have for some time been openly critical of the commission's tariff structure. "Since we've increased the tariffs, however, it has become much easier to get overseas funds. Previously, foreign bankers felt we were not meeting sufficient of our local needs from internal sources. Now they're delighted."



Straszacker... ambitious plans for the future

Clearly, Escom needs this foreign goodwill. In the past, it has received about one-third of its cash from overseas loans, another third from internal funding, and the rest from local loans. The major portion of local funding comes from the issuing of Escom stock, and that creates annually "a few hundred million rands," he says. But everything now points to a more concentrated tapping of foreign capital markets.

One of Escom's most persistent problems is the fact that the consumer is largely antagonistic to its pricing policies. When it was revealed that Escom had a surplus of R67m in 1978, for example, it was argued by many - including the Board of Trade - that the large tariff increases at the beginning of the year were unnecessary.

It's questionable whether these misgivings were justified. After all, the R67m surplus was only 4% of total income. And it accrued because the slump

in the economy lifted more rapidly than Escom expected. The amount was carried forward to this financial year, in which a deficit is expected, and the surplus could, in fact, act as a comfortable buffer against the necessity for further large hikes.

Straszacker hopes there will be no budgetary obstruction to Escom's plans. "The worst thing that could happen to South Africa now, I believe, would come about if Escom was prevented from safeguarding electricity supply for the future."

Despite these arguments, however, it appears that government, sensitive to the feelings of consumer bodies and organs such as the BOT, has decided to tighten Escom's financial disciplines. During the last few days of the parliamentary session, a vital if unsensational item of legislation was approved by the House of Assembly. It was decided that the Electricity Control Board should have its membership increased from five to seven. And - much more important - Escom was instructed by Parliament to present its annual financial results in the same manner as companies listed on the Johannesburg Stock Exchange.

Straszacker sees these as small changes, over which Escom will in any case have control. "Instead of carrying on with our redemption fund, for example, we now have a depreciation account. And we have to provide a few more details. But the situation is not all that different from the past." He may be right. While some believe the government move marks the beginning of a tougher approach to Escom, the experts are more inclined to the view that it's a palliative to consumers.

One of the burning questions confronting Escom at present is just how quickly it should move into nuclear power. "In the long run, the number of nuclear stations must increase. We have no option if you think of our energy requirements over the next 30 to 40 years," Straszacker says.

"What we have decided is that wherever a nuclear station is viable, we will build one. Naturally, we are not thinking of places which are rich in coal. We are building Koeberg, for example, because transmission lines to the Cape (as an alternative to the costly and often unreliable shipping of coal to Cape stations) would be enormously expensive.

What of municipal power? Escom believes it is only a matter of time before it supplies 99% of SA's total requirements. "It would cost municipalities much more per installed kilowatt (the current rate is R400 per kilowatt) than the consumer can afford, and as their plant fades out, so they will take Escom."

Straszacker leaves the commission in February next year. His successor, Jan Smith, is the one who will have to guide Escom into the nuclear age.







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# THOUSANDS of bad conditions at Sasol 2 were unfounded!

The Sasol 2 project was a "heaven-sent" employment and educational opportunity for coloured people, Freedom Party spokesmen said after visiting the site to probe reports that more than 3 000 coloured workers were living under shocking conditions.

A 17-man delegate from the coloured Freedom Party headed by its leader Dr William Bergins and members of the Council of Representative Council, were taken on a tour of Sasol 2 at Secunda, last week.

According to a party member in the CRC, Mrs Ellen Lambert, who was responsible for bringing off the tour they went there to investigate reports that more than 3 000 coloured temporary construction workers were living under shocking conditions in camps.

## Impressed

"Well, we are glad to report that we found just the opposite," Mrs Lambert, disclosed.

In fact, we discovered that Sasol 2 was a heaven-sent gift that was providing our people with limitless employment opportunities and training in higher skills," Mrs Lambert said.

Freedom Party leader in the CRC, Dr Bergins, said he was "greatly impressed" at what was being done for the coloured community.

## African and coloured construction workers on site at Sasol 2.

"Sasol 2 was providing technical training in various fields for young coloureds as electricians, laboratory analysts, as well as in the electronic and engineering fields," Dr Bergins said.

This was confirmed by a spokesman for Sasol who said these opportunities were being extended to Indians and Africans as well.

He added that out of 23 000 workers on the Sas-

ol 2 project, 3 200 were coloured 14 000 Africans, 5 090 Whites and close to 100 Indians.

A total of 72 coloureds were permanently employed along with some 70 Indians as clerks, storemen, artisans, field workers, and in laboratories doing electronic and engineering work.

"There was no discrimination in salaries. Everybody in the same field got the same pay, subject to

## job content and responsibility, the spokesman said.

Permanent staff had homes built for them through an arrangement with the Department of Community Development. A coloured and Indian area was set aside in Kinross where 75 homes each have been provided for coloureds and Indians, and which were subsidised by Sasol.

The temporary construction workers — both

black and white — lived in temporary camps with facilities such as a recreation hall, gymnasium, tuck shop, church, cinema and sports grounds.

"We also provide 48 000 meals a day for our workers with the best menus which are changed every fortnight. All the construction workers get the same lunch packs which are tested for palatability," the spokesman

said. Grievances and complaints are handled by a camp liaison committee and improvements in working and living conditions are continually being studied and instituted, he added.

Dr Bergins said he was pleased about this aspect as he had heard reports about serious dissatisfaction among the men living in the camps.

Nevertheless, he called on Sasol to also provide family living quarters for the construction workers. He said many of the married men who were under contract for a year or more were not happy about being separated for several months at a time from their wives. It was causing them mental stress.

A number of white temporary construction workers brought their families along with them to live in caravans.

When Sasol 2 was completed the temporary construction camp would be dismantled and the workers could go on to Sasol 3 if they chose. "As long as Sasol grows as it is growing at present we will need a whole range of people to work here and undergo training," the spokesman pointed out.

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# Selling the technology

Sasol and its main contractor at Secunda, Fluor Corporation, this week signed an agreement jointly to market and license Sasol's oil-from-coal technology in the US. Under the deal, Sasol and the Fluor subsidiary, Fluor Engineers & Constructors will perform overall consulting services and feasibility studies, and prepare design packages for potential users. "No decision has yet been taken by anybody in the US to build plants based on Sasol technology," said Sasol MD Joe Cannon. "However, Texas Eastern Corporation, a Houston-based energy company, has decided to request a feasibility study. Other such studies may follow." Chick Cannon, president of Fluor Engineers & Constructors, believes the US could build 15-20 coal conversion plants by 1985. Sasol could earn millions of rand in royalties if this prophecy proves correct. Most of the Sasol technology is owned, and Sasol has sole or joint rights over three of its most crucial processes, the Sasol-Lurgi gasifiers, the Sasol/Lurgi/Linde Rectisol process and Sasol's Synthol, a development of the process originally brought from Kellogg in the US.

"I believe that before too long Sasol technology will be available in the US," says Cannon.

Talking to a party of 20 American journalists flown out this week to sell them on the Sasol concept, Cannon would not disclose the production cost per barrel of syncrude, though he said he would reveal it to bona fide customers. All he would say was that a reported cost of \$2 a US gallon (about 63 SA cents per litre) was "high". Sasol, going further, said it was "grossly in error".

However, Cannon said it was unlikely that an oil from coal plant would be built in the US without some sort of government guarantee — either in the form of minimum product off-take or a loan subsidy.

"No industrial company will do this without good assurances by the government that it will be subsidised if the world oil price does not continue to escalate," he said.

"There is no known process that will compete with crude oil prices at present. But those prices are increasing. If you bite the bullet now and build a Sasol-type

plant, and Opec prices continue to escalate, the plant will be economic by the time it is built."

Cannon believes the US will have to develop both oil from coal and shale oil processes. Though shale oil promises to be cheaper than coal oil, the water shortage in major shale areas such as Colorado will limit its exploitation.

Sasol's deputy GM, Jan Hoogendoorn, says the total thermal efficiency of Sasol I is about 60%, that is the process extracts 60% of the available energy in the coal. Sasol II will initially operate closer to 40% because there is only a small market for gas, which has to be recycled virtually to extinction. A US plant would be about 60%.

Hoogendoorn concedes that Sasol's solvent refined coal, a still commercially unproved process, will probably give a better yield for a lower capital outlay. Thermal efficiency is likely to be 5%-7% higher. But the existing Sasol process has the big advantage that it can use low grade coal, and if Sasol can operate profitably on coal with 35% ash, it's likely to be even more successful on the better quality coal in the US.

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the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect the overall amounts available for the health budget.

Where the methods of providing a given service use the same kinds of resources in different proportions, the decision-making can be simplified by means of Linear Programming, though health service choices cannot usually be presented in the simplified way required by this method.

## 2. CHOICE OF PROGRAMMES

So far, we have discussed methods of choosing means to obtain a given objective. But what tools are available to aid the choice of objectives themselves? Can anything be said on the question of the priority to be given to particular diseases or age groups, whether to allocate more to child welfare clinics or care of the aged?

Overall criteria are needed, and they have to be expressed in such a way that they can guide these detailed questions. Essentially, the problem is not only to relate resources used to objectives achieved, but to relate the various objectives to each other.

There are various means of doing this; but all of them require that expenditure be accounted for by the ends it is expected to achieve.

### 2.1 Programme Budgeting

Programme budgeting, also known as budgeting by objectives, involves the presentation of expenditure data according to the objectives to which it is directed. Thus, projects to combat TB would be grouped together, geriatric problems, sanitation programmes, etc.

This is necessary:

- (a) to know the cost of pursuing each objective;
- (b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;



ENGINEERING CONTRACTORS

# Sasol, then what?

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Sasol 2 and 3 will for some time continue to provide engineering companies with a large slice of their work. In fact, these projects are attracting artisans to Secunda at such rate that Reef companies are having to pay premium wages just to retain staff.

But the question arises whether there will be enough work when these projects near completion and workers come flooding back to established industrial areas in the mid-Eighties. In the face of low infra-structural development, will SA's economy be able to sustain growth in the engineering sector?

Industry sources are optimistic that it will, pointing out that the fuel crisis is likely to have a marked effect on future infra-structural expenditure.

Industrial electrification can be expected to increase in the near future while new plants could be established to produce alternative fuels. Already work on the nuclear power station at Koeberg has reached an advanced stage and the Ilanga and Tutuka stations have yet to be erected at a cost of R1,5 billion each.

As for alternative fuels, the sugar industry has already instituted studies into the feasibility of setting up ethanol plants, which could augment the lighter-fraction fuel pool. Although government seems reluctant to give a go ahead, Transvaal Suiker appears to have well-defined plans.

The chemical industry, which promises to become even less reliant on overseas feedstocks as Sasol 2 and 3 come on stream, will make more demands on the engineering sector as import replacement gathers momentum.

The mining industry has long underpinned the engineering sector, giving work when infrastructural development came to a standstill. And the mines are likely to continue to provide a steady stream of work, particularly if gold and platinum prices hold up, and the State further lifts ceilings on coal exports. The latter would mean further railway and port construction.

One prime candidate to benefit from increased power generation and continued expansion in the mining industry is Dorbyl. Recently it acquired Irvine Chapman, a major competitor in the structural steel sector, to strengthen its construction division following further Sasol contracts.

Additional power generation should also stretch the group's facilities, as it has been responsible for structural work on nearly every SA power station. As such, Dorbyl will probably be awarded the structural contract for the Ilanga and

Tutuka coal-fired power stations.

Fuel problems could also have a beneficial spin-off on bus building, as more people turn to public transport. Dorbyl's wholly-owned subsidiary, Busaf, is already experiencing increased orders from municipalities for bus bodies. Conversely, demand for motor components and truck bodies has dropped as a result of the fuel crisis.

This raises another question: whether a decrease in the number of private haulage contractors will result in increased use of rail transport. Currently, SAR has a surplus of rolling stock, but this situation could change rapidly, if there is more demand for its services.

Rolling stock manufacture is the preserve of Union Carriage and Dorbyl. While Dorbyl has concentrated on diesel-electric locomotives, the SAR's swing to further electrification could probably force a change to production of electric units.

In any event, prospects for this division are now looking rosier than at the end of last year, when the directors pointed out that, although the order book was good, the long-term business outlook was a cause for concern.

But its heavy engineering division, un-

der the control of Vecor, is likely to benefit most from mine expansion. Vecor was involved in the construction of Elandsrand, Jwaneng, Kleinkopje and Rietspruit and is SA's main supplier of drag lines for open cast mining.

With Irvine Chapman in its camp, much of the hoist and structural business on the mines is likely to fall to Dorbyl, and there could be plenty of scope with old mines likely to be re-opened and refurbished. However, continued buoyancy in this area is likely to depend on gold's performance.

Expansion in the mining industry should also help Abercom's Airtec Davidson and Hunslet Taylor. Hunslet Taylor produces underground hauling equipment and hoists for the mining industry. Besides benefiting from general expansion in the mining sector, sales have been boosted by trends towards replacement of underground diesel locomotives with battery-operated machines.

Davidson, which produces ventilation fans for the mining industry will not only benefit from new mining developments, but also from increased power generation, which will provide an added outlet for its fans and pre-heaters.

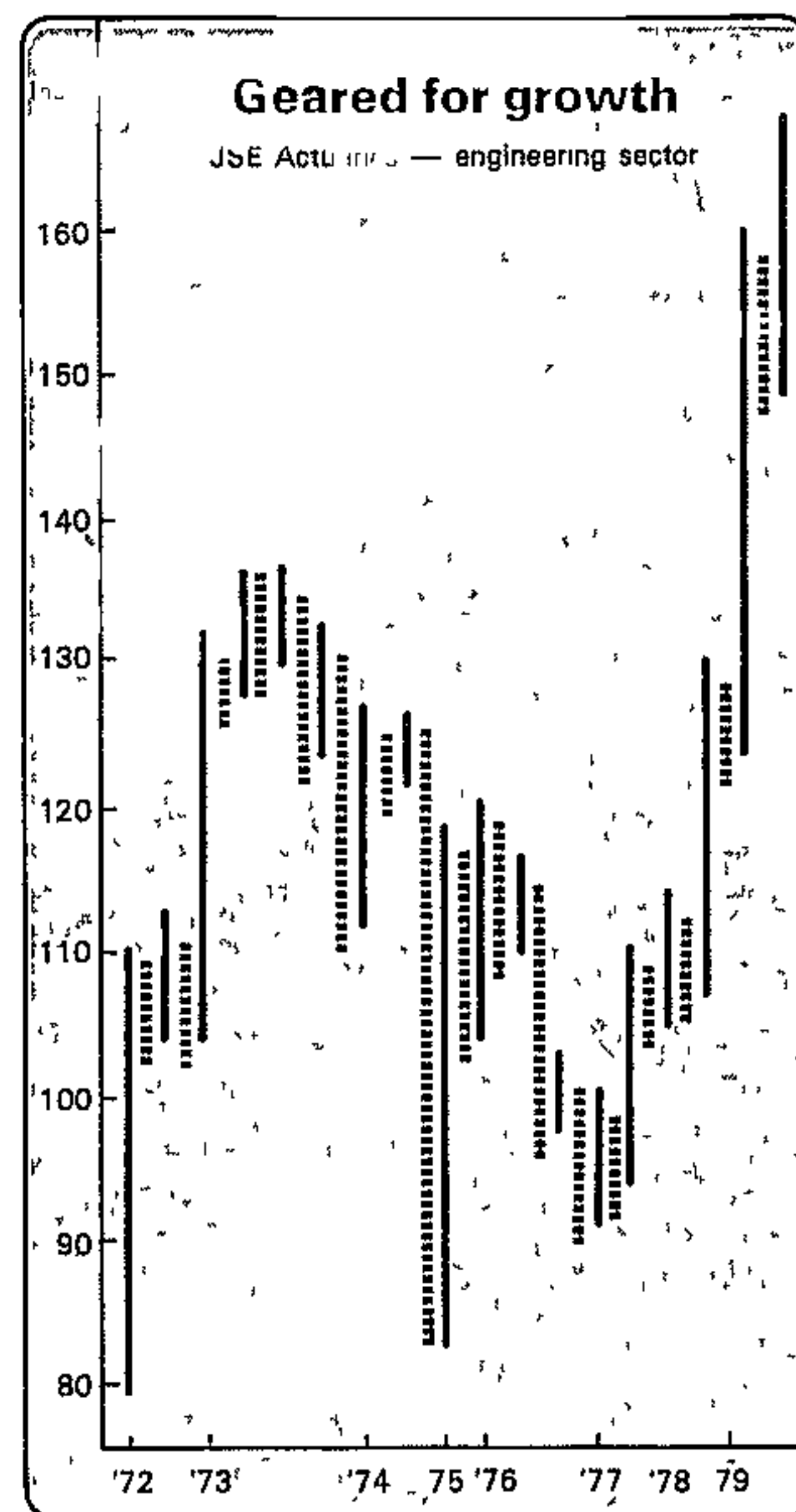
Stewarts & Lloyds — 52% owned by Iscor's subsidiary Ipsa — is experiencing far more buoyant conditions than anticipated in the 1978 report. In fact, with successful tendering for major Sasol contracts, including the supply of some R5m of welded and seamless tubing, and more than R1m of pumps, valves and tubes, S&L has probably done better than even the directors anticipated at the interim stage. Then, they forecast a significantly improved second half after an 80% first-half gain in earnings to 16,4c (9,2c).

This suggests that second-half earnings of some 32c are possible, so a twice-covered 24c dividend could be paid to put the share, at 270c, on an 8,9% prospective yield.

The group is also reasonably optimistic that replacement and maintenance work will keep its order books fairly full in the absence of infrastructural development, once the Sasol contracts have been completed. S&L should also benefit from growth in the mining industry, which uses tubes, pumps and valves on a large scale.

Construction-oriented groups such as General Erection and Mitchell Cotts are similar to Dorbyl in that they have also been involved in structural work at Secunda and are likely to benefit from increased power generation.

Genrec, as part of a Franco-SA consortium, has already been awarded major



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contracts at Koeberg for the fabrication and erection of the giant turbine cranes, piping and for general mechanical erection. Chairman Willem Joubert points out that the experience gained in this contract augurs well for the group's future — obviously a reference to possible involvement in future nuclear power stations. Edward L. Bateman, which won major chemical engineering contracts for Sasol will probably benefit from similar Sasol contracts. However Bateman is not optimistic about lifting second-half earnings after a decline in new orders. But it does appear to be involved in the right areas, specialising in the erection of chemical and mining plants. Certainly the share at 570c on a 4.9% prospective yield suggests that investors are looking further than 1979.

### DATES TO REMEMBER

#### Last day to register for dividends:

Friday September 7: Abercom 10c; Anglo Alpha Cement 7.5c; Calan 24c; EP News 4.5c; Grimaker 24c; Lonrho Sugar 8.92c; Osborn 7c; Protea Ass 3.5c; Rennies 7c; SA Manganese 20c; SA Marine 17c; Sappi 10c

#### Meetings:

Thursday September 6: Bank OVS (S Bloemfontein), Metals & Minerals. All meetings are in Johannesburg unless otherwise stated. S = Special meeting

Bateman and other engineering companies have been successfully developing export markets. As this tendency in-

creases, higher demands will be made on the existing infrastructure. As this accelerates and ceilings are lifted on coal exports, material and manpower resources are likely to be stretched.

To partly fill this shortfall, more black skilled labour will be needed.

However, there appears to be sufficient cause for optimism that contracts will still be in plentiful supply following the completion of Sasol.

There is little doubt that the engineering sector has strong growth prospects, particularly with the added emphasis on import replacement. It has already moved into a boom phase following several years of slow growth. While the index has already taken off there is probably still upside potential as contracts are translated into dividends.

Peter Pittendrigh





# Invitation

to Sasol

2100

STAR

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# 'watershed'

## The Star Bureau

WASHINGTON — Despite the Carter Administration's coolness to the Sasol coal conversion project, two of Sasol's top men will meet members of an official House of Representatives subcommittee on energy conversion on September 10.

This could mark a watershed in the project's history. It could considerably increase Sasol's ability to attract investment capital in the field of coal conversion, which is increasingly interested in what are called "new" fuels.

A spokesman for the House of Representatives Banking, Finance and Urban Affairs Committee's subcommittee on energy conversion confirmed today that the subcommittee has invited Sasol's managing director, Mr. Johannes Stegmann, and its research and development manager, Mr. Jan Hoogenboom, to meet members of the committee at an informal session.

## SA VISITS

He also confirmed that top subcommittee aids had already made two trips to South Africa to examine Sasol and the coal conversion operation.

He said the committee

was anxious to hear from men who had vast practical experience in the synthetic fuel field and who could speak from personal experience of the industry to the subcommittee's commercial operation of Sasol's plant.

The subcommittee's members, who are financial advisers to the House, had agreed to meet the committee and share their knowledge.

It follows a recent announcement in South Africa that Texas Eastern Corporation, a Houston-based diversified energy corporation, had asked Sasol to undertake a feasibility study to build synthetic fuel plants in the U.S.

## AGREEMENT

In addition, Sasol has reached agreement with a subsidiary of the Fluor Corporation of California to market and use Sasol's coal conversion technology in the United States.

It is clear from these developments that Sasol, as the only organization in the world with developed proven oil from coal technology, could be on the verge of a significant breakthrough in energy conversion in America.



the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect the overall amounts available for the health budget.

Where the method of raising the necessary funds is not specified, the same kinds of reasons in favour of one method or another usually apply.

2. CHOICE

So far, we have seen that the choice of a particular objective. The choice of a particular objective to be given priority depends on a number of factors. Overall, the choice of a particular objective depends on the way that the problem is defined and the way that it is to be related to other objectives.

There are various means of doing this; but all expenditure be accounted for by the ends it is intended to achieve.

2.1 Programme Budgeting

Programme budgeting, also known as budgeting by objectives, is a method of presenting expenditure data according to the objectives to be achieved. Thus, projects to combat TB would be grouped together with other projects to combat TB, such as geriatric problems, sanitation programmes, etc.

This is necessary:

- (a) to know the cost of pursuing each objective
- (b) to group together activities with the same objectives, so that they can be compared by cost-effectiveness.

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Financial statistics are not traditionally arranged on this basis but in categories such as 'salaries', 'transport', 'medicines', etc. A separation, e.g. between expenditure on different disease groups or age groups cannot be made.

... into programmes is an art. Pole, an econo-

14/9/79

CAPITAL MARKET

Escom to the fore

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All capital market eyes will soon be focused on Escom's R75m issue, due next week. The success or otherwise of the Commission's loan could well determine the trend in long-term rates for the remainder of the year, while also giving a clearer indication of investors' willingness to commit cash flows to longer term maturities.

Considering the size of the issue, capital market watchers think it unlikely that the Commission's issuing houses, UAL and Volkskas, will attempt "to run with rates". Some experts think the long-term tranche is likely to be pitched at a "safe" level of around 9,7%.

stocks (with above coupon yields) because of their tax positions.

While some issuing houses think the market looks good for borrowers, others assert there is still considerable uncertainty. The latter point to the lower trading volumes over the past couple of weeks and to the fact that secondary market rates have tended to move sideways instead of easing.

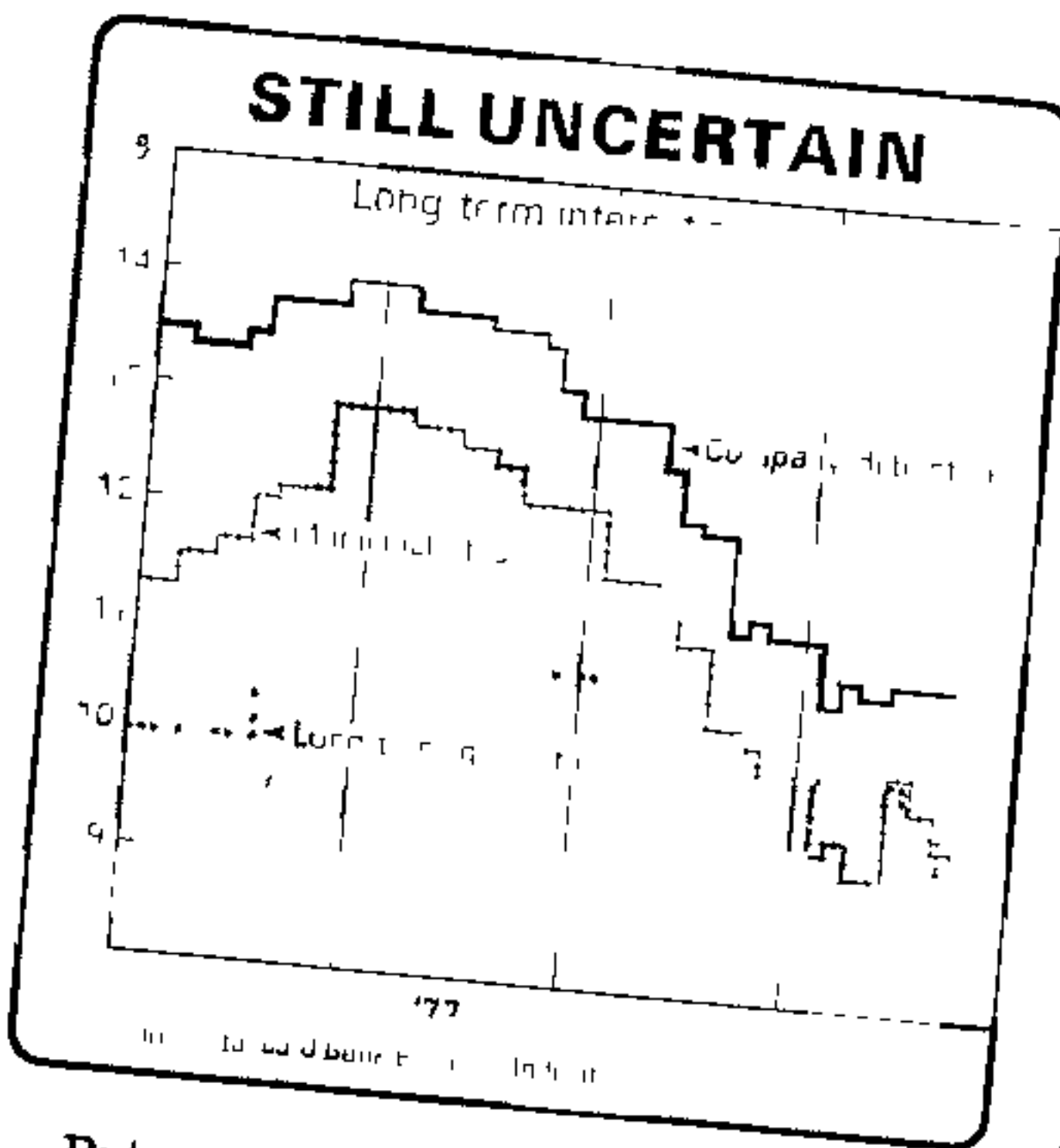
Moans one merchant banker: "All of us are in a tough spot these days. The market is uncertain... if we marginally overpitch rates we're likely to get heavy oversubscriptions and then everyone thinks the market is easy. If we underpitch and the issue fails, it could swing the whole market."

Other issues likely to be keenly scrutinised when they approach the market next month include the SABC (expected to borrow around R10m), Cape Town (R15m) and Transkei, which is scheduled for R35m.

SABC has apparently not yet appointed the banks to handle its issue, although it is widely expected that UAL and either Finansbank or Volkskas Merchant will get the business. Cape Town is expected to appoint Senbank while Rand Merchant in association with Sterianos will probably handle the Transkei loan.

Transkei last borrowed in the latter half of 1977 when it raised R16m by way of a 10-year and a five-year loan. The 10-year tranche carried a coupon of 12,5% at a time Escom was trading at around 11,9%. On a 10-year loan now, Transkei will probably have to pay in the region of 10,5%. Capital market experts think it likely the country will scale down its requirements to around R20m.

This time Sterianos' men may find the going a little more sticky; when they were employed at Senbank they knew they could always bank on the mighty Sanlam group. But times have changed.



But rival bankers assert that Escom could easily raise its requirements at 9,6%. They point out that JSE trading volumes in gilts and semi-gilts regularly exceed R60m per week, and claim that long-dated Escom stocks have recently been traded as low as 9,62%.

One investor disagrees, claiming that he has recently been unable to sell Iscor stock (carrying a coupon of 9,96%) at less than 10% and that he has found "very few" buyers of Escom discount stocks at 9,65%.

Moreover, some bankers argue, secondary market rates need not necessarily determine rates offered on primary issues. Investor demand for certain stocks, either premium or discount, depends on a particular institution's requirements at a certain time. For instance, since pension funds are not taxed, they often prefer premium stocks (the yield to redemption reflects a discount on the coupon rate, with the price above 100%) because of higher current income earned. Short-term insurers, on the other hand, often prefer discount



the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect the overall amounts available for the health budget.

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STEEL  
New Iscor company

State steelmaker Iscor is planning to form a new marketing company in partnership with a leading commodity trading company to handle the sale of steel in the Far East. The proposal is still subject to "approval and sanction" by Iscor's board, says Nils Olivier, divisional GM, steel marketing. The new company will be called Iscor Far East Ltd (Pvt) Ltd. The structure has not been agreed upon, says Olivier, though the F W understands it will be 51% owned by Iscor and 49% by the private company, tipped to be Leo Raphaely & Sons.

My thinking is to rationalise and optimise the returns to Iscor and SA from steel exports," says Olivier. "We have been selling in the Far East through various locally based trading companies. Because of this, and because we have been selling on a job basis, I feel we have not achieved our objectives. Our marketing is not orderly. Trading houses tend to compete with each other and therefore don't get the prices we would like. Because steel is sold FOB, we have not had first hand knowledge of shipping rates and delivery prices. We can only achieve our objectives by single-channel marketing which is controlled by Iscor. This arrangement will give us a presence in the Far East, probably based in Hong Kong, with liaison offices in each customer country, manned by locals." At present, the Far East (markets such as Taiwan, Singapore, Thailand and Philippines), accounts for only 5%-6% of Iscor's exports, currently worth some R400m a year in all. Raphaely is well-equipped for the deal, says Olivier. They have been active in the Far East for 12 years and have a sound reputation. They have also been handling the major share of Iscor's Far East exports. However, the move is hardly likely to please the small band of other traders currently handling the business. They include Macsteel and Protea International, a subsidiary of Protea Holdings. No comment was available from them. Olivier is aware of the problem, and promises they will not suffer. "It is not our sentiment just to cut them off," he says. "We are working on accommodating them elsewhere in our export activities in a way which will be satisfactory to all parties." The new company will not come into operation before next year.

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**STUFFED CABBAGE SALAD**

1 fresh green medium size cabbage

May Bennett, Ridgeworth

43

tomatoes  
fresh pineapple  
mashed

# Rising demand leaves Eskom powerless

55  
260  
STAR  
17/9/79

**Pretoria Bureau**  
Eskom cannot meet the demand for electricity which has followed the recent increases in the price of diesel fuel. The commission has been inundated with requests from rural municipalities and farming communities, but delays of at least a year can be expected before these can be met. The Minister of Industries, Commerce and Consumer Affairs, Dr van der Merwe, said in Pretoria

that Eskom was suffering from a shortage of skilled labour. In a three month period 1 920 requests for electricity had been received by one Eskom branch, Dr van der Merwe said. "Although Eskom is it is realised that it will very sympathetic towards these applicants and while benefit national and financial interests for the consumer to switch to electricity, not generated by diesel fuel, delays of a year or more are inevitable"

Eskom was short of trained and skilled construction personnel and planners as well as material and had limited funds. "It can hardly cope with the normal demand for electricity and will find it impossible to comply within a short space of time with the abnormally high number of requests from the farming community and municipalities". Dr van der Merwe said Eskom was at present mustering its manpower and material on a national basis to try to reduce expected delays. He appealed to new and prospective applicants to show understanding in a situation for which neither the Government nor Eskom could be blamed and for which a solution could not be found overnight.

serve on lettuce with mayonnaise. Cover with greaseproof paper and refrigerate until ready for use.  
French dressing:  
Blend together 6 T salad oil and 2 T lemon juice.

---000---

**SPRING GREEN SALAD**

1 medium size lettuce  
2 onions  
1 cucumber  
mint (fresh)  
scallions

May Bennett, Ridgeworth

44

and shred the lettuce, chop onions finely and parsley; a few pieces for garnishing. Wash cucumber peel and cube. scallions, and cut tops off leaving a short piece of the left on. Toss the lettuce, parsley, cucumber, onion and lons together, salt and pepper. Pour over a little French ling and serve in a glass bowl. Garnish with a few sprigs of parsley.

**D GREEN BEAN SALAD**

2 cups sliced green beans  
2 chopped onions  
1 d salt, level  
2 cups water

Mrs Futter, East London

Boil the beans (sliced) with salt and onions till cooked, then pour off the water.

Sauce:  
1 1/2 cups sugar  
1 d curry powder  
1 heaped T flour  
1/2 bottle vinegar

Mix the curry powder, flour with a little water. Mix well, so that no lumps form, and then add the sugar and vinegar, boil up and stir all the time, then add the cooked beans and onions, bring to boil again. Bottle.

**APPLE TUNA TOSS SALAD**

1 medium head lettuce, torn in bite-size pieces (4 cups)  
2 cups diced apple  
1 11 oz can (1 1/3 cups) mandarin orange sections, drained  
1 6 1/2 or 7 oz can tuna, drained and broken in large chunks  
1/3 cup coarsely chopped walnuts  
1/2 cup mayonnaise or salad dressing  
2 t soya sauce  
1 t lemon juice

In a large salad bowl, combine lettuce, apple, orange sections, tuna and nuts; toss together. Combine mayonnaise, soya sauce and lemon juice; mix well. To serve, add dressing to salad; toss gently. Makes 4 - 6 servings.

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# Rising demand leaves Escom powerless

55

260

STAR

17/9/79

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He "appealed" to new and prospective applicants to show understanding in a situation for which neither the Government nor Escom could be blamed and for which a solution could not be found overnight.

Bishop's views 'are personal'

### Religion Reporter

The SA Council of Churches has come out against total economic sanctions.

It says that support for sanctions by the SACC general secretary, Bishop Desmond Tutu, is "personal"

The SACC national executive has issued a statement following the controversy that blew up after Bishop Tutu was reported as having called on Denmark for an end to foreign imports of South African coal

Later, according to a transcript supplied by the SACC, it was established that he said it was "rather disgraceful that Denmark is buying South African coal and increasing a dependence on South Africa."

"One would hope that we could get South Africa having a weaker position in bargaining, so that we would get this change as quickly as possible"

The executive said in its statement it had consistently urged the need for the drastic change Bishop Tutu was referring to.

It had never advocated total sanctions

280  
204

STAR

17/9/79

Vertical text on the right edge of the page, likely a scanning artifact or bleed-through from the reverse side.



# KOEBERGS FROM SWARIE

~~151~~

260

~~4~~

Sun Tribune

23/9/79

by TONY SPENCER-SMITH

THE Atomic Energy Board and the Minister of Industrial Affairs, Dr Schalk van der Merwe, are to investigate claims by French union leaders that cracks were found in components during construction of a nuclear reactor there.

The reactor is being built by Framatome, the French company contracted to build the nuclear reactors at the giant Koebers

Sunday Tribune

23/9/79

260

At a Press conference in Paris on Friday, the French nuclear industry union leaders threatened to strike unless the French Government stopped three new nuclear power plants from going into operation until checks had been made.

They said cracks 5 millimetres to 6 millimetres wide and 6 millimetres deep were found in the steam-generating vessels and tubes of the reactor, and claimed defects in the steel alloy used in the construction could lead to a disaster worse than the accident at the Three Mile Island plant in America recently.

The State-owned Electricite de France (EDF) has closed part of the nuclear power station at Bugey for "minor repairs" and it will reopen in a few days.

John Baggeley reports from Paris that trade unions have charged that the authorities controlling plants hushed up the discovery of dangerous cracks.

The socialist newspaper Le Matin published a report suggesting there had been a cover-up by EDF, the Industry Minister and the Nuclear Information Ministry.

The first fault was found by a workman soldering a special band on to a 50 centimetre plaque forming the base of a temperature transformer. This resulted in new controls, which led to other cracks being discovered in tubes leading to and from the heart of the reactor.

But EDF described the faults as superficial and said they involved no operational risks.

Authority to load enriched uranium into certain types of nuclear power stations had been suspended for at least a few weeks, probably for checks.

Dr Wynand de Villiers, president of the Atomic Energy Board, said defects in steam-generating vessels could lead to serious problems in a nuclear reactor.

He said the steam-generating systems for Koeberg were no being built in France.

"The vessels contain the coolant of the nuclear core," he said. "If you lose coolant, you get overheating."

Dr de Villiers said the board's quality control experts would look into the matter carefully.

"If steam-generator components are found to be defective they will be rejected."

Dr Schalk van der Merwe said that if the French had found cracks "of course this is something which must be gone into immediately."

"At the moment I have not been officially informed about this. It is not something to panic about, but the whole matter will have to be looked into."

Members of the council of the Stop Koeberg Campaign said their campaign would be lent fresh impetus by the news from France.



# Escom pulls in a stack

By HAROLD FRIDJHON

FROM ALL reports the latest Escom loan is going to be an outstanding success. The underwriting has been well over-subscribed with the sub-underwriters not being allocated all they have put down their names for.

It would seem that R100-million is already available for the R75-million which the Electricity Supply Commission was asking for. The public lists will be opened on Thursday, and will be closed on October 2. There are two loans: a 25-year at a public issue price of 9.59% and a 5-year at 7.63%.

What appears to have been missed by some commentators is that the long-term — 25 years — is longer than most Escom issues of recent years. The more usual is 20 years or 21 years. This does make a difference when calculating the rate to redemption.

The capital market was inclined to be a little quiet yesterday which is unusual for a Monday. The market for RSAs hardened a little as the rate was marginally lower with the 9% trading in the 9.18/22 range and the 10½% ranging at 9.20/22.

Escoms appeared to be trending sideways with the long-dateds at 9.58/62.

Market sources suggested that some of the institutions were a little strapped for cash because they had been committing funds well ahead. Cash flow is expected to ease in the next month or two, but in the meantime there has been some warehousing of stocks.

The money market is moving into end-of-month tightness with the building societies earmarking funds for dividend payments and with the banks meeting their commitments for an extended note issue. It is expected, however, that this will be temporary.

According to market sources, the money market will be overwhelmed with liquidity in October, particularly with the mines receiving record cheques for their gold.

# US synfuel needs may let Sasol cash in

260

STAR  
25/9/79

By John D'Oliveira, The Star Bureau

WASHINGTON — Top Sasol executives have completed a significant visit to Washington which has clearly improved Sasol's chances of cashing in on the United States determination to develop a massive synthetic fuel industry by the 'eighties

General manager Johannes Stegmann and research and development manager Jan Hoogenboom left Washington at the weekend after "positive" discussions with United States politicians, officials and individuals interested in what has been called here the "synfuel" programme

They came to Washington at the invitation of the House of Representatives banking, finance and urban affairs committee's sub-committee on economic stability

## POSITIVE

Mr Stegmann said he had found the discussions stimulating and positive, and that the interest in synthetic fuels was high. "Much depends on whether legislation now in the pipeline can offer a suitable economic and administrative framework for synthetic fuel plants.

"If the appropriate legislative framework can be established, we are confident that between Sasol and the Fluor Corporation we offer a unique package because we have the only proven process in the world for going from coal to a range of petroleum products"

Mr Stegmann said the legislation now in the United States pipeline included measures which would offer economic support for synthetic fuel production and others which would speed up the process by which plants are certified and licensed for production

## COOLNESS

While Mr Stegmann declined to comment any further, the visit is highly interesting because it is the product of increasing congressional interest in Sasol — despite the Carter Administration's coolness on using South African expertise (and having

for it) in the United States synfuel programme. Economic stabilisation subcommittee officials have said that as far as they can recall, the visit was the first to be arranged as a result of direct Congressional action



# Koebbergs

## ..... on stream in 1982

WITH the coming on line of the Koebberg nuclear power station at Duffelfontein in the Western Cape in 1982, nuclear energy will start playing its role in supplying the national grid with electricity.

By 1985, some 12 000 GWh will be sent out annually by Koebberg — almost 10 percent of the total in the grid.

By the year 2000, the figure for nuclear power is predicted to reach some 53 000 to 60 000 GWh, fully 17 percent of the total. Extrapolating to the year

2020, this percentage could rise to 25 or more.

In anticipation of nuclear energy being harnessed worldwide to an ever greater extent, South Africa has embarked on an intensive search for new deposits of uranium.

Should the demand arise, the Republic could in the mid-1980s be in a position to produce about 11 000 tons of uranium a year, a production figure it should be able to maintain well into the next century.

Current annual earnings from uranium sales at present stand at some R500 million

To complement the increased production of uranium, extraction metallurgy techniques have been continuously refined to ensure the greatest possible beneficiation of uranium ore.

Following the incorporation of ferric and pressure leach processes, as well as other new techniques, the percentage of uranium recovered is expected to exceed 90 percent.

Dr. J. W. I. de Villiers, president of the Atomic Energy Board, said recently that if South Africa uses its energy resources efficiently, it will be able to

provide adequately for its own electricity needs well into the next century.

If economically justifiable, it will be feasible to erect nuclear power stations in the Eastern Cape Province and in Natal

"We must use our resources in a complementary way," he said, adding that nuclear energy should play a very important role in South Africa's future electricity generation.

Considerable research has gone into the development of fast breeder reactors.

A 1 200 MW prototype

commercial reactor is at present under construction in France, and it is quite possible that power stations based on the fast breeder reactor will in the not-too-distant future come into their own.

The main attraction of fast breeder reactors is their low consumption of natural uranium in comparison with current commercial reactor types

They will use only 1 or 2 percent of the uranium required by the current types when producing the same amounts of energy.

South Africa may also introduce fast breeder reactors in the future if they

are economically justifiable and can be built and operated with adequate safety.

Looking further into the future, one must take into account the great likelihood of a breakthrough in fusion technology.

Such an achievement would revolutionise the nuclear power industry and would place almost unlimited resources for electricity generation at the disposal of mankind.

In spite of the opposition from some quarters to nuclear power, Dr de Villiers is convinced that it is the cleanest and least

polluting form of energy.

The amount of radioactive material reaching the environment from a conventional coal-fired power station is many times greater than that from an equivalent nuclear station

It is a simple fact that no one has yet died as a direct result of radiation arising from nuclear power generation.

This potentially enormous source of energy is being safely harnessed for the betterment of man's natural environment and hence for the enhancement of economic and industrial development throughout the world.

DR. J. P. HUGO, deputy president of the Atomic Energy Board, contributed this article

260  
56  
10/11/79  
10/11/79



**ESCOM POWER**  
**Truly rural**

260  
PM 28/9/79

Rising oil prices have encouraged farmers in some areas of the country to stop generating their own power and ask to be hooked into Escom's transmission grid

Contrary to some reports, Escom has more than sufficient generating capacity to supply any additional demand for power, says commercial manager Jim Levy. But there is a problem in some remote rural areas, particularly in the northern Cape, which have never been part of Escom's transmission network. Until now, these isolated municipalities and farmers have generated their own electricity using diesel fuel. But in six months the cost of diesel soared nearly 150%—from 16c per litre to 39c, and the fuel cost element in electricity charges has risen in consequence. In the case of small municipalities it is now 14c per kilowatt-hour and in the case of farmers, 20c per kilowatt-hour.

The result has been predictable — a flood of applications to be hooked up to Escom's national transmission grid. These applications have come from municipalities (and some farmers), currently outside the supply regions with which Escom has bracketed most of SA, as well as from farmers located within the supply regions but who have never in the past found it financially attractive to obtain an Escom link.

As Levy explains the matter, the difficulty is not technical but economical. The no man's land in the northern Cape and other, much smaller non-supply areas elsewhere has never been included in

Escom's regions because the combination of isolation and sparse population made electricity supply very expensive.

Transmission lines must have a minimum capacity (and therefore cost) per kilometre, for engineering reasons. This minimum capacity would be far in excess of any possible demand in these areas, so that the cost of the lines would have to be loaded onto only a few consumers. The estimated power requirements of the northern Cape region are a peak load of 2MW, viewed against a national peak load of 12 000MW and a demand from Johannesburg alone of 1 000MW. And Escom is obliged by the Electricity Act to formulate economic charges, so that it is precluded from subsidising anyone, however much its sympathies might incline in that direction. In practice, each Escom region applies a basic tariff with an additional charge wherever transmission costs exceed a determined level.

Another practical point even if potential consumers of Escom power elect to pay the heavy charges needed to pay for new transmission lines, the planning process is complicated and needs time to complete. The optimum route from an existing power line needs to be selected (a process made more involved, for example, by the recent SAR decision to electrify large stretches of rail line). Then a tariff has to be formulated, wayleave for power

lines obtained, and so on.

Meanwhile, Escom, working within its statutory guidelines requiring it to supply electricity without making a profit or a loss, is beavering away at the backlog of rural applications so as to be able to tender for supply to those potential consumers willing to pay the price.

1275

XVIII

ACCIDENTS, POISONINGS AND VIOLENCE (EXTERNAL CAUSE)

	W		A		C		B	
	M	F	M	F	M	F	M	F
	0,85	0,69	0,70	0,31	1,18	1,24	0,32	0,19
	0,49	0,21	0,31	0,27	0,63	0,61	0,21	0,20
	0,71	0,22	0,68	0,20	1,40	0,38	0,68	0,12
	1,18	0,30	1,43	0,37	3,32	0,70	1,22	0,26
	1,25	0,42	1,55	0,40	2,89	0,76	1,10	0,31
	1,26	0,71	1,34	0,91	2,19	0,90	1,02	0,53
	0,95	0,33	0,95	0,29	1,91	0,56	0,89	0,20
	1973	677	333	104	2175	652	1868	324

XVI

SYMPTOMS AND ILL-DEFINED CONDITIONS

NO.	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,51	0,54	2,10	1,24	7,00	6,86	19,69	19,83
1-4	0,04	0,04	0,21	0,35	0,75	0,77	2,58	2,48
5-24	0,01	0,01	0,09	0,06	0,08	0,03	0,21	0,23
25-44	0,05	0,05	0,28	0,17	0,42	0,31	0,72	0,78
45-64	0,44	0,18	1,73	1,04	1,73	1,02	3,80	3,64
65+	1,84	1,95	8,32	6,56	8,55	5,71	14,69	14,84
ALL	0,22	0,23	0,56	0,38	0,83	0,65	1,80	1,96
	463	485	199	134	943	761	3765	3145



# Dobsonville fights cost to double

POST Monday October 8 1979

Page 3

ACCORDING to Ecoplan the cost of electricity for the coming years and revenue expected is as follows (figures are per annum):

	1980	1981	1982	1983	1984	1985
Cost . . . . .	325 000	380 000	470 000	580 000	730 000	880 000
Revenue . . . . .	355 770	420 770	520 720	591 260	791 730	912 090
Surplus . . . . .	30 770	40 770	50 780	11 260	61 730	32 090

By THAMI MAZWAI

AN UPGRADED electricity supply system for Dobsonville has been prepared which will result in tariffs more than doubling over the next five years if the Dobsonville Council approves the new system and it is promulgated by the Government.

The plan was submitted to the council last week by Ecoplan who are responsible for the electrification of Greater Soweto. Greater Soweto includes Soweto, Diepsloot and Dobsonville.

This plan for an improved electrical distribution system is similar to one submitted to the Soweto Council some weeks ago which is now being implemented with upgrading operations in progress in several parts of Soweto. It is not known when the Dobsonville Council will discuss their plan and when it will be implemented.

But a study of the plan has shown that the present electricity bill for the council will have

May demand salt and pepper paprika and parsley

lay on a flat salad platters; cut side

- 1 medium head lettuce, torn in bite-size pieces (4 cups)
- 2 cups diced apple
- 1 11 oz can (1 1/3 cups) mandarin orange sections, drained
- 1 6 1/2 or 7 oz can tuna, drained and broken in large chunks
- 1/3 cup dressing
- 1/2 cup mayonnaise or salad dressing
- 2 t soya sauce
- 1 t lemon juice

more than doubled in five years. This means increased tariffs for the consumer — the householders. While some families pay about R7 a month for electricity at the moment they may have to pay about R15 within five years.

### CALCULATION

The calculation is based on the 3810 houses in Dobsonville which by 1985 would have grown to 3885 according to the plan.

According to Ecoplan the present tariffs were promulgated in 1959 and are obsolete.

They have assumed power (electricity) will be bought from Eskom at its 1979 April prices and the eight percent annual increase.

The proposed electricity tariffs will also give a surplus to the council. Electricity costs for Dobsonville are at present R322 650 a year. With their present rate there is a loss of R165 483.

The above table shows that the contractors have suggested tariffs that will give the council a profit annually.

The highest is 1984 when the council will net R61 730. This is if the tariffs are promulgated as suggested in their plan.

The lowest profit will be in 1981 when R11 260 will be realised. In 1980 the council will realise R30 770 (still on condition that the tariffs are promulgated).

The council is expected to discuss the plan at its next meeting as the contractors (Ecoplan) have suggested that the new tariffs come into effect in January 1980.

7/11/79

266  
p.m. 12/10/79

## STATE CORPORATIONS Covering consumers

Government may soon scrap or considerably modify forward cover subsidies provided for public corporations' foreign loans. Banks and the corporations are expecting an official statement from Finance Minister Owen Horwood soon after his return from abroad.

The consequences will be a rise in the cost of the corporations' capital projects. But it should also reduce the taxpayers' exposure to the currency losses incurred through past subsidies.

State-owned corporations generally get more favourable terms than private firms for forward cover and can extend it for longer than the one-year limit imposed on the private sector. Although they benefit by the normal 2,5% forward cover discount on dollar/rand transactions, they receive preferential rates when covering forward on D-marks or Swiss francs.

In the past these corporations have made considerable savings on subsidised forward cover, but the Reserve Bank, as it failed to cover its own position, faced heavy currency losses. Estimates indicate that these losses run into billions of rand, which the taxpayer has ultimately to meet.

These foreign exchange losses are the result of the long-term downward movement of the dollar, and the length of public corporations' forward cover contracts. But Sasol and Escom, for instance, argue that forward cover charged at full international rates would make it impossible for them to meet present project budgets. In any event, they claim, the taxpayer has to pay for project financing expenses — either through higher taxes, or through higher petrol and electricity charges.

Forward cover for D-marks offered to public corporations is just over 1% cheaper than market rates (2% compared to the market rate of 3,01%). Parastatal bodies are currently making substantial savings when covering forward on Swiss francs. Private firms are paying just over

Melt honey and 1½ tablespoons butter and pour over hot cake before serving. Serve with whipped cream.

180°C.

9% per annum on a six-month contract (dollar/franc discount 11,62%, less the rand/dollar discount of 2,5%, totals 9,12%). Public corporations meanwhile pay a fixed 3% per annum.

Bankers reckon the government is now implementing its stated intention of running public corporations according to business principles by removing the preferential treatment. One foreign banker argues that, since many public corporations compete with the private sector, the authorities feel they should not be entitled to cost advantages doled out by the state.

Obviously, state-owned corporations will have to fork out more money if the preferential rates are lifted, but bankers reckon the immediate impact will not be too severe.

Says one: "At the moment they are fairly liquid, and generally do not have major capital equipment needs."

Once these bodies are forced to operate their foreign currency transactions at market rates, points out a local merchant banker, "they will have to develop considerable expertise in managing their foreign currency dealings. Alternatively, they will have to rely on the international banks."

Hopefully this expertise will minimise cost increases passed on to consumers.

if it is too thick. Chill in a large bowl. Before serving pour on sour cream and sprinkle with chopped chives.

### BEAN SOUP (Serves 8)

- 1 pkt sugar beans
- 1 slice beef shin or soupmeat
- 1 Kassler rib or bacon bones
- handful soup celery chopped
- 2 bay leaves
- 1 onion studded with 8 cloves
- 2 carrots, chopped
- 2½ litres water
- salt & pepper to taste

Wash beans, cover with water, bring to boil. Boil for 2 minutes. Remove from heat and soak for 1 hour. Bring to boil again, add rest of ingredients. Simmer till beans are tender. Cool.

up beans. Purée remaining

wily. Put a few reserved  
Sprinkle with Worcester  
Garnish with cream and

Sue J

Financial Mail October 12 1979

o Julienne strips.  
d cover with white vinegar  
ook for as short a time as



# IsCOR's annual revenue on R760m growth trail

2600

S/Tues 14/10/79

By ANDREW MCNULTY

**THE EARNINGS** from steel produced for domestic use by Iscor are expected to increase by no less than R760-million in the next four years — an increase of 82% on revenue of about R919,4-million in the 1978/79 financial year.

This conservative estimate is based on expected steel price increases and on a scheduled 50% increase in output, up from 3-million tons sold locally in the year ending June 30, 1979 to 4,8-million tons by mid-1983.

These were among a number of key figures disclosed to Business Times in an exclusive discussion with top Iscor executives this week.

Although official figures for 1980 financial year company has a set 19.8.

the year-end have not been released, the annual report due in a few weeks will reveal that the 1977/78 loss of R73,2-million has been substantially reduced. Iscor executives are now confident that by the end of the current year the corporation will achieve a return to profits — or nearly do so.

Turnover for 1978/79 is up by 25% from the previous R1 309-million to R1 636-million. Since the 1975/76 financial year, tonnages of steel exported have risen by nearly 500% from 365 000 tons to 1,795-million tons in the year ending June 30.

Nois Olivier, divisional general manager (steel marketing) says net revenue at works from exports rocketed by more than 600%, rising from R60-million to R361-million in this period.

the existence of the division of the which was taxable, R70 000 is now a against the taxable Draw up the method is used. company has a set 19.8.

causing in the month of September 19.7,

Iscor's foreign exchange earnings on steel in the past year were about R450-million. When earnings of about R50-million on a further 188 000 tons which find their way into fabricated products that are exported by secondary industries are added, Iscor's foreign currency earnings on steel rise to about R600-million — bearing in mind that the added value on fabricated products is between 200% and 300%.

Total foreign currency earned by South African steel producers plus earnings by secondary industries exporting steel products in the year was more than R700-million — well in excess of the country's annual earnings on coal exports. As Iscor exports all the steel

it is unable to sell in the far more lucrative domestic market, local demand determines the export tonnage. Exports soared in the past four years, partly because projects to increase production capacity had been coming on stream, boosting total output without an accompanying growth in domestic demand. Total production tonnages (and total sales as all output is sold) have climbed from 3,866-million tons in 1976/77 to 4,795-million tons for 1978/79.

Forecasted total production over the next four years is 1979/80 — 5,25-million tons, 1980/81 — 5,61-million tons, 1981/82 — 5,6-million tons and 1982/83 — 5,8-million tons. While exports accounted for

about 37% of total sales last year, Sieg Lowe, manager marketing services and planning, says the aim is to reduce this proportion to 10% over the next four to five years as the domestic market expands. This step — together with an improved product mix, with a stronger emphasis on specialised steels — should have a major impact on profitability. As a result of a 3% increase in volume and the average 10% steel price rise which became effective last September, revenue from local sales in 1978/79 jumped by 18% on the previous year.

Forecast local sales over the next four years are 1979/80 — 3,45-million tons, 1980/81 — 4,01-million tons, 1981/82 — 4,4-million tons, and 1982/83 — 4,8-million tons. Projections are based on de-

mand fuelled by major capital projects such as Koeberg, Sasol, and the Drakensburg Scheme and by growth sectors such as the mining, construction, building and motor industries. Mr Olivier says he expects the local steel price to increase at about the inflation rate in the next four years. And unlike the frequent increases in recent years — there was a 10% increase in September 1978 followed by a 12,2% rise in July — local prices are now expected to be raised only once a year, probably in June-July.

Steve Marais, marketing manager (steel exports), forecasts that after the past year's 1,795-million tons, export tonnages will reach a peak of 1,9-million tons.

at 12½ p.m. is granted for the reducing 42% in 19.7, R50 000 ed 31.12.19.6 nt in respect

nt for R60 000



# Sasol stel oorsese dalk telleur

**DIE geweldige groot hoeveelheid aandele waarvoor buitelanders na bewering aansoek gedoen het in Sasol se openbare uitgifte van R35 miljoen kan tot gevolg hê dat heelwat van hulle geld op die uitgifte verloor.**

Dit is in skerp kontras met die wins van meer as R100 miljoen waarvan die Suid-Afrikaanse instellings byna seker is wat aandele in die vroeëre private plaasing van R490 miljoen gekry het.

Volgens ramings nadat die uitgifte Vrydagmiddag om twaalfuur gesluit het, het oorsese beleggers om enigiets tussen R200 miljoen en R500 miljoen se aandele aansoek gedoen.

Ramings van die Suid-Afrikaanse aansoek het tussen R500 miljoen en R900 miljoen gewissel. Hiervolgens kon die uitgifte enigiets tussen R700 miljoen en R1 400 miljoen getrek het wat beteken dat dit tussen 20 en 40 keer volkskrif is.

Sasol se voorsitter, dr D.P. de Villiers, het op 15 Augustus gesê daar behoort geen vrees by die gewone belegger te wees dat hy benadeel sal word in die huidige uitgifte nie.

Dr De Villiers het toe daarop gewys dat die institusionele beleggers wat aan die private plaasing deelgeneem het nie verbied sal word om aansoek te doen om aandele in die publieke uitgifte nie, maar dat hulle slegs aandele sal kan bekom indien reeds in die aanvraag deur die man op straat voldoen is.

As 'n mens nou na ramings oor die sukses van die uitgifte kyk, is dit 'n byna uitgemaakte saak dat die "gewone belegger" in Suid-Afrika vir heelwat meer aandele aansoek gedoen het as wat hy sal kan doen.

Dit laat die vraag ontstaan wat van die oorsese aansoeker word. Met hierdie uitgifte is toegelaat dat oorsese beleggers op groot skaal geld by Suid-Afrikaanse handelsbanke leen en uiteindelik deur die Finansiële Randmark vir die aandele betaal wat aan hulle toegevoer word. Dit het nog nie voorheen gebeur nie.

Die Finansiële Rand is in die verlede nie vir eerste uitgiftes gebruik nie, maar wel vir regte-uitgiftes. Oorsese beleggers is op meer as een manier aangemoedig om aan die uitgifte deel te neem.

• Omdat Finansiële Rand gebruik kan word om vir die aandele te betaal wat toegeken word, koop hulle die aandele effektief teen 'n diskonto van sowat 27 persent; • Terselddertyd vergroot dit hulle dividendopbrengs tot heelwat meer as die uitgiftekoers van 7 persent; • Van die grotes kon waarskynlik geld teen so laag as 7 tot 8 persent by die handelsbanke leen. Dit beteken egter nie noodwendig dat hulle groot winste gaan maak as die aandele teen 25 of 30 persent hoer as die uitgifteprys van 200c op die mark open nie. Dit sal suiver afhang van hoeveel aande- le hulle gaan kry.

## Beskikbaar

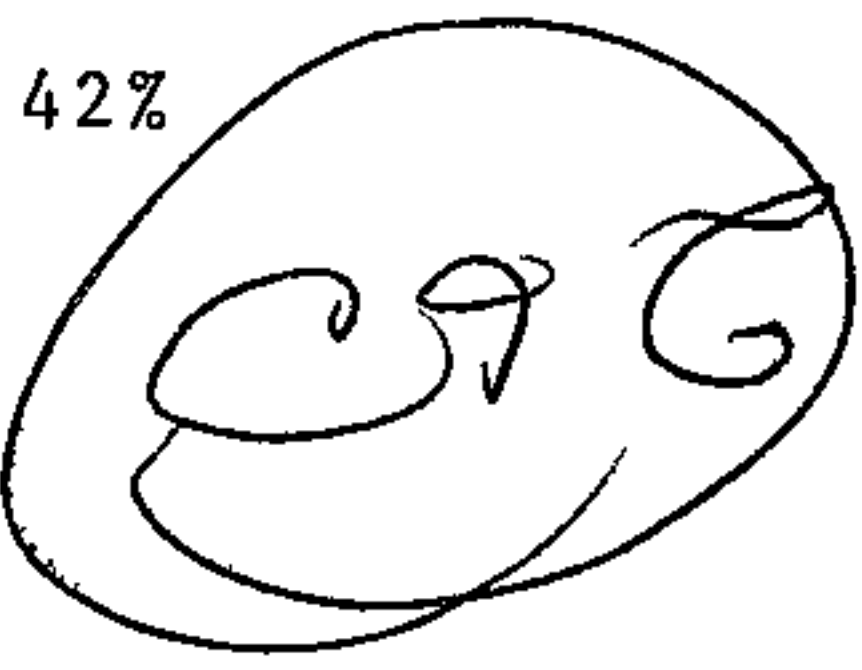
Die grondslag van toekennings is nog nie beskikbaar nie. Die verklaring wat dr. De Villiers op 15 Augustus gemaak het, het egter indruk gewek dat die plaaslike klein belegger voorkeur sou kry.

In daardie stadium is waarskynlik nie verwag dat oorsese beleggers op so 'n groot skaal om die aandele sou aansoek doen nie. Nou dat dit volgens die beskikbare aanduidings gebeur het, het die moontlik 'n bietjie onvoorsiene probleem geskep.

Aan die een kant kon die gewone Suid-Afrikaner be- legger die indruk gekry het dat hy 'n goeie kans het om aandele te kry, terwyl dit terselddertyd baie aantreklik gemaak is vir die oorsese belegger om aansoek te doen. Indien die plaaslike belegger (en ook Sasol se personeel) nou wel voorkeur by die toekenning van die aandele gaan kry, kan dit beteken dat groot oorsese beleggers nie 'n groot genoeg wins op sy aandele gaan maak om die rente op die geleende geld te betaal nie.

- a) Liability method
- b) deferral method

Assume the tax rate remains 42%



9600  
Rampart  
2/11/79

## QUESTIONS

### DEFERRED TAX

A. Alpha Limited  
on 1 May  
straight tax  
balance.  
and tax  
respectively  
and 197

• Omdat Finansiële Rand gebruik kan word om vir die aandele te betaal wat toegeken word, koop hulle die aandele effektief teen 'n diskonto van sowat 27 persent; • Terselddertyd vergroot dit hulle dividendopbrengs tot heelwat meer as die uitgiftekoers van 7 persent; • Van die grotes kon waarskynlik geld teen so laag as 7 tot 8 persent by die handelsbanke leen. Dit beteken egter nie noodwendig dat hulle groot winste gaan maak as die aandele teen 25 of 30 persent hoer as die uitgifteprys van 200c op die mark open nie. Dit sal suiver afhang van hoeveel aande- le hulle gaan kry.

— GERT MARAIS





TABLE II

	WHITE		ASTAN		COLOURED		BLACK	
	Male	Female	Male	Female	Male	Female	Male	Female
Rheumatic Heart Diseases (390-398)	115 1.2%	121 1.5%	28 2.5%	15 1.9%	120 3.9%	139 4.4%	49 2.1%	56 2.9%
Hypertensive Diseases (400-404)	212 2.2%	389 4.9%	115 10.1%	127 15.8%	190 6.1%	276 8.8%	273 11.4%	212 11.0%
Ischaemic Heart Diseases (410-414)	5737 58.8%	3118 39.3%	537 47.3%	246 30.6%	845 27.1%	566 18.0%	148 6.2%	66 3.4%
Cerebrovascular Diseases (430-438)	1587 16.3%	2181 27.5%	273 24.1%	239 29.7%	939 30.2%	1278 40.7%	772 32.3%	749 39.0%
Total Circulatory Diseases (390-458)	9752 100%	7926 100%	1135 100%	804 100%	3114 100%	3140 100%	2390 100%	1921 100%
Motor Vehicle Accidents (E810-E819)	750 38.0%	287 42.4%	122 36.6%	28 26.9%	572 26.3%	161 24.7%	282 15.1%	59 18.2%

**MYLPAAL BY SASOL II**

Die eerste twee van 36 vergassers by die Sasol II-aanleg op Secunda is pas suksesvol in bedryf gestel.

Nog sewe vergassers is gereed vir inbedryfstelling. Verskeie ander ondersteunende aanlegte soos die suurstofeenheid en die stoomaanleg is reeds gedeeltelik in bedryf, maar die jongste mylpaal is van meer, besondere belang in die brandstofvervaardigingsproses, omdat dit die begin is van olie-uit-steenkool.

In die vergassingsaanleg word steenkool met behulp van suurstof en water in die vorm van stoom omgesit in gas. Uit die proses word die eerste byprodukte ook verkry soos ammoniak, tere en fenole. Daarna word die gas gesuwer en dan in die Sasol-synthol-reaktore in die teenwoordigheid van 'n katalisator omgesit in vloeibare brandstowwe.

Wanneer Sasol II in volle bedryf is, sal ongeveer 40 000 ton steenkool en 13 000 ton suurstof per dag verbruik word.

Die bouwerk op die terrein van die vergassingsaanleg het in Februarie 1977 begin. Die vergassers het elk 'n deursnee van vier meter en weeg sowat 150 ton.

Die exhaust gas " is a code used in South Africa (see Ref. 13).



(20) tu 211121

# Teaching the world how

A sure sign of a nation's technological maturity is when it starts selling know-how to other countries. On an increasing scale, SA is beginning to make that breakthrough.

South African knowledge, experience and techniques are being marketed abroad — significantly not only to our less developed neighbours but also to leading industrial nations. The transfer of technology, traditionally a one-way flow from advanced nations to the more backward, has in SA's case become a two-way process.

The most obvious example, of course, is Sasol. But there are others. SA has found foreign markets or is licensing the technology for such diverse inventions or developments as plastic piping, a railway bogie, computer software, a non-yellowing paint and the Dolom breakwater block.

Sasol is a rather special case. We've known for years that we had a world leader in its field here. Trouble was, the rest of the world seemed unaware of it, largely because very few people felt the technology would be of any value to them.

So although SA led the world, the Sasol technology was not marketable.

But that has changed in response to two events: the escalation in the price of crude oil, which makes oil-from-coal processes relatively more attractive, and the narrowing of the apparent efficiency gap between the Sasol process and its main alternative, direct hydrogenation using solvent refined coal (SRC).

Latest thinking is that SRC is likely to be only marginally more efficient in converting energy than the Sasol process — 65% thermal efficiency as against 60% under optimum conditions. But Sasol can use low-grade coal and SRC cannot. More-

over, Sasol's is the only commercially proven process.

Earlier this year Sasol and its American main contractor on Sasol 2 and Fluor Corporation announced plans for joint marketing of the Sasol technology in the US. A potential is seen for 15-20 Sasol-type plants in the US by 1990.

However, it's likely to take a long time before a licensing agreement is actually signed, despite President Carter's vaunted \$80 billion programme to develop synfuels. There are two reasons. Already Carter's programme has been watered down to \$1 billion, giving rise to doubt about the US Government's total commitment to finding

*"We aim to develop known and new fermentation processes to the point where complete process design and engineering packages can be offered on a worldwide basis."*

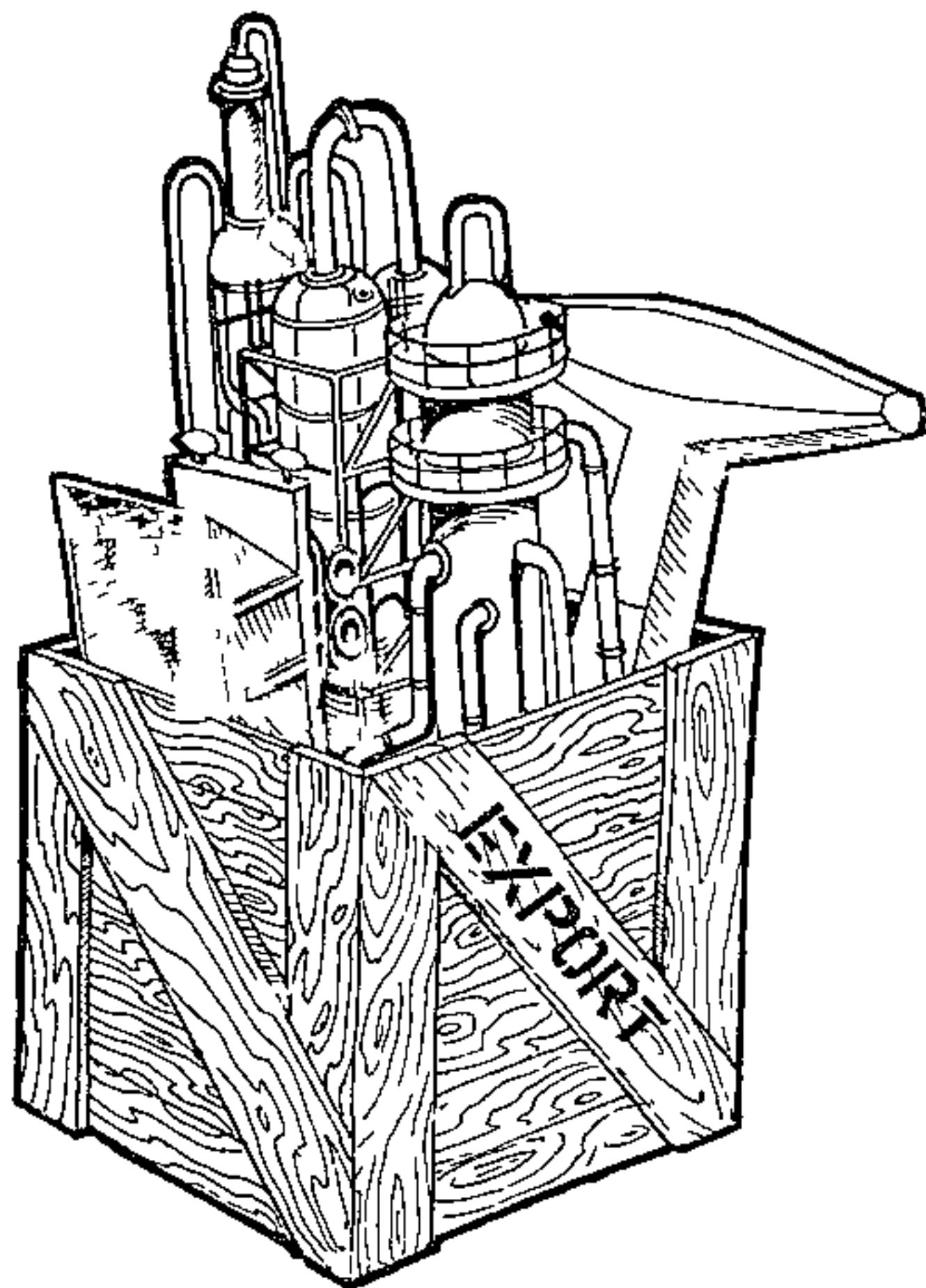
Alex Olivier, chief executive of Senelb

P. T. O

**CRUCIAL CONDITIONS**

"It is clear that the terribly slow process for acquiring the necessary permits to proceed is not going to improve very much," says Sasol MD Joe Stegmann "It may take 8-10 years. There does not seem to be a great deal of hope of finding a truly fast track."

*Shell's annual design award has thrown up such inventions as Herbert Scheffel's high-stability bogie capable of high speeds on narrow-gauge tracks. Licences have been sold to Belgium, the US, Japan and Australia*



Sasol has sole or joint rights over three of the most crucial processes in its oil-from-coal operation — its Synthol plant, the Sasol/Lurgi gasifiers and the Sasol/Lurgi/Linde Rectisol process.

Ironically, it's possible that the first sale of Sasol technology abroad will be its SRC process, which is at an experimental stage. Sasol is doing development work for a Japanese consortium which hopes to use the process on low-ash Australian brown coal.

That's not all Sasol has to sell. Equally valuable is its operating experience, which is unique. Substantial earnings have already been made from consultancy agreements with such US companies as Panhandle, American Natural Gas, Wesco and El Paso.

Sentrachem, the chemical giant hoping to build a string of ethanol plants in SA for motor fuel, has formed a new company in partnership with E L Bateman with the objective of selling fermentation technology abroad.

"We aim to develop known and new fermentation processes to the point where complete process design and engineering packages can be offered on a worldwide basis," says Alex Olivier, chief executive of the new company, Senelb (ownership is 60% Sentrachem, 40% Bateman).

Though Sentrachem does not have any large-scale plants in operation, it has 45

years' experience in producing ethanol. Present production at National Chemical Products is 40m litres a year.

"We have had a very large number of inquiries — including five from the US, two from Mexico, four from Brazil and others from Thailand, Australia and Cyprus," says Olivier.

Fermentation is one of the oldest chemical processes known to man, so what's so special about Sentrachem's?

"Ours is the only technology available to treat the fermentation residue, or slop," says Olivier. "Slop provides a major pollution problem in the leading ethanol producing countries. It is particularly severe in Brazil. We handle it by formulating it into such products as animal feed (Rhumevite).

"NCP is also the only company in the world manufacturing acetone and butenol via fermentation. As a result of this, our process is 30% more efficient than any other."

The AECI subsidiary, Duropenta, has developed a new kind of ribbed plastic piping, Ribstruct, which can be used for applications till now dominated by concrete and asbestos-cement piping. Because of its design, it requires only 40% of the raw material used in conventional plastic pipes, yet is strong enough for use as sewer and drainage pipes.

In one field trial for load distortion, the

Ribstruct pipe deflected 1.5% without damage, while the concrete pipes cracked and steel pipes buckled. It is cheaper and so much lighter than concrete that handling becomes child's play.

Patents have been taken out around the world, and royalties from licensing agreements are expected to more than double Duropenta's turnover.

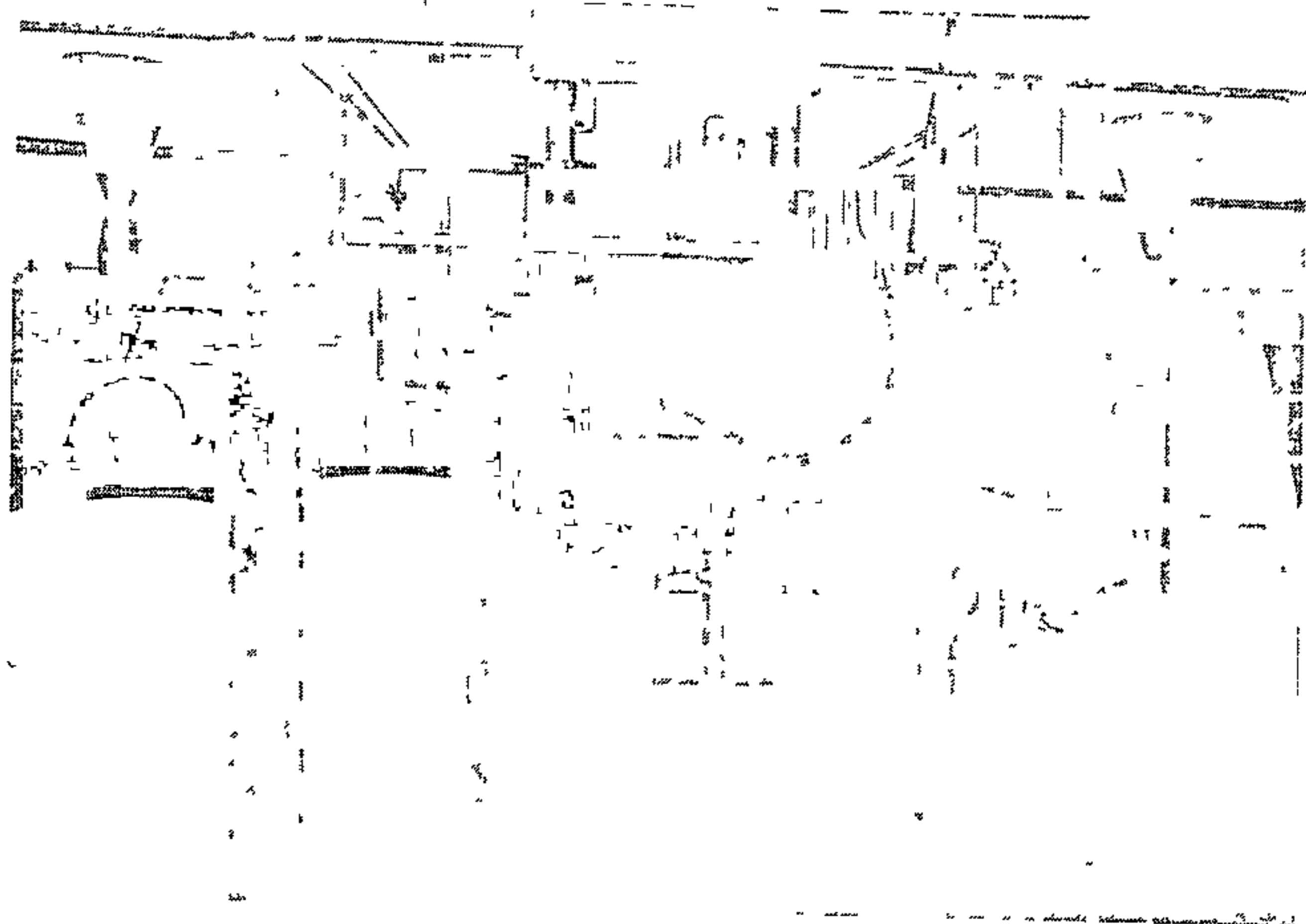
Another AECI company, Prolux Paints, is investigating the licensing in Europe and the US of its process for Silthane white enamel paint, which does not discolor in diffused light as other paints do.

SA is not doing badly when it comes to total research and development spending. The OECD norm for intensive R & D spending is 0.6% of gross domestic product, and SA manages 0.65% — not bad for a semi-developed country. The figures are 0.3% in Spain, 1% in Canada and 1.2% in Belgium.

At the top of the scale are the US (2.3%), West Germany (2.2%) and Britain (2.1%).

Of more concern here is that so much (52%) of the R & D spending is by Government or quasi-government bodies. The business sector contributes 33% and universities and non-profit organisations the rest.

But scientists say there is a phenomenal amount of wastage in the government sector and that the private sector's contri-



**Ribstruct pipe . cheaper, higher, easier to handle**

Impela Distributors (Pty.) Ltd., 1975 (S.A. 273 (T.A.))

obviously apply to cancellation of the entire contract, i.e. it cannot be done verbally if there is a term in the contract excluding verbal cancellation and verbal alteration. (See Impela Distributors v. Janus Chemical Manufact-

tion is probably more meaningful.

An important stimulant has been the annual Shell Prize for Industrial Design which has thrown up such inventions as railway engineer Herbert Scheffel's high-stability bogie. Its use has made possible high speeds on narrow-gauge tracks without the hunting or yawing by carriages

which threaten to derail them.

The life of bogies will be increased five-fold under heavy loads and ten-fold for other traffic, says Scheffel. Licences have been sold to Belgium, the US, Japan and Australia.

Eric Merrifield's Dolos breakwater and foreshore protection block won the Shell

award in 1973 and is now preserving shorelines around the world.

Other winners have included a fisher's lightweight rucksack, game and survival's stuff, all of which have found markets abroad, all of which have shown that when it comes to innovative



(260) for 2/11/79

SASOL

# Once bitten, twice shy

Sasol must be drunk with success. There is no doubt that the success of its share issue was beyond the wildest dreams of management, who were at one time toying with the idea of pitching at a lower price to ensure success.

The private placement could offer the institutions only the opportunity to invest about a third of the money they had set aside for it. The public issue was slightly more than 30-times over-subscribed and the exercise was crowned by a 300c opening price on Wednesday, followed by a strong upward movement to 320c.

It is a pity that Sasol's flotation was marred by a share allocation which many believe to have been unfair. Many subscribers lost a large amount of money, because they believed a more equitable basis of allocation would be found.

What the board and the merchant banks were thinking when they decided to leave out more than half the applicants, is not clear to many people. Certainly, it is understood that the act of applying for new issues contains a large element of risk. But this allocation has left investors licking gaping wounds and many believe it may hamper future issues, particularly where it concerns overseas investors.

Unsuccessful applicants have been telephoning and writing to the FM since the announcement on Friday that less than half the subscribers were successful. Many of them feel that the smaller investor was not adequately favoured.

One applicant believes Sasol's prospec-

tions of 200 shares each, 75,8% of those who applied for between 300 000 and 7,0m shares were successful with allocations of 10 000 to 50 000 shares.

Those smaller investors, who applied for between 6 000 and 24 500 shares, were severely discriminated against. Only 26,1%, or 1 744 of a total 6 693, were blessed with between 600 and 2 200 shares. The group of applicants who applied for more than 25 000 but less than 300 000 were actually better off, with 27,8% or 932 of them receiving between 2 200 and 8 000 shares.

Besides this complaint, many investors believe SA's image abroad has been damaged. Some overseas investors are spitting mad. As in the case of local investors, many of them had borrowed large sums of money — in SA and abroad — only to find that they were left empty-handed, and saddled with a hefty interest bill. In future, when more equity capital is required by Sasol, these shareholders may be less inclined to subscribe.

The issue also seems to have upset the Financial Rand market. Many had bought FR to cover what they expected to be allocated before the flood of successful applicants started buying and pushing the FR rate up. How wrong they were. The FR rate plunged to US 81c with unsuccessful foreigners looking for FR buyers. The selling was aggravated by those subscribers who were unaware of the Reserve Bank's concession to non-residents, which meant they need not have covered their

missing the ballot box, which is normally inevitable for small subscribers. They are now puzzled as to exactly what the merchant bankers were aiming at when the basis of allocation was decided. This unprecedented method could make investors



**Sasol MD Joe Stegmann . . . beyond his dreams**

less inclined to subscribe for future issues. However, a merchant banker points out that the very big oversubscription was the result of "funny money," not of a real desire to invest in shares. Next time, the money following an issue will, hopefully, be "genuine," he says.

Applicants also want to know if the JSE intends doing anything about the unfair treatment they allegedly received. The JSE, they argue, is, after all, the investors' watchdog.

Countering the arguments against the method of allocation, a banker says that the massive over-subscription was higher than initially expected and some fair system had to be worked out.

*"The man-in-the-street would definitely have preference in the allocation of the 17,5m shares . . ."*  
Sasol chairman David de Villiers

tus was not as clear as it might have been, as it stated categorically that the public issue "will be directed towards the smaller investors."

While 51,0% of those applying for up to 1 100 shares were successful with alloca-

subscriptions with FR's

Many local investors also burnt their fingers. They say that, with an issue, they try to guess the over-subscription and apply in such a way that they would be assured of at least some allocation and

P.T.O



Mortality rates greater than 5/1 000 appear in italics in Table 1. All of these major causes of mortality, the Asian and 'coloured' rates exceed those of the whites.

However, in this context, what requires emphasis is that by a disease classification a certain amount of detail is lost. Despite the fact that the overall rates for diseases of the system are comparable for whites, Asians and 'coloureds', with broad category the mortality rates for specific diseases vary. Table II provides the proportional contribution of the major diseases for the whites, Asians, 'coloureds' and Africans. Ischaemic Heart Disease is the major Circulatory Disease in the Asian communities, Cerebrovascular Diseases are the major circulatory Diseases in the 'coloured' and African communities.

Similarly, if the Accidents, Poisoning and Violence category in greater detail, motor vehicle accidents are the major cause of mortality in whites, 'coloureds' and Asians, the second most important in the white community is suicide, whilst that for the 'coloureds' and Africans, the latter is the main cause in this category.

The expectation for life for 'coloureds' is summarised in an expectation of life for a large measure of migratory life for women in comparison. However, what is life for the three communities are 1:0,91 0,76 for males and 1:0,91 0,80 for females.

The 'coloureds' are less disadvantaged at  $e_{45}$  as compared to  $e_0$  for both males and females, a difference which is largely attributable to the high infant mortality rate in this community. It is also noteworthy that Asian females have the worst expectation of life at age 45 of the three communities, which is in marked distinction from both males and females at  $e_0$  and males at  $e_{45}$ . The fact that for the 65+ age group, Asian women have the highest mortality rates for respiratory, circulatory, digestive, genito-urinary and ill-defined causes of death (Table I) may contribute to this anomalous situation.

Fig. 7 summarises the percentage improvement in the expectation of life at birth subsequent to the total elimination of the mortality associated

# Sasol, verloor R150 milj.

AS Sasol nou weer 'n openbare uitgifte moet beplan, sal die prys vir sy aandele minstens 28 persent hoër as die 200c wees waarteen die afgelope uitgiftes gedoen is. Dit beteken dat hy vir dieselfde hoeveelheid aandele R150 miljoen meer sal kry as wat die geval was.

Toe die uitgifteprys in April vanjaar vasgestel is, het niemand verwag dat die aandele teen meer as 300c op die Beurs sou kom nie. Nog minder het enigiemand verwag dat die aandeel 'n dag ná sy opening tot so hoog as 340c sou kon styg. Vrydag se sluitingsprys van 327c was ietwat laer as die hoogtepunt, maar dit is steeds 64 persent hoër as die uitgifteprys.

Hoewel dit op die oog af so mag lyk, beteken hierdie hoë prys nie dat die aksepanke wat Sasol raadgegee het, nie geweet het wat hulle doen nie. Nog minder beteken dit dat hulle Sasol uit 'n moontlike ekstra R150 miljoen gedoen het.

Sedert die uitgifte beplan is, het toestande op die Effektebeurs eenvoudig só verander dat hulle destydse ramings heeltemal konserwatief was. Niemand het geweet dat die aandeelmark sou styg soos wel die geval was nie, en nog min-

der het enigiemand geweet dat die goudprys van 240 dollar per ons tot meer as 400 dollar sou styg.

Destyds het 'n vrees bestaan dat 'n uitgifteprys van 7 persent dalk te laag sou wees om genoeg belangstelling te trek. Om 'n sukses van die uitgifte te maak, is so ver gegaan om buitengewone toegewings aan die buitelandse beleggers te maak.

Hulle kon in Suid-Afrika geld leen en deur die finansiële randmark vir die aandele betaal wat hulle ontvang het. Dit het tot gevolg gehad dat hulle die aandele teen 'n aansienlike diskonto kon koop.

Juis hierdie toegewing het tot 'n groot mate daartoe gelei dat die plaaslike klein Suid-Afrikaanse beleggers minder aandele gekry het as wat hulle graag wou hê. 'n Buitengewone groot hoeveelheid aansoeke is uit die buiteland ontvang — na raming sowat 40 persent van die

totale bedrag van R1 095 miljoen.

Dit het 'n aansienlike toekenningsprobleem geskep, want die laaste uitgifte van R35 miljoen was eintlik vir die klein plaaslike belegger bedoel. Die buitelandse beleggers het dit egter só aantreklik gevind dat duisende Suid-Afrikaners nou ongelukkig voel dat hulle geen of baie min aandele gekry het.

Banke het nie net vryelik geld aan oorsese beleggers geleen nie, maar ook aan Suid-Afrikaners. Hierdie vrygewigheid is nou een van die redes waarom sommige mense aansienlike winste toon en ander verliese.

Diegene wat vir min aandele aansoek gedoen het, en 'n groot deel daarvan gekry het, het binne 'n paar dae meer as 60 persent op hulle geld gemaak.

Diegene wat vir groot hoeveelhede aansoek gedoen het en niks of byna niks gekry het nie, het verliese getoon. Hulle moes steeds die rente op die oortrokke rekenings by die banke betaal, maar kon niks anders doen as om te kyk hoe ander mense geld maak nie.

Die groot instellings, soos pensioenfondse en versekeringsmaatskappye, was eintlik die beste daaraan toe. Hulle het R490 miljoen se aandele gekry voordat die jongste uitgifte van R35 miljoen gedoen is.

Teen die huidige prys toon hulle reeds 'n wins van meer as R300 miljoen.

— Gert Marais

ities for the seventeen major disease categories (Fig. 5), it will be noted that despite the relatively minor proportional contribution made by circulatory diseases in the 'coloured' community, the actual rates for these diseases are higher than those of the whites. The reason for this apparent inconsistency is that the mortality rates for Infectious and Parasitic Diseases are so high that they effectively swamp the proportional mortality of the Circulatory Diseases in the 'coloured' community. In the white community, the mortality rates for most causes of death are so low, the importance of the Circulatory diseases become disproportionately exaggerated.



## DISCUSSION

The crude death rates and the standardised mortality rates for whites, Asians and 'coloureds' and urban Africans are presented in Fig 1. The interpretation of these figures is confounded by the differences in the underlying structure of the population. The population pyramids of the various groups were pictured in Part I with the exception of the urban Africans, which appears in Fig. 2. This population shows an excess of healthy working males and lack of elderly persons as a result of the migratory labour situation.

The standardised mortality rate provides a single figure for the mortality experience of a population which can only be fully expressed in terms of a series of age specific death rates. The SMR is calculated by multiplying all the age specific mortality rates in the observed population by the corresponding numbers in the standard population, adding the number of deaths so obtained and dividing the total standard population figure by this figure is independent of the age structure of the observed population. The choice of the standard population will affect the weight of the deaths in the various age groups. The choice of an unpopulated as a standard will give great weight to infant deaths and weight to deaths among the elderly, while a developed standard will reverse the position. The choice of standard population ranking of the mortality between the observed groups. There is no answer. As the Duke of Wellington said: 'There are lies, damn lies and statistics'!

Infant mortality rates are summarised in Fig. 3. Once again, difficulty is experienced in obtaining data for Africans. Birth statistics for Africans are not published by the central government. The various medical officers of health<sup>9</sup> have estimated the infant mortality rates for their urban areas. These show considerable variation. (See also ref.15). A mean figure and the range are given in Fig. 2. These de facto figures should be interpreted with caution as sick infants are often brought to the cities from rural areas. An indication of the situation in the rural areas is given by a sample survey carried out in Cape Town and Transkei among Xhosa-speaking Africans.<sup>12</sup> An increase in infant mortality was observed with decreasing urbanisation, the figure for the completely rural areas being of the same magnitude as those parts of the world devoid of medical services. Fig. 4 summarises the age specific mortality rates of

rural areas or cause of deaths' according to the Bantu Reference Bureau (Personal Communication). At least 50 000 deaths among Africans were not registered. These occur mainly in the rural areas. It is estimated that about 10% of the deaths in the main urban districts are not registered for Africans.

## METHODS

The following indices were calculated.

1. Crude Mortality Rates.
2. Standardised Mortality Rates. Two standardised mortality rates were calculated for England and Wales representing a developed country and for a developing one.
3. Age and Cause Specific Death Rates. Calculated for the seventeen major divisions of diseases.

## Sasol blues

From Page 1

encumbered by an energy crisis, led many applicants to apply for 300 000 to seven-million shares.

The London view is that all the applicants should have received shares - even if only a few.

Recently, for instance, Linkhouse Publications was 44 times oversubscribed, yet everyone got something.

"We understand that the smaller shareholder should have been favoured in the Sasol issue," said one broker. "But this should not have meant that the larger investor, or institutions investing on behalf of smaller investors, should have been left out."

The broker said that fund managers who had applied for Sasol were, in effect, forced into gambling on a lottery.

Their prior impression was that they would definitely receive an allotment, however small.

## Disappointed over Sasol (260)

By NEIL BEHRMANN, London

FOREIGN investors are bitterly disappointed about the handling of the allocations of the Sasol issue.

There are instances of large interest losses for those who received much less than expected, or nothing at all.

All brokers canvassed were critical about the way the shares were allocated and were anxious lest this discourage foreign investment when other new issues come on to the Johannesburg Stock Exchange.

Contrasting with Johannesburg reports, London brokers say that many individuals and institutions in Europe put in huge sums of

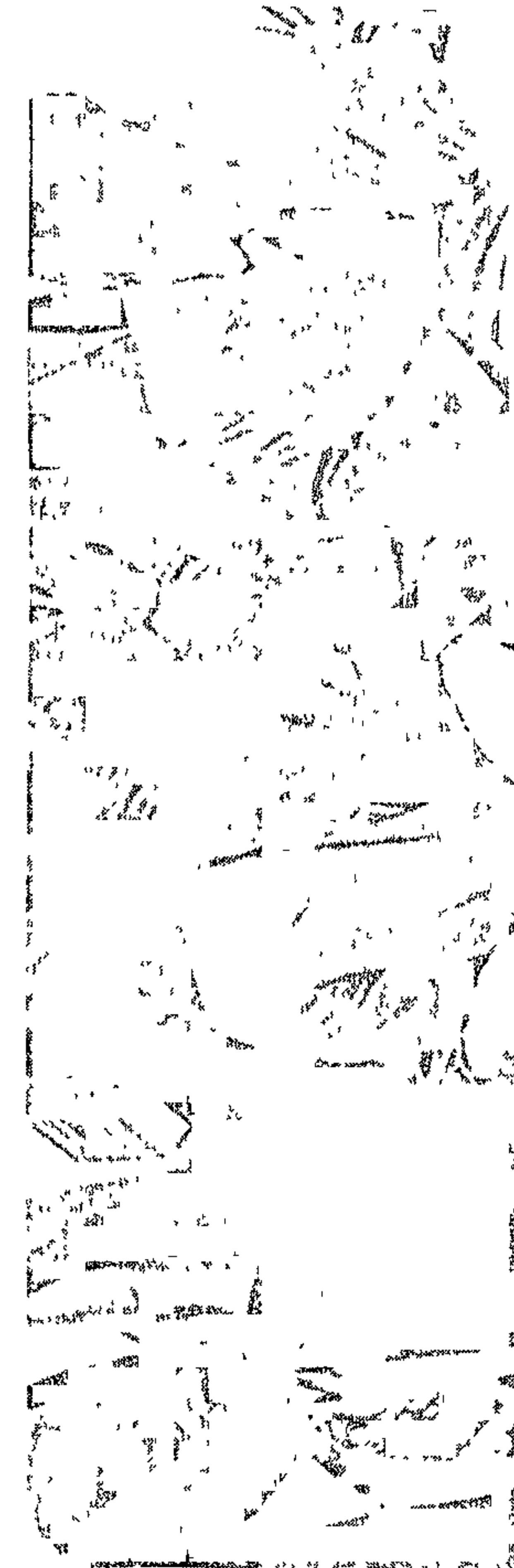
money in an attempt to get a slice of the action. One broker said that his clients had applied in the category up to 2.5-million shares.

The fact that the large applications were put in the ballot box resulted in many long faces. Some brokers and institutions applied via a single block for several - in some cases hundreds - of clients. Some did not receive a single share.

The foreign excitement over Sasol in a world

To Page 3

# POST HOUSING



Mr David Thebehali and Mr C M Coutts-Trotter of GEC signed an electrification ceremony last week. Looking on is the Diep-Meadow community councillor, Mr J C Mahuhushi.

## SOWETO'S two stage electrification

IT'S all very confusing, say some of our readers! They are referring to the electrification programme in Soweto. So many people were surprised by Press reports last week announcing the signing of contracts for Soweto's electrification.

Wasn't this done about three months ago? Didn't we hear trenches were being dug to mark the start of the programme? Weren't new rates announced? Lots of questions in people's minds! What in fact is happening or still being planned?

Those in the know explain that Soweto's electrification is being done in two stages. The first is the upgrading, or improvement, of the existing electrification system. As township residents will know, the existing supply to homes is not strong enough to handle lights and domestic appliances at the same time. In most cases, the system can

stand only one heavy appliance at a time without tripping off.

### IMPROVE

The upgrading scheme will improve this system — enabling residents to use several appliances in the home without problems.

The second stage, for which contracts were awarded to GEC last week, involves the construction of miniature substations to provide electricity supply to those parts of the township that do not have electricity.

### PROGRESS

Maybe now that these have been signed there will be faster progress on this scheme. Residents have been waiting too long for these formalities to be completed. There is an urgent and desperate need for electricity in the township. One has only to live in a black township one week to realise just how costly (yet inadequate) coal, paraffin, gas and other fuels are in the twentieth century home.

It is interesting to note also that Mr Thebehali's new estimate of the cost of electricity supply to each home has dropped in the last three months. His last estimates raised some eyebrows from people who felt that the new rates suggested by the Council were much higher than average rates paid in Soweto at the moment.



## ELECTRICITY

(210)

### Current Demand

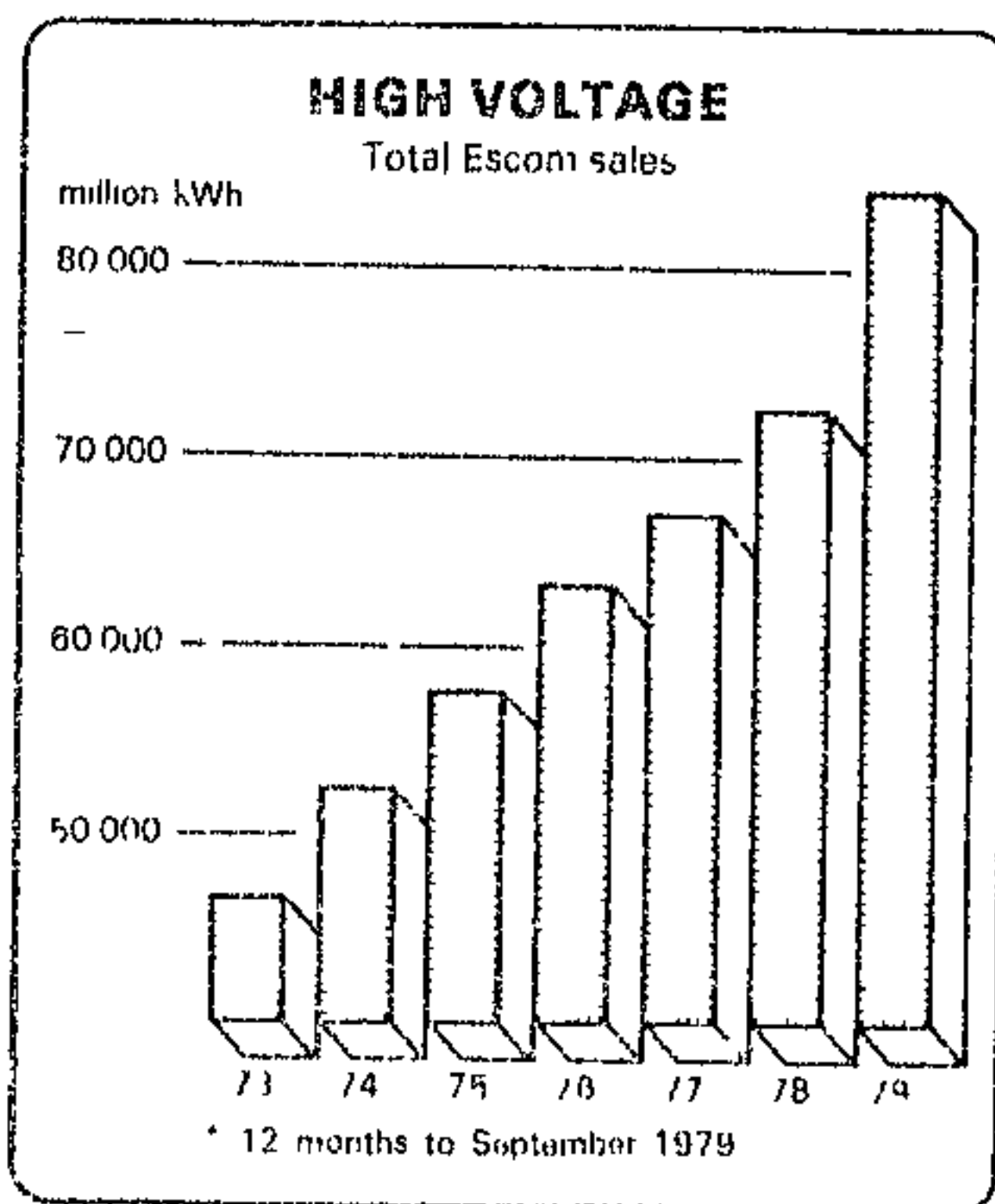
Demand for power, always a good indicator of economic health, is surging ahead again. Escom supplied 11,2% more power in the 12 months ending in September 1979 against 7,742m KWh -- in the 12 months ending in September 1978. During September alone 7,318m KWh were consumed against a prediction of 6,900m KWh. By way of comparison, Escom supplied 8,4% more power in 1978 than in 1977 and the average annual increase over the five year period 1973-1978 was 9,3%.

The mining industry was a significant user of additional Escom power but the total demand increment came from many

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sources. Even small manufacturers, who were formerly well content to use oil-fired boilers, have been squeezed by the price increase to such an extent that a switch to electricity has become profitable.

The same can be said for smaller plateland municipalities (see P/M September 28), which explains the increase of 25,5% for the North Cape region. Eastern Trans-



vaal gained by 17%, Natal by 12,1% and Orange River by 11,3%. (The last region includes many important gold mining areas.)

As reported on September 28, Escom has an adequate margin to meet the increased demand but potential customers in remote areas face a delay caused by their isolation.

# Iscor swings back

There's been an impressive R105m turnaround in Iscor's fortunes in the last 12 months. The corporation could turn in a profit — its first since 1973 — in the current financial year.

Thanks to higher sales and prices both domestically and abroad, improved productivity and cost savings, the state steel-maker cut its losses from R73m last year to R38m in the year ended June 1979.

Since the state put in R70m towards financing charges in the previous year but nothing this year, that represents a R105m improvement.

Of this, R58m is attributable to higher export prices and more favourable distribution among Iscor's marketing areas, R24m to increased production and sales, and R23m to improved productivity and cost savings.

For example, notes GM Kurt Rumelin, "we have learned to make coke from bad coal and we are getting 10% more out of our blast furnaces than before."

That Iscor is still making a loss is due to its heavy financing burden, which reached a record level of R141m this year. Its trading figures, before financing charges, show a swing from the previous year's R20m loss to a profit of R93,5m.

But it seems the turning point has been reached. Chairman Tommy Muller disclosed this week that in the first four

months of the 1979-80 year, Iscor recorded a net profit after finance charges of R40m. With world steel markets uncertain, it would be unwise to predict a profit for the whole year of R120m, but it is clear that Iscor is out of the woods.

In fact, Muller anticipates an increase in both domestic sales (of about 16%) and exports, while the financing burden has now peaked.

"The debt ratio of 64,8% was reduced to 58,7% at the end of the year. I expect it to be reduced to 40% within five years," says Muller. "No problems in connection with Iscor's loan redemption programme are foreseen. We have a substantial internal cash flow which we are applying towards redemption of loans."

Iscor's top management are at pains to point out that in all years since 1974, despite some huge losses, the corporation has always had a positive cash flow. The reason for this is the conservative accounting policy, which Iscor does not apologise for, of making provision for depreciation at a very liberal rate, and making provision for the eventual higher replacement cost of fixed assets.

## Accounting practices

Indeed, management maintains, if it had adopted the same sort of accounting practices as some private sector steel-makers, it would not have been reporting losses at all in recent years.

For example, during the 1974-79 period, when Iscor showed accumulated losses of R264m, it had a positive cash flow of R522m, says Muller.

With a third of its total production being exported, Iscor still has plenty of capacity to swing back to meeting domestic demand when necessary.

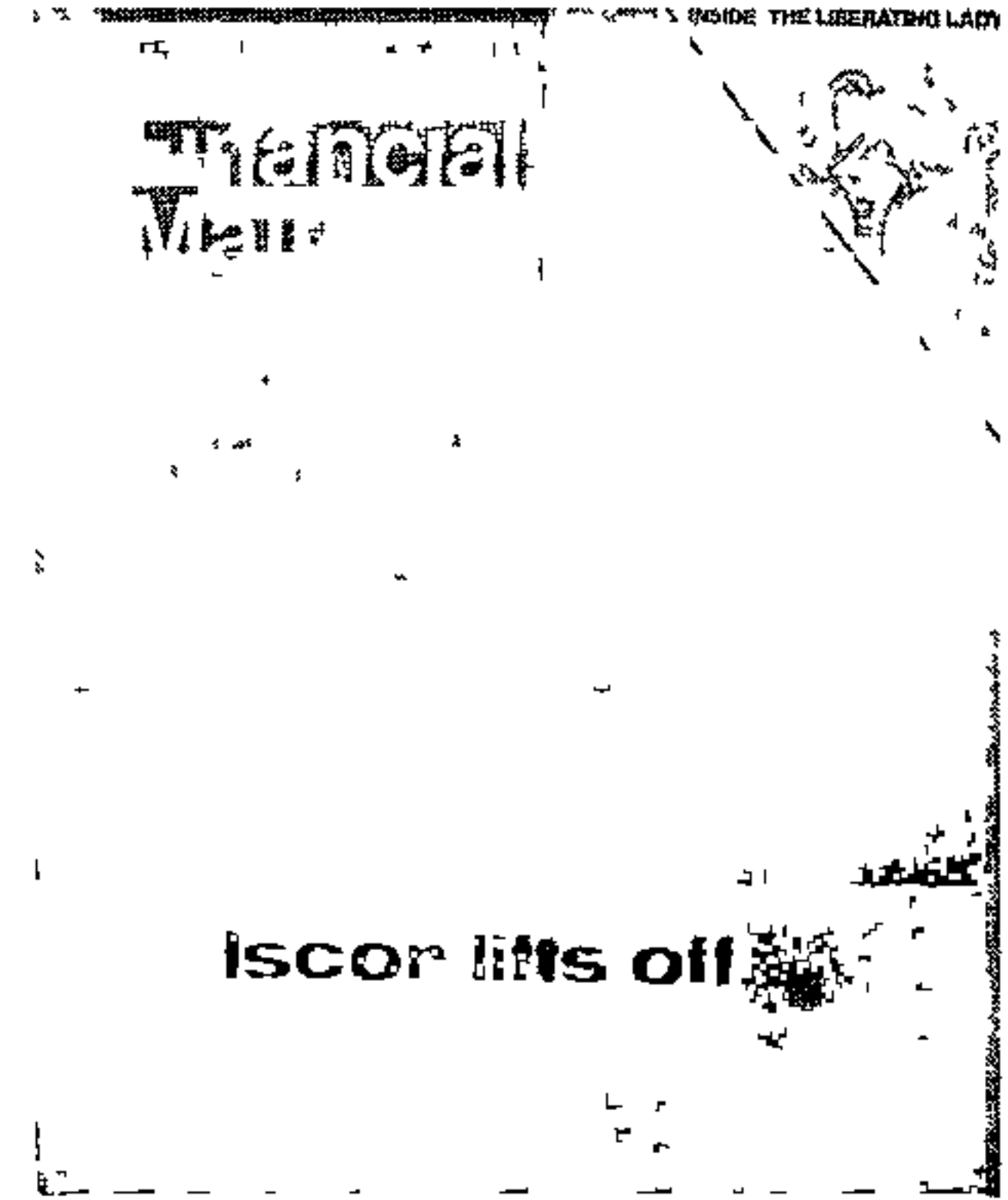
Iscor does not want to depend on exports for more than 15% of its production, says planning and development manager Keith Prince, so it can cut 20% off exports before the next round of expansion will become necessary — probably in the late eighties.

But when that time comes, the corporation will be far better placed to finance it. Firstly, it is building up reserves so that it will not be so heavily dependent on loan capital. In 1968, Iscor thought it could expand on borrowed capital and easily redeem the loans from its cash flow. But the availability of 20-year loans unexpectedly dried up, and inflation began to rise to unprecedented rates.

Secondly, the next round of expansion will not be nearly so costly as the last one because it will not require new basic

infrastructure, such as mines.

Turnover during the year increased 25% to R1 636m, and output of liquid steel by 7% to 6,7 Mt. Although world steel demand looks like taking a dip next year, Iscor nevertheless expects exports to rise. The reason for this is that the share of world production held by the leading western nations is declining because of their



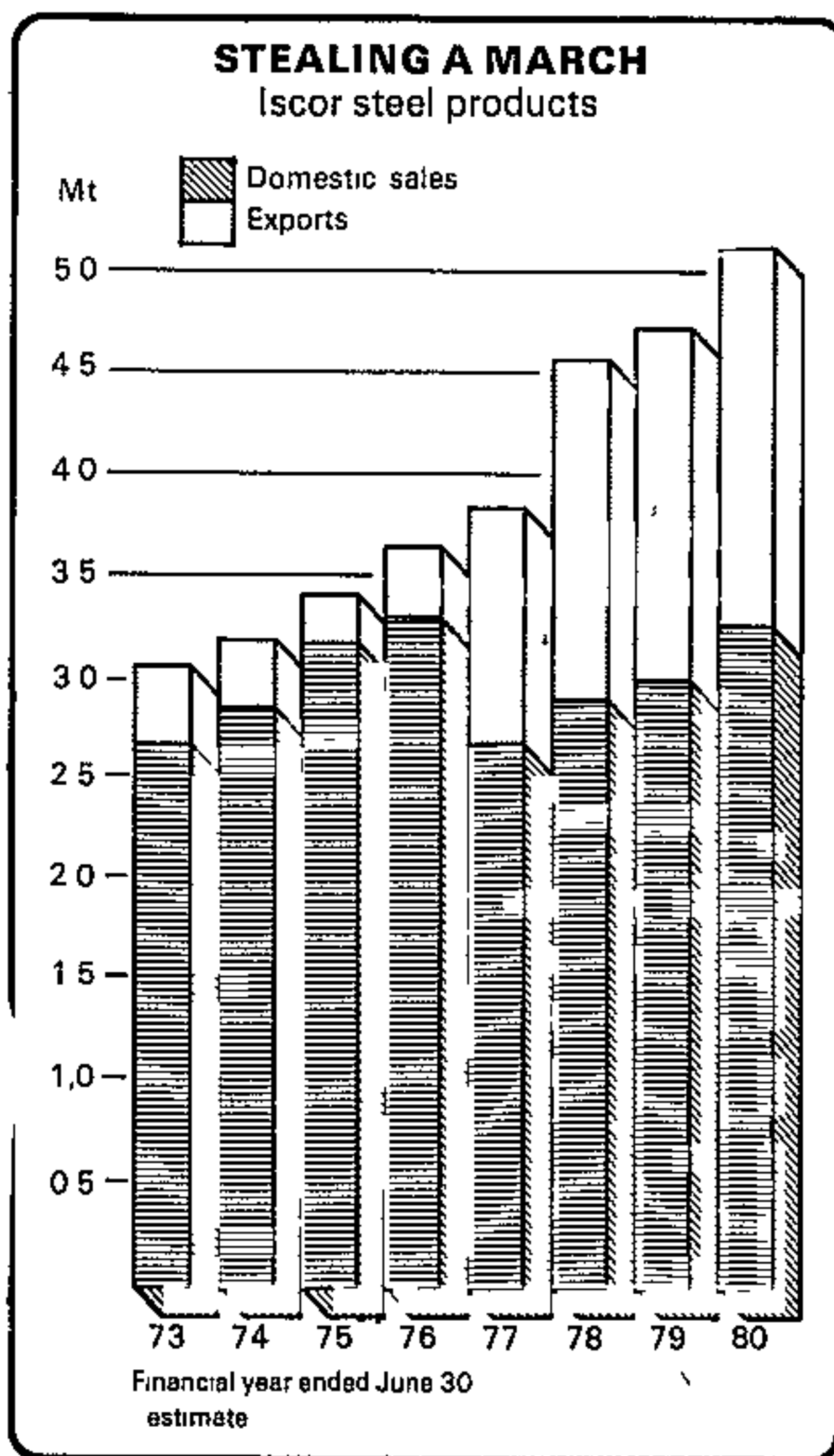
## Iscor's recovery . . . foreseen by the FM

inability to compete with production costs in less developed nations. This leaves producers like Iscor with opportunities for growth.

Though exports of 1,8 Mt brought in R385m in foreign exchange during 1978-79, Iscor would rather make its money on the local market where prices are higher. The same steel sold locally would have meant another R200m to Iscor.

Iron ore exports are also doing well. They rose from 12,6 Mt to 14,2 Mt, and earned R181m, bring Iscor's total contribution to the balance of payments to R566m.

All round, a businesslike performance from one of the country's biggest government-owned organisations.







# R11 000-m plan to double Escom output

Own Correspondent

Escom plans to spend R11 000-million within the next decade to double its electricity output — and the projects could be a mammoth boost for some country towns.

The expansion programme, designed to meet South Africa's power requirements in the 1990s, includes three more coal-fired power stations costing an estimated R4 000-million, a new R200-million to R300-million hydro-electric plant in the Western Cape, extensions to Escom's headquarters at Megawatt Park, and a new training college for whites and blacks to meet the shortage of skilled staff.

Between R30-million and R35-million will be spent on enlarging Escom's headquarters in Sandton, while the new college, situated near Halfway House, will cost R40-million.

An Escom statement said the programme will start immediately with the construction of two large coal-fired power stations.

The first plant, named Tutuka, will be located either on Amcoal's New Denmark coalfield near Standerton, or the Cornelia coalfield near Isoburg.

The second station, Ilanga, will be built either at Cornelia or at Ellisras in the north-western Transvaal.

It will have dry-cooling towers, and may become the world's largest plant using this type of cooling.

Details of the third station have not been released, but another large project will be a pump-storage facility in

To Page 3, Col 2.







Notte 2/12/79

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# Sasol III sal R35 miljoen meer kos

SASOL DRIE se beplande spesiale aanleg om brandstof uit kreesoot te vervaardig sal 'n bykomende R35 miljoen kos. Maar die besparing aan buitelandse valuta sal meer as R100 miljoen jaarliks beloop.

Dit is ramings wat Sasol vandeeweek beskikbaar gemaak het, gebaseer op huidige pryse en vooruitskattings van wat teen die middel van 1982 waarskynlik sal gebeur met die prys van ru-olie, wanneer Sasol Drie verwag om sy eerste fase van produksie te betree.

Maar aandeelhouders in Sasol moet nie te haastig wees om die voordele van hierdie ontwikkeling in hul verdienste per aandeel te sien nie, want behalwe dat Sasol Drie eers sy eerste fase van produksie teen die middel van 1982 sal lewer, moet Sasol Twee en Drie nog eers filiale van Sasol word voordat winste van hulle na die houermaatskappye gekanaliseer word.

Hoewel aandeel deur hierdie twee nuwe Sasols teen die middel van die tagtigerjare uitgereik behoort te word om hulle filiale van Sasol te kan maak, kan dit nog langer duur voordat dit verwezenlik word.

Die prospektus van 28 September van hierdie jaar maak egter voorsiening in 'n paragraaf dat indien hierdie

transaksies nie teen bepaalde datums afgehandel is nie, dit in elke geval op daardie datums sal plaas vind. Vir Sasol Twee is die datum 1 Julie 1989 en vir Sasol Drie 1 Julie 1993.

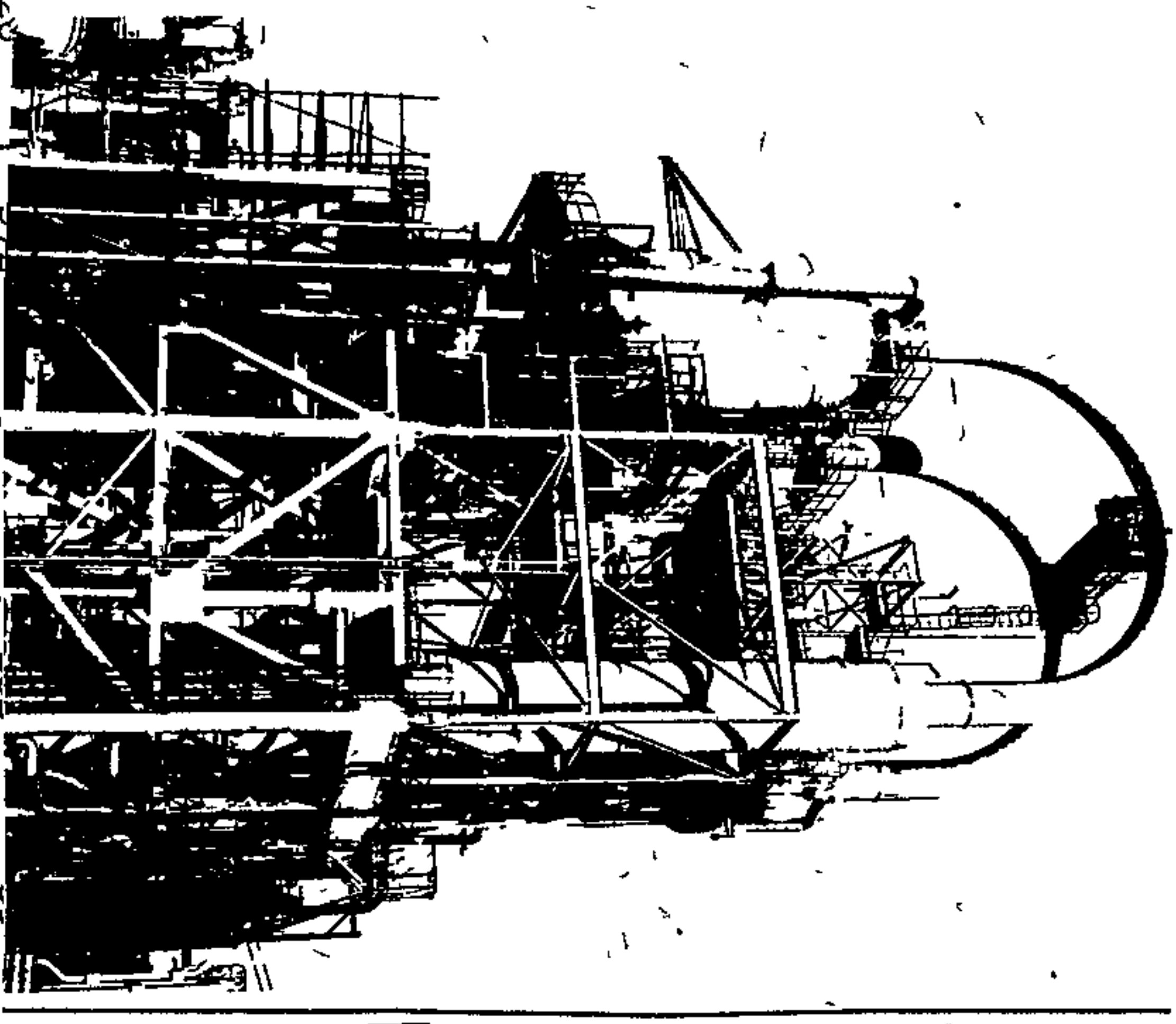
Die besturende direkteur van Sasol, mnr. J. A. Stegmann, het vandeeweek by die jaarlike vergadering van die Transvaalse Vereniging van Chemikalie-vervaardigers die nuus van die nuwe beplande aanleg bekend gemaak.

Hy het gesê dat Sasol tevrede is dat 'n aanleg wat diesel en petrol uit kreesoot en karbolsuur, met behulp van waterstofbehandeling, kan vervaardig, ekonomies winsgewend deur Sasol Drie aangepak sal kan word.

Die proses is in die buiteland ontwikkel en daarna deur Sasol in Suid-Afrika in 'n loods aanleg getoets. Nadat die nodige aanpassings vir Suid-Afrikaanse omstandighede gemaak is, het die resultate getoon dat die projek ekonomies winsgewend aangedurf kan word.

Daar was voorheen oor die bou van so 'n aanleg deur Sasol besin, en 'n besluit daarteen is met die ontwerp van Sasol Drie geneem. Maar weens verdere stygings in die prys van ru-olie en die feit dat ru-olie al hoe moeiliker bekombaar word, is hierdie besluit in heroorweging geneem en ná die ondersoek, heropen.

Mnr. Stegmann het gesê dat jaarliks 360 000 ton kreesoot en karbolsuur met waterstof behandel sal word om 420 miljoen liter brandstof te lewer. Hiervan sal 70 persent diesel en 30 persent petrol wees.



Suicide (E950-E959, E979) *	485	104	42	13	84	18	76	11
	24.6%	15.4%	12.6%	12.5%	3.9%	2.8%	4.1%	3.4%
Homicide (E960-E969)	59	41	41	2	680	167	806	89
	3.0%	6.1%	12.3%	1.9%	31.3%	25.6%	43.1%	27.5%
Total Accidents, Poisoning and Violence (E800-E999)	1973	677	333	104	2175	652	1868	324
	100%	100%	100%	100%	100%	100%	100%	100%

\* E979 "Suicide and self inflicted poisoning by motor vehicle exhaust gas" is a code used in South Africa which does not appear in I.C.D. (8th revision). See Ref. 13.



# SHOCK!

**BLACKS** on the East Rand and other areas which get their electricity direct from Eskom instead of through city councils have to pay more because they use less.

An investigation by POST has revealed that:

⊙ The load factor of electricity (the amount used) decides how much residents have to pay per unit.

⊙ For a very high load factor the price per unit will be low

⊙ For a very low factor, the price per unit will be high.

This means that if a black township has a load factor of 49 percent, which means mainly domestic, residents will pay more per unit than if the consumer had a load factor of 100 percent (which means that there would be large factories working 24 hours a day at a constant demand)

Meaning that a city with many industries will have a higher load factor, and therefore a lower cost per unit than a purely domestic township.

The investigations fol-

low complaints from people on the East Rand that residents paid more for their electricity than those of, say, Germiston.

The electricity services of the black townships were taken over by the East Rand Administration Board, and because this supply that the board requires is only for black townships with no industries and a low load factor, the price unit increased

In Katlehong, for example, a resident using 1634 units of electricity will pay about R43,68 while a consumer in Germiston, using the same number of units, will pay about R31,62

While residents in Katlehong pay R0,030 per

unit (three cents) for the first 30 units, and R0,015 for the remainder, plus a surcharge of 75 percent, residents in Germiston pay R0,01923 per unit (just over one cent per unit).

Johannesburg's rates are R0,0233 for the first 35 units and R0,0184 for the remaining units (about two cents for the first 35 and about one cent for the remaining units).

## Cheaper

Soweto residents, on the other hand, paid R0,005 for all units (about ½ a cent), and residents in Meadowlands, Dobsonville and Diepkloof pay R0,050 for the first 20 units (about five cents) and R0,015 for the second 20 units (about 1½ cents).

Electricity in Johannesburg's black township is still supplied by the Johannesburg City Council and therefore cheaper

Residents complained that the Government appointed the administration boards, and unless the supply of electricity is restored to the city councils of the various townships, the Government should subsidise the difference in electricity tariffs.

F.M. 14/12/79 (183) (260) (52)

CHEMICAL ENGINEERING

**Hands across the sea**

America's Fluor Corporation and SA's General Erecton (Genrec) have decided to make permanent the strong working arrangement built up between them in the course of putting up Sasol II and III (Fluor is managing contractor on the Sasol II and III complexes, while Genrec is a principal contractor)

A jointly owned company, Fluor-Genrec

1185

SA, will perform process plant engineering, maintenance and construction in SA and adjoining countries. Chick Cannon, president of Fluor Engineers and Constructors, says that his company has signed a letter of intent and is negotiating a definitive agreement to work out details of the proposed jointly owned company. This agreement will not require Fluor to purchase shares in Genrec.

Fluor is a world leader in chemical engineering, providing procurement, construction and project-management services, especially to energy and natural-resource clients. Genrec offers engineering and construction services to mines and industry.

An irresistible question comes to mind on the strength of this news: would this corporate marriage have been announced if the parties did not anticipate further lucrative contracts for putting up more Sasol plants (or other types of synthetic fuel plants) in the not-too-distant future?

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**GARLIC.** A "clove" is a small section of the bulb, is used crushed between foil, and rubbed round a salad bowl, to give the salad a tang. Juice used to flavour steams and sauces and with seafood. mixed with butter for savoury bread.

**ALLSPICE.** Not to be confused with mixed spice, which is a mixture of spice and mostly used in cakes, biscuits, etc. Allspice is so named because it resembled the aroma of mixed spice. It is used ground in preserves, meat dishes and seasonings.

**PEPPERCORNS.** Used in pickles, and for boiling in brauns, tongue, salt beef and pork.

**BOUQUET GARNI.** This is a "Faggot of Savoury Herbs", or a bunch of herbs tied together. Usually parsley, bay leaf, and thyme are used, removed before serving.

That skilfully chosen wine turns a meal into a banquet. Taken regularly in moderation, as it should be, wine is everywhere considered a most pleasurable aid to health. It brings good digestion, good humour, and an air of gracious living.

Learn to choose wines well, so that they blend with each occasion, every course. Learn to add the zest of wine to your cooking. It tickles up the delicate flavour of almost any dish.

For storing wines, use a cupboard in a quiet, cool corner of the house, or under the stairs. Corked bottles must lie flat so that the cork remains moist; screw capped bottles may stand upright. Place the sparkling wines in the lowest, coolest racks, then the white, then the red, and finally the dessert wines at the top.

Cool down white wines in the refrigerator but do not over chill them. This would ruin their delicate flavour and bouquet. About an hour in the refrigerator is enough. Rosé, the same treatment. Red wines should be served at room temperature, that is

# Coloured Workers demand early pay

Argus 19/12/79  
152 260

Argus Correspondent

PRETORIA — Police kept a close watch today on the Sasol 3 site at Secunda where 400 coloured workers are demanding early payment.

The men have finished their pre-holiday work and want to return to the Cape.

'We've done all we can to bring their payment forward,' said a Sasol spokesman

'They were due to be paid on Friday, but for administrative reasons, the earliest we can pay them is tomorrow.

'Apparently this is not good enough for some.'

## NO STRIKE

The spokesman said reports of a strike at the site were false.

'They have finished their work and want to go home. This is understandable in the holiday period'

Police headquarters here said there had been no serious disturbances and Sasol had not called for police help.

However, police were keeping a close watch.

... in really not weather, try chilling snelly verore serving it as an 'appertizer' muscatel.

To tenderise any meat - and add flavour - soak for an hour or two before cooking. Always warm before adding to hot food. Curry tends to kill any table wine; but a sweet muscatel wine can be sipped with it. Do not blunt your palate before meals by taking spirits.

Preserve left-over wine in a bottle with a thin film of fresh oil and use for cooking.

To remove ring stains left on polished wood by bottles and glasses, rub well with a damp cloth dipped in cigarette ash and oil. Then repolish.

Rinse glassware in warm water with a little ammonia added to it. This will make the glass sparkling bright.

Wine is Harmony. What melody there is for the Connoisseur in a glass of brilliant wine

André L. Simon.

Early <sup>Star</sup> 19/12/79  
 shutdown <sup>(IX2)</sup>  
 for Sasol 2 <sup>(260)</sup>

Construction work at Sasol 2 and 3 ceased a day ahead of schedule today after at least 200 workers downed tools and demanded to be paid out for Christmas. Sasol confirmed incidents of stone-throwing.

A Sasol spokesman said construction work was called off from this afternoon, instead of Friday, as a gesture of goodwill after about 200 workers turned up at the personnel offices.

They required to be paid out today instead of Friday when work was to be stopped until January 7.

Administrative difficulties prevented payment being made until tomorrow morning, the spokesman said.

A spokesman for police headquarters in Pretoria said there had been no serious disturbances and the Sasol management had not called for police help.

The Sasol spokesman said there were about 26 000 construction workers on the sites.

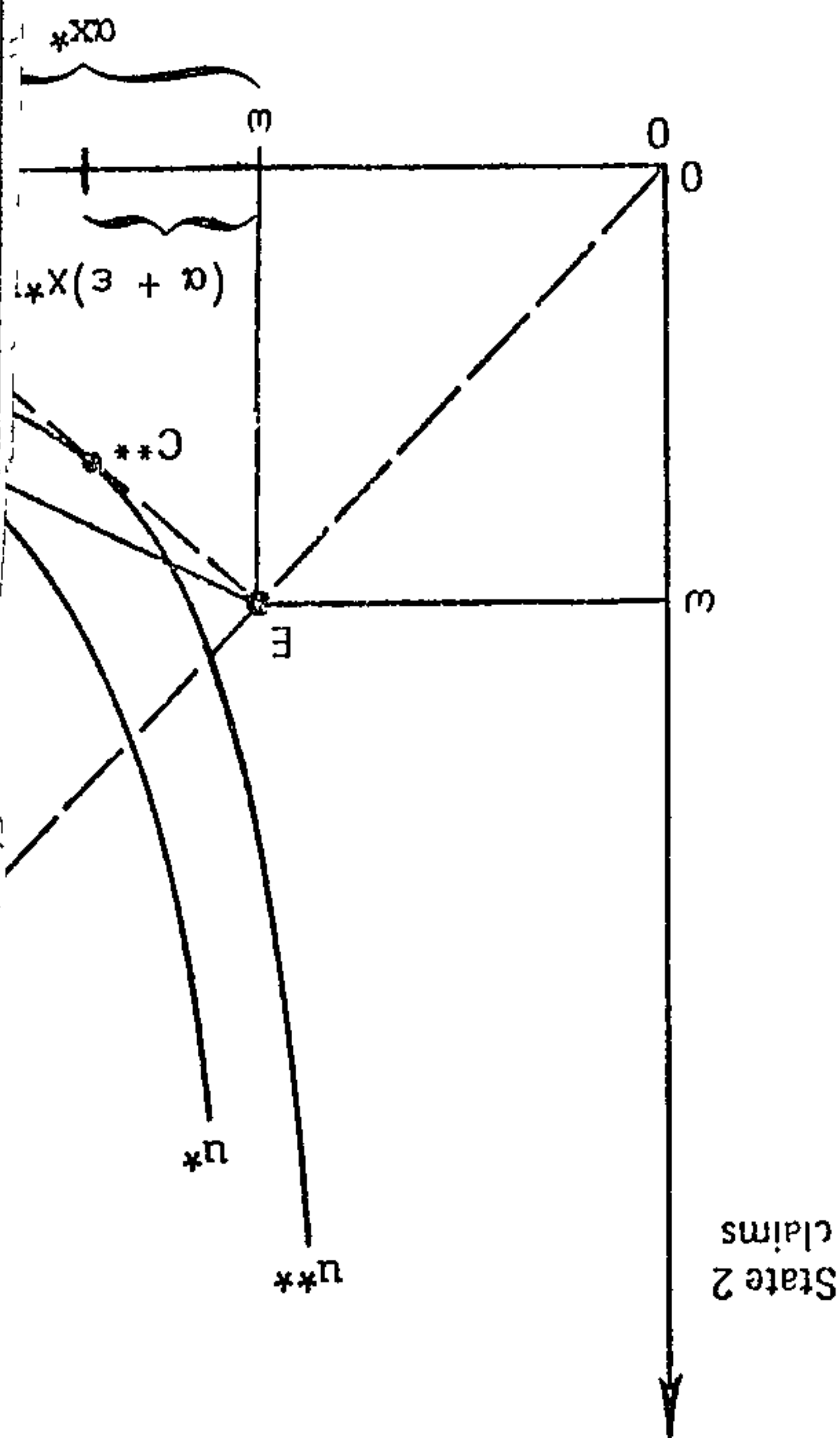
A Sasol employee told The Star that at one stage he saw at least 500 men, some welding pipes, apparently on their way to the personnel offices.

The Sasol employee said he saw 200 men throwing stones at the clock station.

State 1 claims  
 opportunity locus  
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45° "certainty line"

Fig. 3 — Investment





# Pay date row

Post  
20/12/74  
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100

**SECUNDA** — About 700 construction workers at the SASOL II Plant here gathered at the construction site yesterday to complain about the date of their pre-Christmas pay-out, a company spokesman said

Mr C Keyter, the corporation's public relations officer, said the construction site was to be closed from tomorrow until January 7 for the holiday recess, and it had originally been planned to pay the workers on Saturday. Later this date was put forward by one day, to tomorrow.

Yesterday morning some workers had asked to be paid immediately. This was not possible for administrative reasons, but the workers had accepted this.

# Sasol workers down tools for early pay

RDM 20/12/79 (15) 760

By STEVEN FRIEDMAN  
Labour Reporter

A GROUP of coloured workers at the Sasol II plant at Secunda downed tools yesterday and demanded to be paid off early

In response to this, the plant will close today, one day ahead of schedule

Estimates of the number of workers involved range from 200 to 500

The Rand Daily Mail received a number of calls yesterday, including one from a white worker at Sasol II, claiming the workers had struck in support of their demands and that a number of cars were damaged in ensuing unrest

A Sasol spokesman denied this. He confirmed that a group of workers threw stones but said this lasted a short while. No other unrest occurred, he said, denying a strike took place

Police said they were not called to the site

A source at the site told the Mail workers marched on the personnel office yesterday morning. He said he had also heard rumours that cars had been damaged by stone-throwing workers but added "all the cars seem to be in good shape. Everything is very quiet here"

According to one report phoned in to the Mail, about 500 workers gathered at the personnel office on Tuesday, demanding to be paid so they could return home. When they had no answer by 3pm, they struck and began demaging cars, he claimed. He said white employees were told to remove their cars and white women at the plant were advised to leave by management

He claimed a bigger crowd of workers gathered again at the office this morning and demanded to be paid

The Sasol spokesman denied this. He said workers

asked management to be paid off early. Management agreed to pay them off today "because they had worked well" The workers were told, however, that they could not be paid off yesterday because of administrative difficulties, the spokesman said

When a group of workers heard this, they began throwing stones but stopped when the problems were explained to them, he said. He claims most workers reacted by cheering, thus creating the impression a riot was taking place "Its all a storm in a teacup," he claimed. "The atmosphere here is very festive. There is no unrest"

A senior Sasol spokesman added yesterday that all coloured workers had been given yesterday off by the management. This, he said, may have created the impression workers were on strike



# Securities arrested in rioting at Sasol III

RDM 21/12/79

260

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By STEVEN FRIEDMAN, Labour Reporter  
RIOTING by workers at the Sasol III construction site at Secunda has caused an estimated R30 000 damage and has led to the arrest of about 30 people.

A car was set alight in Wednesday night's violence, and furniture, kitchen equipment and the bar in workers' living quarters were damaged.

The violence followed incidents on Wednesday when workers downed tools and marched on the personnel office, demanding to be paid off early.

also included the quality of food served to them and the presence of foreign workers at the site

However, Mr Clarence Keyter, head of public relations at Sasol, described the unrest as "similar to the elatedness of a group of matriculants after receiving their good exam results, finding the schoolmaster's car and throwing him into the swimming pool."

He said violence had been confined to the coloured living quarters and that no-one had been injured. About 20 members of the SA Police had been called in, but "at no stage did they interfere."

Mr Keyter's comment came in a statement he issued through Sapa, in which he sets out Sasol's version of the events which led to the unrest.

According to Mr Keyter, the Sasol II site has now closed for the year, except for about 600 workers who are "continuing necessary services".

He added that the unrest would not influence Sasol II's scheduled commissioning dates. Production would start in the second quarter of 1980 as scheduled.

He said management had originally agreed to pay workers off today instead of Monday after a request from workers nine months ago.

However, some independent sub-contractors at the

site had paid workers off on December 14, leading to a request by coloured worker representatives that coloured workers also be paid off earlier. Management agreed to pay workers yesterday "in recognition of their excellent performance".

On Wednesday, about 200 workers downed tools and asked to be paid out. During negotiations, with management explaining that administrative problems made it impossible, "a measure of unrest" had begun.

The crowd outside the personnel office had grown to between 700 and 1 000, Mr Keyter said, and some workers began throwing stones, but there was no damage or injury during this incident.

He confirmed reports that women working in the personnel building were evacuated.

According to Mr Keyter, construction was stopped from 9am on Wednesday and workers were given the day off.

On Wednesday night, however, "about 25 rowdy residents of the coloured living quarters arrived late for dinner and started to make trouble."

They were joined by other workers "under the influence of liquor" and the violence ensued.

Mr Keyter said Sasol's insurers were still assessing the extent of the "damage and theft", but that this had been estimated at about R30 000.

The "Mail" received reports that the unrest was contributed to by sub-contractors at the site who declined to pay workers off early because they wanted them to work over Christmas — but no confirmation of this could be obtained.

Mr Keyter confirmed to the "Mail", however, that some sub-contractors would work over the Christmas period.



# Work stress may <sup>RDM 22/12/77</sup> ~~152~~ 710 have caused unrest

By STEVEN FRIEDMAN  
Labour Reporter

THIS week's unrest at the Sasol II construction site at Secunda probably occurred because workers "had reached their limit after a tough year in what is undoubtedly a tough job", employer and union sources said yesterday.

All the sources stressed that "construction work is always a tough job" and argued that the strains of the job could have led to the two-day unrest at the site. They stressed that this applied to all construction sites and not only to Secunda.

By yesterday, calm had returned to the Secunda site, according to Sasol's head of public relations Mr Clarence Keyter. All workers except those staying on to man "essential services" had left the site and no unrest was expected from those who were remain-

ing to work through the Christmas period, he said.

Fifty-nine Sasol workers have appeared in court in connection with the disturbance at the site. According to a police spokesman, they have been charged with being in possession of stolen goods, after workers allegedly looted the bar in their living quarters.

All the men were arrested after police set up roadblocks around the site, he said. He added that no Sasol workers were still being held by police.

Most of the coloured workers at the site are members of trade unions — most belong to the SA Boilermakers' Society, according to one source — and engineering union sources yesterday advanced two new accounts of how the unrest may have started.

According to one source, management gave workers a

quota of work to fulfil if they wanted to return home at the end of the week. However, the quota was fulfilled 36 hours before schedule and it was then that the workers demanded to be paid off, he said. "They presumably believed that they were entitled to leave as soon as they had completed the quota," he said.

According to another account, worker anger was increased by the fact that administrative problems made it impossible for those who live in Natal and the Cape to obtain petrol permits before the weekend.

Most sources, however, agreed that the strains of the year's work had probably been the major factor leading to the unrest.

Boilermakers' Society officials were not available for comment yesterday.

