PUBLIC - SECTOR - GOVT.

STATE - ENTERPRISE

6 JAN. 1980 — 16 MAY 1980

Now Iscor fires the man from Beirut

S Times 6/1/80

By MARTIN WELZ

MR SALIM EL HAJJ, the controversial Lebanese businessman who is still battling to save his R100-million development deal with Venda in the face of strong opposition from the South African Government, has now been fired by Iscor as its agent in the Middle East

Mr El Hajj has for several years held the multimillion rand agency in the Middle East for South African steel and timber

Informed sources told the Sunday Times this week that he was appointed Iscor's agent in the Middle East in the belief that he had the recommendation of the South African Government

Following disclosure of his Venda deal, Iscor had rechecked Mr El Hajj's credentials and decided to cancel its agency contract with him

Advice

Iscor's new general manager, Mr R K Rumelin, confirmed that he had cancelled Mr El Hajj's agency on December 18 — within days of the South African Government having advised the Venda Government to pull out of its deal with Mr El Hajj

Mr El Hajj had the sole agency for Iscor steel in all Middle Eastern countries except Iran and Egypt

Mr Rumelin also confirmed that he had called for an investigation of Mr El Hajj's credentials

In Umtata this week, Transkei's Prime Minister, Mr George Matanzima, is reported to have confirmed that Transkei is to continue with its R450-million deal with Mr El Hajj

Venda is believed to be pulling out of its R100-million deal with the Middle East businessman because of advice from the South African Government that, while the deal was signed by the President, Mr Patrick Mphephu, and two of his ministers, the necessary constitutional procedures to make the contract binding on the Venda Government had not been complied with

Mrs Emmerentia Liebenberg, who was involved in some of the negotiations between Mr El Hajj and the Venda Government, said this week she was not his representative in South Africa, as the Sunday Times reported last week

She was representing an American construction management company that hoped to obtain the contract for supervising construction of the projects on behalf of the Venda Government

Mr El Hajj's company, Middle East Commercial and Investment Services, has an office in Johannesburg managed by Mr Gert Botha, formerly project manager of Iscor's Saldanha Bay project these problems is that you have power."

Sasol sacks 11 'instigators'

8/1/80 Post

THE EMPLOYMENT of 11 black workers at the Sasol 2 and 3 construction sites was terminated yesterday when work began for the first time this year.

A Sasol spokesman said the 11 were believed to have played a part in instigating riots at the plants in mid-December, which caused damage estimated at R30 000.

More than half the construction workers returned to work yesterday, the spokesman said — a larger number than at the beginning of the previous working year. Many workers were still officially on leave, he explained.

"Work started without a hitch this morning," the spokesman said. — Sapa.

American team of Democrats probe Sasol

RDM 9/1/80

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By GAVIN ROBSON

A HIGH-powered contingent of United States congressmen Democratic Party supporters and aides has arrived in South Africa to conduct an intensive fact-finding probe of the giant oil-from-coal Sasol plants in South Africa

Heading the 40-strong group is the Democrat House leader, and the man considered the second most powerful congressman in the party Mr James Wright

Tomorrow, he and a three other top Democrats will fly by helicopter to the Sasol II plant where they will hold meetings with Sasol managing director Mr J A Stegmann and his deputy Mr J C Hoogendoorn

Other members of the Sasol-probe team will travel by bus to the Sasol I II and III plants, were they will investigate the technical administrative and oil-from-coal extraction processes being employed

A spokesman for Sasol said it appeared America had now become so distraught with the pressing world energy crisis that it was now seriously considering the construction of oil extraction plants in the United States similar to Sasol

He also disclosed that following the fact-finding mission and a report-back to the US Congress, there was the strong possibility that South African technical experts involved in the Sasol plants would travel to the US to assist the Americans should they go ahead and build their own plants

Mr Clarence Keyter, public relations officer for Sasol said the American probe is being viewed by Sasol as a reciprocal visit following talks by Mr Stegmann and Mr Hoogendoorn with US politicians, officials and individuals in the United States interested in the now labelled synfuel programme

The September visit was considered by Sasol officials as a significant step in Sasol's chances of cashing in on as US development of a massive synthetic fuel industry this decade

The contingent will make an on-the-spot analyses of Sasol plants and a thorough investigation into the feasibilty of producing oil from coal as "a possible answer to America's energy crisis", a US spokesman said

He added it was realistic to assume a report back on Sasol would be given to a full Congress which is scheduled to meet in February

This is not the first occasion American interest has been shown in Sasol

The giant corporation, Fluor of Los Angeles, has signed a joint agreement with Sasol II and III which provides for their marketing of Sasol technology in the US

The Texas Eastern Corporation a Houston based diversified energy corporation, had asked Sasol to undertake a feasibility study to build synthetic fuel plants in the United States

Also, in October last year, Mr Stegmann confirmed, top sub committee aides of the House of Representatives had made two trips to South Africa

After spending all of Thursday at the Sasol plants, the 40-strong party will return to Johannesburg and then leave for the United States on Friday

IX DISEASES OF THE DIGESTIVE SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
0–1	0,17	0,08	0,10	0,21	0,78	0,29	0,49	0,48
1–4	0,01	0,01	0,00	0,00	0,07	0,10	0,05	0,05
5–24	0,02	0,01	0,03	0,01	0,04	0,03	0,05	0,05
25–44	0,11	0,09	0,39	0,10	0,41	0,19	0,23	0,22
45–64	0,92	0,42	1,60	0,72	1,31	0,67	0,80	0,68
65+	1,80	1,16	1,61	2,44	1,91	0,75	1,44	0,91
ALL	0,31	0,21	0,33	0,16	0,33	0,17	0,25	0,20
NO.	653	430	116	56	370	201	533	329

X DISEASES OF THE GENITO-URINARY SYSTEM

	W		A		C		B	
	M	F	M	F	M	F	M	F
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	,04	0,06
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	,02	0,04
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	,03	0,02
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	,06	0,08
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	,34	0,25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	,73	0,56
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	,10	0,08
[illegible]	276	303	38	42	169	165	203	130

Sasol fires 30 workers

JOHANNESBURG — About 30 men have been dismissed at the Secunda construction sites of Sasol 2 and 3 after being found in possession of stolen goods.

"About 60 lockers were inspected and between R6 000 and R7 000 worth of goods, mainly cigarettes and liquor, was recovered," a Sasol spokesman said yesterday.

He was commenting on allegations that many workers were being dismissed and that security men had broken into the men's lockers.

The Sasol spokesman said feedback from the coloured liaison committeee indicated that all but a small number of troublemakers were satisfied with the action taken against unruly elements following the pre-Christmas riots at the construction sites. — Sapa

XIV CONGENITAL ANOMALIES

	W		A		C		B	
	M	F	M	F	M	F	M	F
0–1	1,57	0,76	0,60	1,03	1,24	0,79	0,89	0,74
1–4	0,05	0,04	0,05	0,05	0,05	0,02	0,04	0,05
5–24	0,01	0,00	0,01	0,01	0,01	0,02	0,00	0,00
25–44	0,00	0,00	0,00	0,00	0,00	0,01	0,00	0,00
45–64	0,01	0,00	0,00	0,00	0,00	0,00	0,00	0,00
65+	0,02	0,01	0,00	0,00	0,00	0,03	0,00	0,00
ALL	0,04	0,02	0,03	0,04	0,04	0,03	0,03	0,00
NO.	87	43	9	14	50	33	54	47

XV CERTAIN CAUSES OF PERINATAL MORBIDITY AND MORTALITY

	W		A		C		B	
	M	F	M	F	M	F	M	F
0–1	12,46	9,07	16,92	11,55	29,22	24,78	23,16	22,23
1–4	0,02	0,02	0,02	0,02	0,02	0,04	0,04	0,00
5–24	-	-	-	-	-	-	-	-
25–44	-	-	-	-	-	-	-	-
45–65	-	-	-	-	-	-	-	-
65+	-	-	-	-	-	-	-	-
ALL	0,25	0,17	0,48	0,32	0,83	0,67	0,55	0,67
NO.	519	359	170	113	942	785	1143	1075

Inyanga ngoku sele izakuphela abasebenzi abangama - 88 bakwa Fattis & Monis efektri eBellville South benogwayimbo. Into ebangele ukuba bagwayimbe kukugxothwa kwabasebenzi abahlanu ebebesebenza nabo. Bathi unobangela wokugxothwa kwaba basebenzi bahlanu, kukuba bebengamalungu eTrade Unions Le union ibe izama ukwenza uphando nothethwa thethwano lokuba kunyuswe imali ibeyi - R40 ngeveki yaye kusetyenzwe iyure ezisi - 8 ngemini. Umphathi wefektri leyo uthe ezizinto bazifunayo zingaphezu kwamandla yaye ziya kwenza uqushululu efemini.

Abasemagunyeni kumbutho weUnion onamalungu ayi 10 000 (amawaka alishumi) obizwa ngokuba yi (Food and Canning Workers Union) bathi abo bagxothiweyo bebesayinile amaphepha anika iUnion igunya lokuba benze uthethathethwano ngemeko ezibetele ekunokuthi kusetyenzwe phantsi kwazo. Ifektri leyo ilalile oluthethathethwano neUnion. Ifektri ibalula into yokuba omatshini ekusetyenzwa ngabo bathathe indawo yabantu yiyo lento kunyanzeleke ukuba kuphungulwe abasebenzi.

Nangona aba bagxothiweyo ingabantu beBala uninzi lwabo bagwayimbileyo ngamagoduka abantu abamnyama. Nangona bathe bagrogriswa ngokugxothwa babuyele emphandleni aba basebenzi bamnyama bame bemi kwicala lebeBala ababathatha ngokuba bangabantu kwabo. Ngosuku lokugala logwayimbo indoda imele icala losebenzi ezame ukubohlula abeBala kubantu abamnyama xa bebemengaphandle kweFektri. Abasebenzi balile ukwahlulwa, omnye wabo uthe "Silapha sonke yaye iinjongo zethu zinye."

Ayanda amanani abantu abazibandakanyileyo nabasebenzi kwiveki ephilileyo kubekho abafundi base University nakwano Kolegi abangaphezu kwe - 500. Abafundi bavelu kwezi zikolo U.W.C., Hewat, Peninsula Training College ne Bellville Technical College. Abafundi bathe abasebenzi mabaphinde baqeshwe kungenjalo yonke imveliso yakwa Fattis & Monis ingathengwa.

Umbutho oyi Western Province Traders Associa[...]
ukuba angayithengi imveliso yaleFektri de ba[...]

Umbutho oyi South African Council of Sports,[...]
izikolo ezinonxibelelwane kunye nabo ukuba [...]
bageshwe. Yaye akufuneki bayithenge imveliso [...]

Abafundi base U.C.T. bayenzile eyabo intlang[...]
Bacele ukuba imveliso zakwa Fattis & Monis z[...]

Umbutho oyi Women for Peace Movement ucele uk[...]
kunye nabasebenzi.

Umbutho walapha eKapa oyi National African Fe[...]
wakhupha istatement uxhasa abasebenzi abagxot[...]

UFattis & Monis uphikele ukuthi akukho ngxaba[...]
ungumphati wefem le uthi, ukhathazekile xa ku[...]
ngabamNyama njengoko inkxaso enkulu ivelo kwa[...]
abasebenzi abangabanye ukuba basebenze endawe[...]
imveliso; kodwa imveliso yehlile [...]

Ngubani uFattis & Monis? UFattis & Monis yiF[...]
Record Self Raising Flour, Record Cake Flour, [...]
Record Unsifted Flour, Record Wheatie Treat F[...]
Mille pack Mealie Meal; Fattis & Monis icecre[...]
Fattis and Monis Macaroni, spagetti, shells, [...]
Princess macaroni, spagetti, shells, rings, ri[...]
Checkers, Poto' Gold, Pick 'n Pay macaroni, sp[...]
Wrench Town Bakery, Observatory ; Good Hope Ba[...]
Somerset West.

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Sasol workers fired for theft

RDM 10/1/80

260

By STEVEN FRIEDMAN
Labour Reporter

ABOUT 30 coloured workers at the Sasol II site at Secunda have been fired a Sasol spokesman announced yesterday

He claimed that they had been found in possession of stolen goods and that 60 workers lockers had been inspected and between R60 000 and R70 000 worth of goods mainly liquor and cigarettes had been recovered

However the trade union which represents many of the men said that management had indicated previously that it had identified some workers who it believed had instigated the rioting The union believed at the time that action would be taken against these workers

The dismissals follow rioting at Secunda late last year after a misunderstanding over workers' end of year pay

According to Sapa the spokesman was reacting to allegations that a large number of coloured workers were being dismissed and that security men had broken into men's lockers during the vacation

Workers have complained that they feel humiliated by the searches

The spokesman said that the coloured liaison committee at Secunda had indicated that all but a small number of troublemakers were satisfied with the action taken against unruly elements following the pre-Christmas riots

Mr Ike van der Watt general secretary of the SA Boilermakers Association which represents many of the workers has told the Mail that his union will investigate the dismissals once it has received official confirmation of them

He said management had indicated to the union during negotiations that it had isolated about six workers who it claimed had instigated the rioting The union thus expected action to be taken against some workers he said

Mr van der Watt added that all worker grievances expressed at the time of the rioting have been resolved after discussions between management and the union

SDM 12/1/80

'US should learn lesson of Sasol'

65

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By GAVIN ROBSON

THE most positive step the United States can take to gain energy independence and re-establish its leadership is to follow the example of Sasol technology

Mr James Wright, the Democratic Party leader of the US House of Representatives and the second most powerful Democrat in his country, said this in an interview with the Rand Daily Mail

He outlined the message he would take back to the US Government and other members of Congress

"I think Sasol technology is exactly what we need in the US today As early as 1952 we were warned by President Truman's Paley Commission that the day was coming when we would run out of oil and gas

"In 1973, America faced an Arab oil embargo which should have shocked our people out of their lethargy, and into considering massive oil-from-coal synthesis

"Sasol has been an eye-opener to us, and an example which the US should follow "

Asked what plans he proposed to put forward to Congress, Mr Wright said

"There are five issues at stake which the American people must consider Firstly, that a guaranteed oil price be established and a guaranteed oil quantity set, secondly, the US Government could consider financing a Sasol-type project on a loan basis, thirdly, a direct loan as in the Sasol 2 and 3 plants, fourthly, a joint venture similar to Sasol, and fifthly, the US Government could create a corporation available to the private sector on a lease basis "

Asked if the US Government was encouraging open talks with South African State corporations, and whether this had the endorsement of the Carter Administration, Mr Wright said

"I cannot speak for the Carter Administration However, as far as I am concerned, I do not have a moment's hesitation in recommending the buying of Sasol technology

"I have no objection whatsoever, nor will I dissuade US developers from employing this process and paying the royalties which Sasol wants However, I am not an engineer, and will leave it to the American people to decide "

He praised the developments at Sasol "South Africa has provided the leadership and inspiration which we in the US will follow

"The US in this decade can either decline and suffer further humiliation, or it can rise to become again one of the world powers One thing that is important is that we reassert our total energy independence "

Asked if he would consider holding further talks with Sasol officials, he said "Certainly we will welcome further talks, as well as the exchange of SA technological experts "

Regarding possible problems in promoting Sasol technology, Mr Wright said "The great debate and argument in the US centres on environmental and ecological pollution That is the big thing But I have no hesitation in recommending to Congress what Sasol is doing and all we have learnt

"South Africa is leader of the world in its synthetic fuel research SA was determined not to perish when the oil crisis was flung upon the world and took the initiative SA knew the day was coming when the world would run out of oil "

Mr Wright said that if the US employed a technology similar to Sasol, the country would be able to produce not less than two million barrels of oil a day by 1990

Questioned about cries in the US for American disinvestment in South Africa and the ending of trade relations because of racial laws, Mr Wright said "I have heard a lot of talk about this People are always talking about disinvestment But I believe it would be good for the US to continue trade with South Africa "

The managing director of Sasol, Mr J Stegmann, said of Mr Wright's views "I don't see this visit as primarily one in which we have tried to sell Sasol technology as such Rather, the visit can be seen as a real-life investigation into the syn-fuel project They have many problems which we do not have, and the visit should be seen as helping to deal with the whole energy crisis "

●The 12-man US delegation visited Rhodesia yesterday and met the Governor, Lord Soames

	QUTHING	SCOTT	SEBELLONG
SERVICES RENDERED (CON'T)		Assisting: Chief in vital statistics recording; Nurse with health campaigns. Making home visits. Advising on vegetable gardens	
WORKING CONDITIONS	Part-time	One day per week. VHW must: be able to read; willing to build pit latrine near house; plant vegetable garden within 3 months	Part-time
VHW'S SUPPLIES	Nil	A quarterly family health magazine handed out during home visits. Future production of: posters, flip charts, flannel graphs. First Aid books from LDTC	VHW given R1,00 for doctors consultation & treatment of needy
VHW'S REMUNERATION	R5,00 per month raised from increasing pre-school f-	Free medical care at OPD facilities for: VHW [illegible]	Free medical care at

Nuclear waste to be returned to SA

CAPE TIMES 17/1/80 By TONY ROBINSON

ALL NUCLEAR WASTES produced by the twin reactors at the Koeberg power station will be stored in South Africa, according to a special Escom report on the possible dangers which was prepared for the City Council

The report is to be debated at a special meeting of the executive committee at 2 15 pm today in the council chamber All councillors and the press have been invited to attend

A shock revelation in the report is that wastes from the highly radio-active spent fuel elements — which are to be sent overseas for reprocessing — will be re-imported for storage in South Africa

In the past great stress has been placed on the spent fuel elements being exported but the return of the wastes to the Republic has not been reported

Wastes from reprocessed fuel elements are the hottest of nuclear wastes and the problem posed by their safe disposal has been dubbed "the hot potato syndrome"

There are also indications in the report and elsewhere that Escom has considered installing more than two reactors at Koeberg

In the report Escom states that the site is "large enough to accommodate up to six reactors, should this ever be required"

In March 1977 the then Minister of Economic Affairs, Mr Chris Heunis, told Parliament that at that stage "only a third reactor which can be erected at the existing Koeberg site is anticipated"

According to the Escom report the two Koeberg reactors already purchased are to come into operation in 1982 and "not later than 1984"

The report says the power station will produce about 11 tons of waste a year and when this has been encapsulated it will have a mass of 350 tons All of this will be disposed of in South Africa

Gaseous wastes are to be stored in the plant and then released into the air, "mostly when the wind is blowing out to sea"

Liquid wastes from the reactor coolant are to be treated and the solid radio-active wastes extracted Other liquid waste with a low level of radio-activity would be stored inside the plant and then diluted to harmless levels and discharged into the sea

The small volume of solid wastes which are highly radio-active will be encapsulated and stored for some years to permit radio-active decay before being disposed of at a suitable site according to internationally-accepted practices

When the spent fuel elements which contain highly radio-active wastes are removed from the reactors after three or four years "they are stored on site in storage pools under seven metres of water until such time as they are sent away for reprocessing

"After reprocessing, the solid wastes extracted from the spent fuel are returned, in vitrified form to South Africa for disposal," the Escom report says

... instead of God. They imagine that he does not eat...if any of his subjects meet the camels which carry his food secretly to the palace, he is instantly killed... Their religion is the worship of their kings, for they believe that they bring life and death, sickness and health.

al-Muhallabi, 985 A.D.

2. Diplomatic Contacts with North Africa

Then come the people of Kanem, a very large population among whom Islam predominates...Their rule extends over the countries of the desert as far as the Fezzan. Since the founding of the Hafsid dynasty, they have enjoyed friendly relations with it. In the year 655 A.H. (A.D.1257) the Sultan al-Mustansir received a rich present from one of the kings of the negroes, the sovereign of Kanem. Among the gifts which this negro delegation presented to him was a giraffe, an animal whose external characteristics are most diverse. The inhabitants of Tunis ran in a crowd to see it.

From ibn Khaldun (1332-1406)
History of the Berbers

Note. Fezzan lies in the Central Sahara between Tripoli and Lake Chad. The Hafsid dynasty came to power in Tunis in the thirteenth century.

CT. 5.1.80

Koeberg regretted, but 'we must co-operate', Exco told

By TONY ROBINSON

THE City Council should accept the nuclear power station at Koeberg and co-operate with Escom and the Atomic Energy Board Mr Tom Walters told the council's executive committee yesterday

Speaking at a special meeting of the committee to discuss a report by Escom on the nuclear project Mr Walters, who was originally against the development, said he had recently toured three nuclear power stations in the United States

His impression was that the plants were manned by dedicated and responsible scientists and that the nuclear industry was a responsible one

It was a great regret to him that we have nuclear power in South Africa, but we've got it and we must co-operate to ensure the maximum safety"

The council should be represented in the monitoring system for Koeberg

Councillors had been told the wastes would be sent to France and retained there This "lulled us into a false sense of security" It now appeared that this would not be the case

Mr Frank van der Velde said atomic energy was one of the cleanest sources of power In the Western Cape the cost of producing electricity at Koeberg would be slightly lower than using coal But there should be a watchdog with the authority to switch off the plant at any time

The Escom report was vague and unsatisfactory on the wastes South Africa could not rely on an agreement with France He reminded councillors of the way France had cancelled an order for submarines

Mrs Joan Kartev wanted to know whether Escom was investigating other possible sources of energy

Mr John Muir said there was great concern about the plant "A lot of people in my ward believe it will blow up"

He criticized siting it a mere 28km from Cape Town He wanted to know how many reactors there would be as there were rumours there would be four

Mr Herbert Hirsch was not happy about the waste situation and would like a further report on this from Escom

Mr P H Spencer project leader at Koeberg replied to questions and commented on councillors remarks but was inaudible from the press gallery

In an interview after the meeting, he said the wastes situation had not been resolved Either the spent fuel rods would be stored in this country or they would be shipped overseas for reprocessing This depended on the agreement South Africa made with the suppliers of the fuel

We have to plan for extensive storage of spent fuel rods," he said Sites for ultimate disposal would have to be found

The Escom report says the fuel rods will be sent overseas for reprocessing and the wastes will then be returned to South Africa

Mr Spencer said only two reactors were planned for Koeberg although the project could take a third one No third reactor figured in Escom planning, although planning was under constant review

O Koeberg waste Sharp reaction by environmentalists, page 7

18/11/80 C.T.

Koeberg waste: Sharp reaction by environmentalists

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By BOB MOLLOY

A SHOCK DISCLOSURE in the Koeberg Report that dangerous radioactive wastes will be retained in South Africa has brought strong reactions from environmentalists, a call to mothball Koeberg and a disclaimer from Escom that there was any intention to mislead the public

Dr Jan Giliomee, secretary for the Society for the Conservation of the Environment, said yesterday that disposal of the wastes was 'one of the biggest problems in the production of electricity from nuclear power

'I have a brochure in which Escom informed us that the wastes from Koeberg would be stored overseas, and I am very disturbed that this is no longer the case '

This posed a number of questions, said Dr Giliomee

- When was Escom told that they would have to store the wastes from Koeberg locally?
- Did they know this from the start or was there a change in the attitude of the French processors since the brochure was published?
- What certainty was there that a suitable site was available in South Africa?

Such a major aspect of nuclear power generation should have been fully investigated and settled before a final discussion on the building of the plant was taken The storage of wastes requires increased transportation of these hazardous substances, initially from Koeberg to France, back again to South Africa, and then to the unfortunate part of the country chosen for eternal monitoring of the leakage

I feel more strongly than ever that Koeberg should *not* be put into operation until the problems of nuclear waste disposal have been solved or until its use becomes imperative," Dr Giliomee said

Dr Arnold Abramowitz, a senior lecturer in the Department of Psychology at the University of Cape Town and a firm anti-Koeberg campaigner, told the Cape Times that the social and political implications of waste disposal were 'enormous '

'The history of the disposal of high-level wastes in other countries has been marked by tremendous opposition on the part of people who live near the disposal areas The issue has aroused great emotion Even people who are pro-nuclear say 'not in my backyard'

"The problem is that every place is somebody's backyard and this has not been faced up to Disposal problems have only been solved on paper, and in every country with nuclear plants there are enormous waste-dumps sited temporarily while awaiting a decision for final disposal

'I had hoped that South Africa would remain a nuclear waste-free area "

Politics

Mr Peter Spencer, project leader for Koeberg said the problem of nuclear-waste disposal was 'locked up with international politics and the attitude of America

"Escom cannot act unilaterally in this matter and must accommodate attitudes in France and the United States In any case I don't think it very responsible that we should expect anyone else to be our nuclear dustbin '

He disagreed with the view that the problem of final disposal of nuclear waste had not been solved

'It depends on what timescale you are speaking I think the technical solutions are available and the present processes are adequate '

Asked if this meant ' safe , he replied ' Yes, they are safe "

He had "no knowledge of any brochure" which stated that wastes would not be stored in South Africa

Some wastes active for millions of years

THREE TYPES of radioactive waste will be produced by the Koeberg nuclear power station, according to the Escom Report to the City Council

These will be separated into gases liquids and solids

- Gaseous wastes will be filtered stored in the plant till radioactivity dropped and then ' released in permissible quantities to the atmosphere, mostly when the wind is blowing out to sea'
- Liquid wastes, according to the point of origin in the plant, will first be treated to remove solids and then stored in the plant till radioactivity dropped They will then be 'diluted to harmless levels and discharged into the sea '
- Solid wastes will be the only radioactive wastes retained These in turn are rated as high level intermediate and low-level wastes The high-level will be highly radioactive but small in amount, intermediate will be of lower radioactivity and small volume, while low-level wastes will have low radioactivity but will be large in volume

All forms of wastes will be disposed of in South Africa

According to literature on radioactive substances, the atomic garbage created by nuclear reactors contains many high-level wastes Some of these have an active life only seconds long, while others remain dangerously radioactive for millions of years

About 1 000 years

Among the poisons created are some which are particularly lethal to humans Strontium-90, caesium-137 and plutonium-239 All are long-lived There are others of shorter duration, such as iodine-131 — with a half-life of eight days, which can also be a threat to life

Strontium-90 and caesium-137 give off intensely-penetrating radiation and great amounts of heat, requiring isolation and safekeeping for about 1 000 years

The first is a bone-seeking isotope which accumulates in the body and cannot be excreted As an example of the problems faced by Escom, about five litres of high-level liquid waste may carry up to 100 curies of strontium-90 To dilute this to legal guidelines requires some 1 500 *billion* litres of water

Caesium, like strontium, is a powerful cancer-causing agent which gives off gamma rays If absorbed by the body it concentrates in the muscle tissue and the ova of females

Iodine-131, if vented into the air, contaminates vegetation and passes quickly into milk from where it may lodge in the human thyroid gland It may be combated in the early stages with heavy doses of iodine tablets

Low-level wastes are not as innocuous as they sound They may contain plutonium a synthetic element which never existed till created by scientists working on the first atomic bomb It is the most lethal cancer-causing agent known and gives off dangerous radiations for up to half a million years

So persistent is this substance that the same particles can kill generation after generation as they recycle themselves through the ecology For example, cremation of a person who died of plutonium poisoning would simply disperse the plutonium into the atmosphere Burial could release the same poisons into the groundwater

Alpha, beta, gamma rays

American experts have admitted that no material known to man can retain long-lived radioactive substances safely throughout the period of dangerous radiation Methods of disposal adopted so far included dumping containers in the sea burying them in deep mines and creating special storage facilities which require reconstruction periodically

A recent source estimates that the United States and other Western nuclear powers have dumped a total of 337 000 curies into the world's oceans There is no record of Russian dumping

- Radioactivity is caused when certain elements disintegrate atomically When they do, they give off dangerous rays or forms of energy These are of three main types alpha, beta and gamma particles

The rays differ in their penetration power Alpha particles can be stopped by a sheet of tissue paper, beta particles can penetrate thicker objects gamma rays — similar to x-rays — can penetrate substantial barriers

Radiation of human tissues is invisible, tasteless and painless, unless of abnormally high dosage Depending on the degree of radiation tissue damage may not appear for decades or may occur only as genetic defects in succeeding generations

Radioactivity is measured in curies, rems or rads One curie of radiation is the emission of 37 000 million atomic disintegrations a second, based on the rate of decay noted in radium by the famous physicist Madame Curie

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'attendance' causes some difficulty as there appears to be little uniformity, either between hospitals or between hospital departments as to what constitutes an attendance. The official viewpoint is that these figures are kept to assess the workload of each section of the outpatient department and the whole department and that it is not a true reflection of the productivity of the staff if a patient who receives a dressing change and an injection has the same weight in the statistics as a patient who sees a doctor, is referred

for the whole Tygerberg complex, the new Johannesburg Hospital, new Day Hospitals - the cost of building the outpatient department at Tygerberg for example is not known, nor is the estimated cost of building outpatient departments and Day Hospitals of different sizes. The costs that were incurred in refurbishing the Day Hospitals in 1969 are not known, nor is the cost of equipping a Day Hospital relative to an outpatient department; intuitively it is less because less

℞200 000 to keep the staff happy

260

By INGRID NORTON

ESCOM is to spend between R200 000 and R400 000 on the elaborate indoor garden at its Sandton headquaters, Megawatt Park.

The money will be spent on a unique "hydroculture system"

Megawatt Park already has 30 800 plants costing R30 000, established for the "psychological well-being" of Escom staff

The public corporation's headquarters were built at a cost of R24-million The vast complex has a total floor area equal to about eight rugby fields, a statue said to have cost R100 000, an exclusive club with a five star restaurant and catering staff who have cooked for kings and oil sheiks

It also has billiard rooms, saunas, an olympic-size swimming pool, a resident physiotherapist, hairdresser and facilities for squash, ...s and bowls.

...om ... severely criticised by MPs and consumer spokesmen since Megawatt Park was completed in 1977. The project, seen against the background spiralling electricity traffis, has been condemned as "extravagant, extraordinary and indefensible"

DURING 1976 Escom electricity tariffs went up by 28%

- In January 1977 they rose again by 25%
- In December 1977 Escom announced a further increase of 15% to be effective from Janury 1978
- In September 1978, a 4,1% increase was announced, effective from the start of Janury last year As yet, there has been no indication of increases during 1980

Thousands of plants are currently being "converted" to a new growing system called "hydroculture," which has taken two years of costly, secretive experimentation to perfect

It is a method of growing plants without soil Plants are cultivated in water using a special Italian clay pebble and are fed once every four to six months with a liquid chemical called Lewatit HD5

At Megawatt Park, a vast, non-commercial nursery, marked "Private — no visitors without appointment", nestles discretely at the back of the property It houses thousands of plants, ranging from minute seedlings to 3m palms

Here, the plants are cultivated under an elaborate system of alternate heating and cooling

Chief horticulturist Mr Tony Horsfall was finally given permission to talk to the Rand Daily Mail after PRO Mr Boet Uys had twice cancelled the appointment

An earlier visit by the 'Mail' to the horticultural section prompted unwitting staff there to warn us not to repeat to anyone what we had been told or what we had seen — "especially the Rand Daily Mail"

Mr Horsfall said "Escom decided to change to the new system because of the saving in labour, maintenance and money

"We believe plants are necessary for the psychological benefit of our workers," he said

Mr Uys at first refused to disclose any figures when approached for a cost estimate

"Why this interest in Megawatt Park? It is an ordinary office building supplying a supreme service to the public

"I could tell you and all the Press to go to hell, but I suppose that would be published too," Mr Uys said

● See Pages 2 and 9

Escom's garden the vast complex also has a statue said to have cost R100 000, catering officers that have cooked for kings and oil sheiks, facilities such as billiard rooms, saunas, an Olympic-sized swimming pool, and an exclusive club with a five star restaurant

JOHANNESBURG, FRIDAY, JANUARY 18, 1980.

Rom

ESCOM'S GARDEN SHOCK

18/1/80

260

Where all that money goes . . .

MR. BOET Uys, Escom's PRO, told the Rand Daily Mail that the conversion to hydroculture would cost a total of R200 000 over a 10-year period.

But a "Mail" investigation has shown that the total cost of the operation would amount to at least R378 000.

This figure does not include the cost over 10 years of the salaries of chief horticulturist Mr Tony Horsfall, his nine students and the 27 members of his black labour force.

When telephoned yesterday to query the discrepancy between its estimates and Escom's, Mr Uys said: "The figure I gave you is our budget for 10 years. If your figures don't tally with this then publish your own. That's your prerogative."

A "Mail" investigation into the horticultural section at Megawatt Park confirmed that Escom are going ahead with the venture, despite denials over many months by PROs.

The Rand Daily Mail can reveal that:

● Escom's present supply of Leca clay was imported from Italy by Everite in 1972;

● Leca clay costs R30 per cubic metre;

● The chemical Lewatit HD5 costs R5,40 per 500c;

● Escom's 1 500 mobile planters, or pots on wheels, cost R27,50 each. Escom are using their own design of planter lid, into which five pots are fitted. These cost R7,25 each;

● Their present stock of mobile planters and lids amount to over 1 750 — a total cost, so far, of R52 125;

● The 1 500 planters require one litre of Lewatit HD5, at R10,80 per litre, every four to six months. Over a 10-year period this would cost R320 000;

● Leca clay costs R3 per cubic metre. There are 1 000 litres in a cubic metre. The five plant pots in each mobile planter, of which there are 1 500, amount to 7 500 altogether, giving a total cost of R675;

● Floats on the side of the planters indicate the level of the water. They cost R4,02 and one per planter is required — a total cost of R6 030. Total? R387 800.

18/1/80 (260)

Plant power at the Escom power plant

(260)

At Escom's new headquarters, Megawatt Park, an expensive system of growing plants for the much criticised "plant paradise" is in operation. INGRID NORTON totted up the cost of the greening of Escom and came up with these figures.

TUCKED away in the corner of a vast acreage of landscaped lawn lies Megawatt Park's sprawling nursery — the home of two years' discreet experimentation into hydroculture — a new system of growing plants.

Here, chief horticulturist Mr Tony Horsfall, with nine first year students and 27 black assistants, raises the thousands of plants that cir-

One litre of the chemical costs R10 85. A twice-a-year measure of Lewatit HD5 would cost, over a 10 year period, R320 000.

Floats which indicate the water level cost R4 02 each. One float per planter costs a total of R6,030.

Leca clay costs R30 per cubic metre. There are 1 000 litres in a cubic metre. The 1 500 mobile planters each

18/1/80 (260)

Four thousand litres of water keeps the tanks brimming for circulation among the thousands plants now growing in Leca clay at Escom's Megawatt Park nursery

260

18/1/80

culate through Escom's office building.

"We are the only people in the country developing this system," Mr Horsfall said

"I belive it is the method of the future"

Escom's PRO, Mr Boet Uys, told the 'Mail' that the former plant system was costing R360 000 over a 10 year period He said hydroculture would cost R200 000 over the same period

The Rand Daily Mail estimated the overall cost of the operation, over a 10 year period, would be R378 800

This estimate does not include the salaries of Mr Horsfall, his students or black staff, the cost of water or heating for the nurseries

Escom has a supply of 1 500 mobile planters which cost R27 50 each Hydro-lids for the planters cost R7 25 each — giving a total cost of R52 125

The 1 500 mobile planters receive one litre of Lewatit HD5 every four to six months hold five individual plant pots — a total of 7 500 pots all requiring Leca clay Escom's 20 cm pots hold three litres of the clay It costs a total of R675

When the 'Mail' tried to question the discrepancy between our totals and Escom's, Mr Uys said "R200 00 over 10 years is the amount we are budgeting on If your figures are different, publish them That is your perogative I do not wish to discuss them."

Escom's move to Megawatt Park in August 1977 caused a storm of controversy

Reports on the "Babylonian gardens", suana's and a massage parlour, staff squash courts, tennis courts, an Olympic-size swimming pool and a football field enraged consumers whose electricity bills rose by 15% a month later

The building itself cost R299 a square metre to construct

During 1977, MP's and consumer spokesmen condemned Megawatt Park as "extrodinary, extravagant and indefensible"

Staff horticulturists filled the office building with 30 000 plants and turned the massive centre courtyard into an exotic jungle

And the forage into greenery continues

"The reasons for stocking the buildings with plants are the pshychological effects plants have on man," explained Mr Horsfall

"It is known that if a man has a problem, he will automatically look up from his desk He looks at the face of the man opposite him and sub-consciously associates the problem with that man

"If he looks at the relaxing greenery instead, he will be more content in his job," he said

Hydroculture was developed in the 18th century It is plant cultivation without soil, a system of growing in a clay which has been baked in a rotary kiln at 2 000 C, and water, with a chemical which contains all the elements essential to plant health

Before the move to hydroculture, Escom were using a substance called vermiculite in which to grow plants and experimenting with them in the mobile planters Because vermiculite was unsightly, it was covered with green moss

This is a comparison between the two systems (details of hydroculture first)

- Leca clay will last indefinitely, Vermiculite has to be replaced every year
- Leca clay is light and clean, Vermiculite and moss mix in the planter and have to be separated every time the planter is recycled.
- Leca clay can be used as a potting medium, Former potting medium (Dutch peat, top soil, compost, river sand and manure) are expensive

260

18/1/80

Hundreds of potted plants growing in Leca clay stand in 4 cm of circulating water in one of the vast "hydrotanks" at Escom's nursery. The plants are "cooled" by hosepipe

(260) 18/1/80

Pictures RUI VIERA

● Leca clay contains no weeds, pests or harmful substances. Soil mixtures have to be sterilized before use

● All plants in growing tank stand in 2-4 cm of water and do not have to be individually checked for water and food; they are not affected by the heating system. All plants in the nursery have to be checked and watered two to three times a week and dry out quickly due to the heating system

Mr Horsfall confirmed "There are many advantages to hydroculture Plants grow faster and in a healthier condition, because they have a balanced food constantly available in the form of the chemical Lewatit HD5," he said

"Because they are standing in between 2 and 4cm of water, the roots draw up just the amount they require, and this prevents dehydration," he said

Escom's present supply of the clay was imported from Italy, and, as only a brittle and much inferior version is available in South Africa, when the supply runs out, Escom will have to import in bulk

Their own design of mobile planter includes a 'hydro lid', into which five "hydro pots" can be slipped The planter is topped up with water once every three weeks and the inside cleaned once a year

Under the old system, Escom's 30 800 plants, excluding those in the vast courtyard devoted to an expanse of more exotic foliage, are watered, checked and cleaned weekly by special staff Plants affected by heat, or suffering from dehydration or "senile decay" are replaced on a weekly basis

Mr Boet Uys, Escom's chief PRO, told the 'Mail' that the cost of Escom's old system of plant decoration amounted to a total cost of R360 000 over a 10 year period This includes a special labour force whose job it was to water and clean 18 000 plants four times a month — a total of 72 000 plants.

"This new system of hydroculture worked out to be cheaper, just R200 000 over 10 years It will be a saving for us," he said

The advantages of hydroculture in Megawatt Park will be a saving in the labour currently used to maintain the plants under the old system

Mr Horsfall said "This technique provides trouble free plants, able to withstand adverse conditions in the building much better than conventionally grown plants"

"Only five plants are used in the mobile planter as against 12 in the exsisting system This would result in a saving of about 10 000 plants in the mobile planters alone"

Five of the 12 plants taken from the old system are regrown in hydro-planters and put back in the building

"The remaining seven will be kept until we need them for phase two of Megawatt Park, the second office building presently being constructed," he said

Mr Horsfall said the courtyard in phase two of the project would be "a lot smaller than the first one"

"None of the plants in the exsisting courtyard will be converted to hydroculture," he said, "it is too big an undertaking, apart from an impossibility because some of those plants are 30 years old and will not adapt to a new system now"

Escom's 1,75 hectares of nursery houses huge hydro-tanks circulating between 1 000 and 4 000 litres of water There is also an elaborate heating and cooling system

"This is not a commercial enterprise We plan four and five years ahead so we need every plant we have here, when they grow too big they are cut back down again," he said

Both Mr Horsfall and Mr Uys denied that Escom's conversion to hydroculture was being kept a secret

But Mr Horsfall later said "We have allowed gardening clubs to visit our nurseries, it must have leaked to the Press from them"

Mr Horsfall, who recently returned from abroad where he investigated the use of hydroculture, said

"In Germany, Italy and England they are still experimenting with hydroculture Most large installations employ this method but they are using it for vegetables mainly"

Problems yet to be solved with Escom's new technique are numerous, and experiments are continuing

Among them

● Finding out the best temperature to heat the water in the nursery tank

● What length of root should a plant cutting have before potting?

● What rate of water circulation is required?

● The system of circulating water to ensure maximum areation of water

● Depth of water in propagation tank

● Can insecticides be added directly to the water?

● How does one check the salt content of the solution?

● Investigating more economical and less sensitive measuring devices for checking nutrients

Much planning theory does assume that the state can simply 'set' public sector objectives without recourse to the community on particular issues. However, in a democratic government, conflicts in society will be reflected in impediments to identifying public sector priorities at the policy formulation level.[8]

Nattrass also feels that problems of poor communication between groups, inadequate understanding of the complementarity and conflict between objectives and conflicts of interest hinder definition of objectives, but can, to some extent, be overcome by the use of simple health indicators and the adoption of clear policy criteria. Westcott does not think that differences of interest are thus reconciled but that the net outcome is embodied in the value judgements fed into policy evaluation. The formal methods embody and clarify the outcome of the conflicts. It is an open question whether formalising a judgement will alter the nature of the deba

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other is probably indicated.

Beyond this, explicit criteria must be adopted. Indicators of health status, (e.g. life expectancy, morbidity) may be adopted as ultimate objectives. Programmes to combat different diseases or serve different areas may be chosen according to

Decisions are still needed on the death and reducing illness, thoug

Fehrsen (*28) proposes that three in South Africa as a guide and be mortality, nutritional status and He argues that this data can be c nurses.

Besides data on health status, one would need to know:

(a) how much various programmes contribute to improving these measures by evaluating existing programmes, as has been done by e.g. Frankish (Vol.2) and Thomas (Vol.2), and

(b) the cost of each programme.

Market prices may be used in estimating the cost of a programme and in governing the proportion of various inputs used. However, owing to the deficiencies of market prices which have been noted, one may have to correct these when calculating costs and benefits using "shadow prices", e.g. a lower wage where there is unemployment. Since these are dependent on other policy decisions, the subjective element in the estimation of shadow prices should be borne in mind when considering the cost of any health programme. The two considerations, cost to the government budget and cost to society, should be kept conceptually separate; the latter is the one which should count, the former only insofar as there are limits on the amount of funds which can be raised and disbursed publicly.

Thus, a relationship is obtainable between funds spent and improvements in

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The same information is required by a cost-benefit approach which, however, judgements of more dubious validity. Instead of in terms of health status, it needs to quantify i thus render them directly comparable to costs. io is greater than one, then the project is worth ique can tell this; it can only rank programmes nd this within a very narrow range. It also omparable to other projects and enables a rational the proportion of funds allocated to the health tunately, however, rationality is sometimes achieved acy, and the rather broad value judgements which go into deciding the value of health in money terms (particularly the value of

RAND **Daily Mail**

A Symbolic garden

RDM 19.1.80

CONCERN for a staff's working environment is a praiseworthy thing on the part of any employer. But there must surely be limits of reasonableness — especially in the case of a State corporation that provides a basic service for which the public must pay

That is why Escom's expenditure of some quarter of a million rands or more on a new "hydroculture" system for its elaborate indoor garden is such an indefensible — indeed a bizarre — extravagance.

It may be argued that in terms of Escom's total budget, this represents a drop in the ocean that can't possibly affect electricity tariffs one way or the other.

But the point is that this fantastic garden, with its private nursery and 24-hour heating system and specially-imported Italian clay pebble, epitomises in the public mind the extraordinary lavishness of Megawatt Park — and that, in turn, the general prodigality of Escom.

The whole set-up, with its saunas and squash courts and resident physiotherapist and hairdressers, is more like the headquarters of an oil sheik than of a public utility corporation.

It symbolises bureaucratic squandering — while the public is having to pay too much for its electricity

No less an authority than the Board of Trade and Industries has declared this to be the case. In a report to the Minister of Trade and Industries last year, the board said that Escom made too much profit and lacked efficient management control structures.

Over the past five years, while these excessive profits were being made, electricity tariffs in Johannesburg have gone up 135% — almost entirely due to Escom increases.

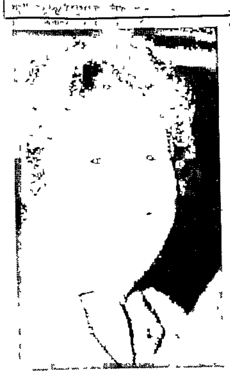
And it was during those five years, while the tariffs were leaping up and up, that people had to watch Escom's R24-million status symbol arise on its 90 hectares out at Megawatt Park

No wonder they were angry. No wonder 44 000 people signed a petition to the Minister just over a year ago protesting that Escom was being extortionate And no wonder the Rand Daily Mail has been inundated with calls from people who are infuriated to learn about this incredible garden with its 30 000 plants growing in their imported pebbles.

For some, too, there is further indignation at the irony that a body which has done so much to disfigure our countryside with their hideous pylons should pose as environmentalists in their own private domain.

The public has had enough of this kind of bureaucratic extravagance at its expense — here and at the SABC, with its Artes Award splurges.

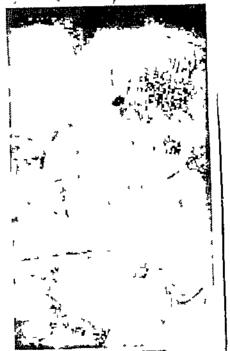
It is time for a clean-up



MRS LYONS
...'It's a disgrace.'

MR VARSHA
...'I'd pay anything.'

MRS GENNARO
...'What a cheek.'



MR WAINER
... 'It's hard to take.'

RDM 14.1.80 260

Furious public reaction to Escom plant paradise

By INGRID NORTON

THE public reacted with fury yesterday to the news that Escom is to spend between R200 000 and R400 000 on improving the plant paradise at its Sandton headquarters, Megawatt Park

A Rand Daily Mail snap survey showed that four out of five people approached for comment wanted a full inquiry into Escom's spending

"I am one of the poor sufferers I have to put up with disgustingly large electricity bills," Mr Rodney Wainer, of Sandton, said

"This latest news is very hard to take"

Mrs Maria Gennaro, of River Club, said "How about using the money on a few schools in Soweto instead? What a cheek they have got considering plants when their electricity rates are so much higher than Johannesburg's."

A man who asked not to be named for professional reasons said: "I happen to know that Escom rates are far in excess of Johannesburg's — 20% higher to be exact There should be an inquiry into Escom's spending"

Mrs Marcelle Lyons, of Sandown, said. "I had to sell my house for one reason — I could not afford the electricity bills Escom are an absolute disgrace Why is there no inquiry?"

Mr Alan Thornhill, of Bryanston, commented "It should be a free enterprise body — the thought of taxpayers' money going into decoration is ludicrous"

Mrs Peggy Lamprecht, of Morningside, said "There is surely no-one who wouldn't support a full inquiry into this terrible mess of Escom's"

Mrs G E Duncan, of Sandton, commented "Blessed high — can't afford the winters anymore"

Mr Moshe Varsha, of Killarney, was the only person who wasn't angry "I don't pay Escom rates but I would pay them anything for bringing the sun into my home," he said

Anger over the garden of Escom

19/1/80

20 Rom

By INGRID NORTON and CHRIS OLCKERS

PUBLIC anger and condemnation has greeted the Rand Daily Mail's investigation into the R200 000 to R400 000 improvements to Escom's indoor garden at its Sandton headquarters, Megawatt Park.

In a statement to an Afrikaans newspaper yesterday, Escom said the cost of their unique system was R200 000 or R20 000 a year — "not a lot at all when spread over 10 years."

But a 'Mail' investigation has shown that the cost of the clay, chemicals, float indicators, mobile planters and lids alone will be nearly R400 000.

Further conservative calculations by the 'Mail' yesterday showed that salaries for the nursery staff — a chief horticulturist, nine students and 27 labourers — over the next 10 years will be at least R1 000 000.

Added to this is the cost of electricity used to heat the nursery.

Escom refused to comment on any of the 'Mail's' calculations, or to give the cost of heating the massive 1,75ha nursery.

They also chose to stay silent on allegations that their unique "hydroculture system" — installed for the "psychological well-being" of staff — was extravagant.

Many calls were received from enraged consumers who demanded an inquiry into Megawatt Park and the reasons for its luxurious facilities, such as saunas, a resident physiotherapist, tennis and squash courts, an Olympic-size swimming pool, a five-star restaurant and an exclusive club.

The Progressive Federal Party MP for Bryanston, Mr Horace van Rensburg, said: "When Escom's bosses announce the next increase in the cost of electricity they will undoubtedly tell us with the inevitable sob in their voice about the unequal battle they are fighting against escalating costs.

"Kubla Khan's stately pleasure dome in Xanadu had nothing on this palace of light for the elite of South African bureaucracy. It is a striking example between the life-styles of the haves and have-nots in our country.

"On the hill at Megawatt Park white officialdom luxuriates in opulence and splendour, while a few kilometres away, ill-clad and hungry black children struggle to study from torn and battered books by the flickering light of candles in ancient Babylon, while at the same time, our country's hard-pressed nurses struggle to make ends meet and plead in vain for relief.

"I would like to suggest that South Africa could recover the entire costs of this magnificent edifice and realise handsome profits as well by turning the whole complex over to Sol Kerzner for a second Sun City on the outskirts of Johannesburg," Mr Van Rensburg said.

The ombudsman of the South African Council of Churches, Mr Eugene Roelofse, attacked the project, saying the cost was completely unjustifiable.

"To spend money at this rate on the psychological well-being of the staff is crazy in view of the many institutions offering such facilities. It would be more economical to send staff in need of such care to these institutions," he said.

The secretary of the Housewives' League, Mrs Toni Frere, also reacted indignantly.

"From the start we have criticised the expenditure of such an enormous amount of money on Megawatt Park. We feel strongly about the existing building, let alone such elaborate improvements," she said.

Mrs Pat van Rensburg...

Escom burns ... hours a...

Transkei 1972	7,55%
Transkei 1977	4,30%
East London	7,60%
Ciskei	4,20%
Port Elizabeth	4,30%
Germiston	2,30%
Bophuthatswana	2,20%
Kimberley	2,00%
Kimberley 'Coloured'	0,89%
Kimberley White	0,12%
Johannesburg	1,90%
Gazankulu/Venda	1,30%
KwaZulu	1,30%
Lebowa	1,10%

Type of trea[tment]	
Hospitalisation (per month)	19,00%
Conventional re[gime] hospitalisatio[n] (per month)	
4-Drug regime Outpatient tre[atment] Conventional r[egime] (1 year)	

Figures are for Africans, unless otherwise specified.

Sources: Annual Reports of the Tuberculosis Research In[...] Medical Research Council of South Africa, and P. Burney (*56, Vol.2).

The tuberculosis incidence has dim[...]

19/1/80 (260)

"Our Government can find money for splendid monuments and hanging gardens to rival those of

PFP MPC, said she was dismayed and angry.

"I protest on behalf of the residents of Randburg at this unnecessary extravagance. The people of Randburg have been subject to a never-ending series of increases in municipal rates, costs of municipal services, water and electricity.

"It is unfair and intolerable that the people of Randburg are forced to pay through the neck so that Escom can live in unequalled luxury. If the Government cares at all about South African consumers, they will act immediately to put a brake on Escom's extraordinary, grandiose schemes.

"The appeal by the Minister of Finance, Senator Horwood, to the people of South Africa to fight inflation rings hollow in the light of what is happening to their hard-paid taxes at Megawatt Park," she said.

The PFP spokesman on industrial affairs, Dr Zac de Beer, MP, however, defended Escom and said he believed some commentators were altogether too eager to attack Escom.

"I have visted Megawatt Park and seen the gardens. They are certainly on a grand scale and most impressive.

"If one sets the figure of R200 000 over 10 years — R20 000 per year — against the enormous turnover and huge number of people it employs, it is really not at all startling.

"What the public need to consider is the quality and

To Page 2

Escom may spend R5¼m on recreation facilities

21/50

By INGRID NORTON and PETER DATER

ESCOM is considering spending R5 234 215 on facilities for some of its 26 recreational clubs in South Africa.

Mr Boet Uys, PRO for Escom, said yesterday that the sum had been recommended though it had not been granted final approval.

"It was common practice," he said, "for organisations to provide recreational facilities in isolated areas."

But an Escom report says money will be spent on clubs in East London, Witbank and Megawatt Park, Sandton — all major centres.

This planned spending is revealed after reports in the Rand Daily Mail that Escom will pay R200 000 to 300 000 to instal a new plant-growing system at its head office in Sandton.

According to the report, the amount to be spent will vary from R1 000 to improve a braai area at the Gottenburg club to R1 000 000 over a few years at the Rockerville club.

Other expenditures will include:

- R38 000 on extensions at the Witbank club
- R331 000 at Slimmer Pan
- R334 000 at Megawatt Park
- Nearly R800 000 at East London

Though the recommendations have not yet been approved, an Escom source said the heads of the clubs had asked for such costly extensions indicated they were confident they would receive the money.

Mr Uys is reported as saying it was not possible to give precise amounts to be spent because sports clubs, like comparable organisations, were flexible.

"Escom expects a personnel growth of 6% a year for the next few years," he said. "So recreational policies must be adapted accordingly."

On paper, the improvement plan covers a 3-year period to 1989, but it will effectively be a four-year plan because the last part will be completed in 1984.

Mr Uys said that if the R5 234 215 — asked for last April — is spent it would mean a cost of R65 a year for each member on sporting and recreation facilities.

Last week Mr Uys said Escom's total work force was 44 000. This calculations show that this would mean R118,96 a person — not R65.

Reaction varied from consumer experts and companies employing large numbers.

Mr Barry Mortimer, PRO for Anglo American, said the organisation spent a substantial amount on recreational facilities for white and black employees.

Mr J C Van Rooyen, PRO for South African Railways and Harbours, said its roughly 250 000 members had been provided with 50 recreation clubs throughout the country — with members paying R1 50 to R2 50 a month for use of the facilities. The Labour Act demands that club members pay a minimum of R1,2 a year.

The SAR and H subsidises the clubs to the tune of R270 000 a year for equipment. The rental from the clubs — owned by the railways — is calculated to cover maintenance costs.

The vice-chairman of the Housewive's League, Mrs Yvonne Forshaw, said: "Escom is blatantly flaunting its monopoly and privileged situation in our faces. What makes it think it is entitled to this?

"I am sick and tired of the Government sitting back helplessly and watching what Escom is doing."

Mrs Forshaw said electricity surcharges were 128% in rural areas, and 103% in urban areas, for the Free State and Transvaal.

"Escom's current rate is 1,00c a kilowatt hour for the first 500 kwt. Over that, the surcharge is brought into effect — it's unforgivably high."

The Housewive's League has written to the Minister of Finance, Senator Owen Horwood, demanding to know why nothing has been done about Escom's high surcharge.

Evkom se klubs vra miljoene rande vir ontspanning

Rapport 20/1/80

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Deur JACQUES DE KLERK

DIE Federasie van Evkomklubs het verlede jaar aanbeveel dat R5,25 miljoen oor die volgende vier jaar bestee word aan ontspanningsgeriewe by hul klubs oor die land. Die aanbevelings is vir goedkeuring aan Evkom se hoofraad voorgelê.

„Storms het dié week weer oor die groot Suid-Afrikaanse kragreus losgebars weens die „onthullings" in 'n Randse dagblad oor die indrukwekkende tuinerye wat Evkom by sy hoofkantoor, Megawattpark, aan die uitlê, aanlê en verander is tot „sielkundige voordeel van sy werknemers", soos 'n woordvoerder van die organisasie dit gestel het.

Daar word beweer dat Evkom tussen R200 000 en R400 000 aan potplante by die kompleks gaan bestee

Intussen het 'n verslag van 'n vergadering van die Federasie van Evkomklubs, waartoe Evkom se 26 ontspanningsklubs behoort, by RAPPORT beland Die verslag handel oor aanbevelings wat die bestuur van die federasie in April 1979 aan die hoofraad van Evkom voorgelê het oor veranderings en nuwe aanbouings by verskeie van Evkom se ontspanningsklubs.

Die aanbevelings is gedoen nadat elk van die klubs 'n lys ingelewer het van geriewe wat hulle reken hulle nodig sal hê. Die versoeke gaan om die tien jaar van 1980 to 1989, maar eintlik is dit slegs vier jaar, aangesien die laaste van die projekte reeds teen 1984 afgehandel sal wees

Soos in die geval van Evkom se gewraakte tuinerye, lyk die bedrae wat aangevra is, op die oog af astronomies. Volgens die uiteensetting in die verslag wissel dit van byvoorbeeld duisend rand vir „kleinere verbeteringe aan die braaiplek" by Colesberg se klub, tot meer as R1,5 miljoen wat binne die volgende twee jaar by Rosherville bestee sou moet word

Verdere groot uitbreidings wat aangevra is, is dié vir die nuwe Koeberg-kragsentrale waar die bedrag meer as R536 000 beloop, met inbegrip van 'n ontspanningsentrum wat teen 1981 voltooi sal wees en wat R450 000 sal kos

Ook is R736 000 aangevra vir verskeie uitbreidings by Witbank se ontspanningsklub, R361 000 by Simmerpan, R334 000 by Megawattpark en byna R300 000 by Oos-Londen.

Watter van die aanbevelings uiteindelik goedgekeur is, kon nie vasgestel word nie, aangesien dit „vertroulik" is, maar soos een van Evkom se werknemers dit gestel het: „Die feit bly dat die klubs die vertroue het om sulke enorme uitbreidings aan te vra "

By navraag het mnre Boet Uys Evkom se skakelman, en Louis Roberts, voorsitter van die federasie, gesê dit is nie moontlik om presiese bedrae te noem nie, aangesien 'n sportklub, soos enige ander soortgelyke organisasie, baie plooibaar is

„Evkom verwag 'n personeelgroei van byna 6 persent per jaar in die volgende aantal jare," sê mnr. Uys Gevolglik moet die ontspanningsbeleid voortdurend aangepas word

Dit is ook nie moontlik om te sê watter projekte goedgekeur is of watter van dié wat wel goedgekeur is, uiteindelik uitgevoer sal word nie, aangesien die situasie jaarliks hersien word. Reeds goedgekeurde projekte kan dus later weer afgewys word, indien dit nie regverdigbaar blyk te wees nie

„Ek kan u verseker dat baie strenge beheer oor die projekte uitgeoefen word," sê mnr Roberts „'n Spesiale komitee is aangestel wat die klubs oor die land besoek om seker te maak dat die aangevraagde uitbreidings wel geregverdig is "

„'n Groot probleem waarmee Evkom te make het, is dat die meeste van sy kragsentrales in afgesonderde gebiede gelee is, ver van dorpe af," sê mnr Uys. „Om vaardige personeel soontoe te lok en hulle daar te hou, is dit noodsaaklik dat ons geriewe aan hulle verskaf."

Evkom moet meeding met private maatskappye soos die myne, wat uitstekende geriewe aan hul mense kan bied, en met Wes-Europa metsy hoe lewenspeil waar 'n groot aantal van die werknemers gewerf word, sê mnr. Uys.

Om dié mense hierheen te lok en hulle hier te hou, is 'n wesenlike probleem van die jare tagtig. Hulle moet geriewe kry waaraan hulle gewoond is 'n Mens kan nie van 'n gekwalifiseerde ingenieur, byvoorbeeld, verwag om met vrou en kinders na 'n afgesonderde plek te verhuis waar hulle nie die geriewe het wat hulle in die stad sou hê nie, sê mnr. Uys

Waar kom die geld vandaan vir al die uitbreidings? Nie noodwendig uit die publiek se sak nie, sê mnr Uys „Evkom se grootste inkomste is nie van sy verbruikers af nie, maar wel van lenings. Ons kry ook nie, en het ook nog nooit, geld uit die Staatskas gekry nie. Die wet maak nie voorsiening daarvoor nie "

Op die keper beskou wil dit dus lyk of Evkom se „astronomiese" uitgawes nie heeltemal onregverdigbaar is nie. As die totale bedrag van R5 234 275 wat in April verlede jaar aangevra is tot die laaste sent bestee word, beteken dit dat R65 per jaar per lid bestee word aan sake soos tennisbane, sportvelde en algemene ontspanningsgeriewe.

0,20	324	
0,89	1868	
0,56	652	
1,91	2175	
0,29	104	

XVI SYMPTOMS AN

	W M	W F	M
0-1	0,51	0,54	2,10
1-4	0,04	0,04	0,21
5-24	0,01	0,01	0,09
25-44	0,05	0,05	0,28
45-64	0,44	0,18	1,73
65+	1,84	1,95	8,32
ALL	0,22	0,23	0,56
NO.	463	485	199

XVII ACCIDENTS, POISONING

	W M	W F	M
0-1	0,85	0,69	0,7[illegible]
1-4	0,49	0,21	0,3[illegible]
5-24	0,71	0,22	0,6[illegible]
25-44	1,18	0,30	1,4
45-64	1,25	0,42	1,5
65+	1,26	0,71	1,3
ALL	0,95	0,33	0,95
NO.	1973	677	333

The plants at Megawatt Park that started the row

RDM 22.1.80

(266)

Reaction to the Escom spending

REACTION to Escom's expenditure on hydroculture to beautify its Megawatt Park complex and recreational facilities for Escom's countrywide clubs has been varied

Response has ranged from pensioners complaining of ultra-high electricity tarrifs to high level justification of expenditure

Escom, which had a capital turnover of over R1 000-million in 1978, says their recreation facility expenditure amounts to less than 1% of that turnover

Yet there are those who say that the recommended figure of R5,2-million, put to the Federation of Escom Clubs, plus the estimated R200 000 spent on the Megawatt Park horticulture programme cannot be justified under any circumstances

Mr Horace van Rensburg, PFP MP for Bryanston, and Opposition spokesman on Environmental Planning, said yesterday

"It appears that Escom is having difficulty understanding the outrage the public feel at their extravagance regarding the provision of garden and recreational facilities at their various centres

"Public disaffection stems from the fact that Escom is a total monopoly and can, as a result, increase electricity costs virtually at will in order to finance any expenditure that takes their fancy

"The public, on the other hand, have no defence against such increases and are in no position to put a stop to what they consider unnecessary expenditure of public money

"The public are reeling from a never ending series of increases in electricity charges, municipal taxes and other costs of a governmental nature Because the costs are inescapable and subject to what appears to the public to be arbitrary and unjust increases, they experience a deep frustration and hence the resentment of which Escom appear to be insensitive

"Escom is now going to spend some R5-million on the improvement of recreational facilities for their employees

"Nobody would begrudge reasonable facilities for Escom staff But when the public compare the lack of facilities in many other fields in South Africa, they find it difficult to justify such expense knowing it comes from their own pockets

"In particular, the black people of South Africa, the vast majority, who do not have electricity supplies in their townships and whose children do not have sports facilities at their schools, feel a deep resentment when they read and hear about vast sums being spent on facilities which are mainly for whites

"All organisations in South Africa, and particularly statutory organisations, should be sensitive in respect of money that comes from the public

"Before spending money, they should first ask the question — What affect will this have on our relations with the public of South Africa as a whole, how will it affect our credibility and public confidence in our organisation?"

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CT. 22/1/80

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Escom defends spending on clubs

Own Correspondent

JOHANNESBURG — Escom has justified the spending of R5 234,275 on improvements to some of its 26 countrywide recreational clubs by comparing the figure to its annual turnover — which is more than R1 000-million.

Mr Boet Uys, Escom's public relations officer, said yesterday: "If the amount is looked at in perspective — considering Escom earned R1 234 468 000 in 1978 — one will see that the recommended figure of R5,2 million is less than one percent of Escom's annual income," he said.

Mr Uys said that by improving the working and recreational conditions of Escom it would "make employment sweeter, and build up the organization's *esprit de corps*."

It was reported this week that sums of up to R1 500 000 had been recommended to Escom by its recreational clubs for improvements — including R736 000 on extensions to the Witbank club and a further R334 000 to build a hall at their Sandton headquarters, Megawatt Park.

Mr Louis Roberts, chairman of the Federation of Escom clubs, said "We have paid a visit to every club in the country and we are deciding what they need."

Mr Uys said, "It is our personnel policy to provide those facilities which are necessary for the bodily and spiritual welfare of our people."

He said that in most cases the recreation clubs were making a profit and that club members paid only R1 a month to join.

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with selected major categories of disease. Clearly, this is an entirely hypothetical situation. However, these competing risks life tables not only provide an indication of the relative importance of various disease categories to both the overall mortality experience and also to expectation of life of the three communities, but also, since there is an approximately linear relationship between the reduction of mortality and the percentage increase in life expectancy, any improvement will give rise to a proportional improvement in the expectation of life. Thus, if the mortality associated with any of the diseases included in Fig. 6 are reduced by 50%, then the increase in the expectation of life will be 50% of the improvements indicated.

With the exception of Neoplastic Diseases and Diseases of the Circulatory System in men, the 'coloured' community stand to gain most from measures directed at the control of any of the selected diseases included in Fig.6. Of particular importance are the ...ous and Parasitic Diseases,

...o the implementation of relatively

...he Colonial Mutual Life

...ancial assistance.

Call for District 6 withdrawal

260

23/1/80 Argus

THE 2 000-strong Western Cape Traders' Association is to call upon white supermarkets to support their stand to bring pressure on the international electronics company, Anker Data Systems, to withdraw from District Six.

At the same time the District Six Rents Residents and Ratepayers' Association is to ask its several thousand members to boycott supermarkets and stores where ADS or TEC cash registers are used.

Ankqr Data Systems paid R50 000 for a site in District Six to build a factory. It is the only commercial firm known to own land in District Six.

WITHDREW

Last year Shell South Africa withdrew from a transaction to build a service station following urgent representations from people and organisations opposed to the development of District Six as a white area.

'We would like ADS to follow the example of Shell,' the general secretary of WCTA Mr K Allie, said yesterday.

'The cry of the coloured people is to give District Six back to them,' he said.

The WCTA is affiliated to the National Chamber of Commerce (Nafcoc) which has a membership of about 35 000 halck business people throughout South Africa.

NOT POLITICAL

Mr Allie emphasised that the moves against ADS were not political.

'We are not trying to oppose the Government in any way. Coloured people at this juncture want to co-operate with the Government to bring about better race relations,' he said.

Speaking from Johannesburg yesterday the managing director of ADS, Mr Louis van der Merwe, said the chairman of the company, Mr G Kopatz, who was overseas at the moment, must have bought the site as a busi-

(Continued on Page 3, col 9)

District 6

260

23/1/80 Argus

(Continued from Page 1)

ness proposition and possibly did not know about the political connotations.

He said ADS was a small company in South Africa employing about 230 people. The employment of about 50 coloured people in the proposed factory in District Six would represent a big increase in coloured job opportunities in the company.

He said ADS was legally commited to the land.

'Whether we can rescind or not, I don't know,' he said.

7. <u>The Trade in Firearms.</u>

"The chief of [the coastal African's military arms] are Musquets or Carabins, in the management of which they are wonderful dextrous. 'Tis not unpleasant to see them exercise their Army; they handle their Arms so cleverly, discharging them several ways, one sitting, the second creeping, or lying & etc., that 'tis really to be admired they never hurt one another. Perhaps you wonder how the <u>Negroes</u> come to be furnished with Fire-Arms, but you will have no Reason when <u>you</u> know we sell them incredible quantities thereby obliging them with a Knife to cut our own Throats. But we are forced to it; for if we would not, they might be sufficiently stored with that Commodity by the English, Danes, and Brandenburghers; and could we all agree together not to sell them any, the English and <u>Zeeland</u> Interlopers [i.e. private traders] would abundantly furnish them: And since that and Gun-powder for some time hath been the chief vendible Merchandise here [i.e. on the Gold Coast], we should have found but an indifferent Trade without our share in it...

Davidson, <u>The African Past</u>, pp.221-2.

Through a NHS, the provision of staff and services would not be determined by the economic laws of supply and demand, but by the needs of the people. However, medical practitioners would not be forced into the NHS, and private practice would be allowed to continue, in the same way as private schools continue to exist, in spite of free education.

The Commission also discussed the various types (insurance, technocratic, bureaucratic and democratic) of NHS and came to the conclusion that the democratic one would be the most suitable. In practice, this would mean that technical and administrative staff would be under close control of the people. The people would have the power in their district councils to discuss and modify any plan coming from the central health authority.

As we have already mentioned in the Introduction, the Health-Centre was designed to be the basic unit and foundation of the proposed NHS.
In the preview section of the Report, we find a very clear summary of what was envisaged:

"...the National Health Service in being should not be merely the

labo-

... continuous process of health education, in which the family physician will play the leading part, rather than in the writing of prescriptions. But when ill health does overtake any member of the family, the initial responsibility for this treatment will lie with the same physician, who will have at his command the entire specialist and institutional resources of the National Health Service".

As has been stated above, the great advantage which the Health-Centre model offered was apparently an integrated approach to the promotion of health and the prevention and cure of disease of the people on an extra-institutional basis at grassroot level. In Part IV of the Report about the organisation of the NHS, the Commission unfolded its views about the Health-Centre in further detail.

There were to be trained special clerical assistants to write down verbatim reports dictated by doctors during their clinical sessions. This would save a considerable amount of doctors' time. Careful attention would also be given to the collection of reliable statistics needed for research and planning purposes by the NHS.

Each Health-Centre was expected to care for a population varying from

Koeberg waste to be under control

260

24/1/80

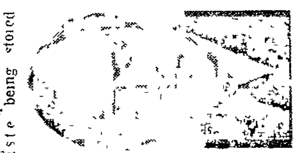
Argus

NO final decision on the storage of nuclear waste from the Koeberg plant has yet been taken, according to the Atomic Energy Board

A spokesman for the board was reacting to an emphatic statement in a report by Escom to Cape Town City Council in which it was said that all forms of nuclear waste were to be disposed of in South Africa

Statements that reprocessing would take place overseas still held true but whether or not the waste would be returned to South Africa for storage would depend on details of the reprocessing contract, the spokesman said

The statement in the report disturbed environmentalists and caused a flurry among critics of the project They said the possibility of nuclear waste being stored in



Professor J H Gilliomee

South Africa 'opened up a whole new ball game'

people in whose environment it was to be stored

Another facet which would have to be watched closely was the possibility of leakage into subterranean water

However, a spokesman for the Atomic Energy Board said that no final decision regarding storage of waste arising from spent fuel reprocessing had been taken

Previous statements that the spent fuel would probably be reprocessed still held true

However, such reprocessing would take place overseas and whether or not the waste would be returned to South Africa for storage would depend on the details to the reprocessing contract

Remote

In any event, the possibility of such wastes from reprocessed fuel being stored in South Africa before the turn of the century appeared remote

However, the possibility existed that South Africa might eventually have to store all her own nuclear waste and a programme of work was in hand to provide for this possibility, said the AEB spokesman

Waste returned by reprocessors would probably be fixed in solid glass before being placed in its final containers and stored permanently

But it would probably be well into the first decade of the next century

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Professor J H Gilliomee

South Africa 'opened up a whole new ball game'

Waste from Koeberg which is due to become operational in 1982, is estimated at 11 tons a year from 1987

In the report it is indicated that waste would be stored under controlled conditions in South Africa

Professor J H Gilliomee, of the University of Stellenbosch, said most environmentalists were under the impression that waste was to be transported through Cape Town and shipped to France for reprocessing and storage

Capsules

The statement by Escom in its report had put a new complexion on the matter

Professor Gilliomee said that if South Africa was forced to store the nuclear waste remaining after her spent fuel had been reprocessed, most probably by France, a wide-ranging field would have to be investigated

Consideration would have to be given to encapsulation, transport storage and the attitude of the

Remote

In any event the possibility of such wastes from reprocessed fuel being stored in South Africa before the turn of the century appeared remote

However the possibility existed that South Africa might eventually have to store all her own nuclear waste and a programme of work was in hand to provide for this possibility, said the AEB spokesman

Waste returned by reprocessors would probably be fixed in solid glass before being placed in its final containers and stored permanently

But it would probably be well into the first decade of the next century before nuclear waste arising from spent fuel was stored in South Africa

Decaying

Spent fuel removed would first be kept on site wouldfirst be kept on site for several years to allow some of the radioactivity to decay before being shipped for reprocessing

The waste remaining after reprocessing would stand for some years before being returned

Twenty years or more could elapse between now and the first waste from spent nuclear fuel being returned to South Africa

Gaseous waste would first be filtered, and then stored inside the plant before being released in 'permissible quantities', mostly when the wind was offshore

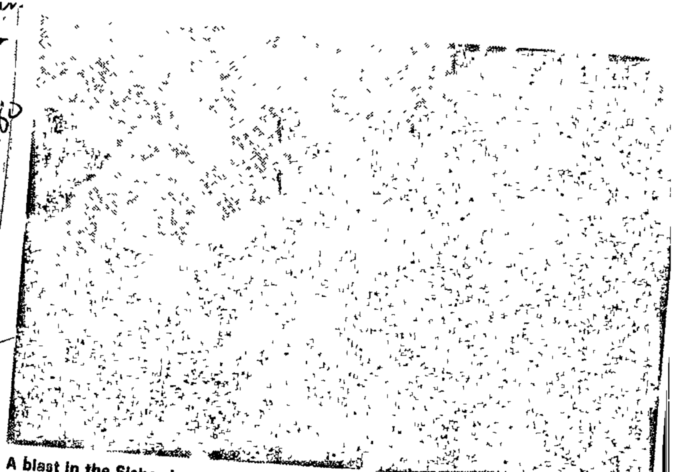
Liquid waste would be diluted to harmless levels and discharged into the sea

Solid wastes would be the only radioactive wastes from Koeberg to be retained Some of these wastes would be highly radioactive, but small in volume

S. Times Busin

Vast new find of quality iron ore

260 3/2/80



A blast in the Sishen iron ore mine's open pit, one of the world's largest open cast hard rock mining operations

By ANDREW M

A MAMMOTH new high-grade iron ore find, potentially worth more than R6 500-million has given South Africa's booming mining industry the possibility of additional large scale exports.

The American-based Phelps Dodge Corporation has located extremely large reserves of high grade ore in the northern Transvaal

The deposit contains very substantial tonnages — hundreds of millions of tons — that can be mined by open cast methods and far larger reserves that could be mined later by underground methods

This was confirmed to Business Times this week by Pat Ryan, managing director of Phelps Dodge Min-

Based on current export prices, the deposit is potentially worth well over R6.5-billion

Dr Ryan says evaluation of the reserves is still in progress and any decision to establish a mine will not be taken for some time

'We are busy exploring a possible mine, he says "If this deposit had been in the United States it would certainly have been mined But there are various questions to consider, mainly markets, and it s early days yet "

However, the deposit is a significant boost to the country's total reserves of iron ore, estimated at 9 500 million tons or 3% of the world's total by the South African Minerals Bureau

This estimate includes proven reserves which can be mined by present mining methods but does not include the new Pietersburg reserves

The ore is eminently suitable for iron and steel making

It is superior in quality to the Sishen-Postmasburg ore which, with an average iron content of some 64 % is among the best quality in the world

The new reserves contain ore of the magnetic variety (known technically as taconite) which is easily concentrated to a high-grade 70% iron product by magnetic separation methods.

The Pietersburg material is preferable to the Sishen hematite ore because there are about 4% less impurities that have to be removed in the iron and steel making process

Furthermore, the concentrate fines produced in the Pietersburg magnetic ores are easily pelletised into round balls, which are more efficiently reduced in the blast furnace than the lumpy Sishen-Thabazimbi type ores

A blast furnace reduction operation in the Pietersburg area will result in a 30 to 33% reduction in the weight of material that has to be railed for further treatment and eventual consumption in the Witwatersrand

According to one estimate, the easily mined open pit ores alone would enable an increase of about 50% in the country s present steel production to be maintained for the following 100 years

At this rate of local production — about two million tons of iron or steel a year — total reserves in the Pietersburg taconite field would support production for 300 to 500 years, which indicates the great potential

However, prospects of the deposit's being turned to account depend heavily on future export demand

A downturn in steelmaking has made world markets for iron ore highly competitive. The market — as well as the lack of railage facilities — mean it could be unlikely that a new mine will be established in the short-term

Iscor now meets all its domestic needs from the Sishen mine and generally exports as much as the Sishen-Saldanha line can carry

One of the world's largest open cast, hard rock mines, Sishen has reserves of some 1 000-million tons and now produces 20-million tons of ore a year. From 1976 — when the Sishen-Saldanha rail was opened — until now, Sishen has exported 42-million tons worth R622-million

The two other significant iron ore producers are Iscor's Thabazimbi mine in the northern Transvaal and Associated Manganese's Beeshoek mine in the northern Cape

Although export tonnages of iron are classified, foreign earnings are rising rapidly In 1979 iron ore exports earned some R230-million, up 39% on the previous year Major markets are Japan and western Europe.

Prices have firmed slightly in the past 18 months, but a new study by the Minerals Bureau forecasts little significant improvement in demand before 1983.

South Africa's total production in 1978 was about 24,2-million tons compared with 26,5-million tons the previous year

3.3.2 Recognition of Illness

The report of the SANTA volunteer indicated the presence of a number of obvious untreated diseases in the rural areas. Her view was that distance could have inhibited farm workers' families from attending the doctor on their own initiative. Perhaps eye complaints were not sufficiently obvious and arose slowly, so were not brought to the attention of the farmer. It is also possible that the families did not know that a cure was possible.

There was some indication that the ailments of women on farms are less obvious than those of the men, because they could escape the notice of the farmer unless specifically brought to his attention. If the husband does not think a wife's illness serious enough he will not ask for help. Of the 7 patients who reported having had an illness without seeking help from a doctor or employer, 6 were women and 3 of them (a disproportionate number) came from farms. Another woman living on a farm with her mother had endured 9 months of an intermittently inflated stomach and being unable to pass water before approaching the 'master' to seek medical attention. He brought her to town the following day.

3.3.3 Cost

In only 19 of the 89 cases of illness reported was the cost of either treatment or transport considered a problem in obtaining medical care. On the whole, those who did find it a problem were not those who had paid fees for a private doctor, but elderly women who had difficulty finding 50c, particularly those who had chronic illnesses and needed repeated visits to the doctor for treatment which had only a shortlived effect; or to those who had to use bus transport to town. However, in general, little difficulty was reported with cost.

Few blacks were willing to pay the fees of a private doctor in the first instance or to avoid waiting, but many did so in preference to obtaining free State medicine after trying the latter, in the hope of getting more relief from their symptoms. Private doctors' fees for blacks in Tiersdorp were R2.50-R3.00, though up to R8.00 had been paid elsewhere.

All the white respondents carried some form of medical insurance, and showed more concern with the quality of treatment than the price.

Black teachers carry insurance as part of the terms of their contract, so that it is only the few who have clerical and other better-paying jobs who cannot obtain subsidised medicine, and who run great financial risks from sickness. One such man lost his job and all his money through a motor accident and said that he could not afford to replace broken glasses.

3.4 Perceived Outcome of Treatment

It is recognised that
ment is highly unrelia
spontaneous when it is
they may have failed t
they may not be able t
from getting worse; a
pressure which can only
patients' impressions c

122 different responses
of 83 choices were know
to have given permanent
treatment was said to h
to have made the patie
gave heart trouble).
Some of those who repo
or have failed to take
marked difference in t
(See Table 2).

Table 2: Patients' R

Choice of Facility	Perma
	no.
Home/employer	4
Dist. surgeon	3
Other Doctor	6
Outside Doctor	2
Hospital	7
TOTAL :	22

Jobs are not in danger, says public service chief

260

Pretoria Bureau

NO PUBLIC servant need fear being pushed out of a job because of the Government's plans to overhaul the public service, the president of the Public Servants' Association, Dr C M Cameron said in Pretoria yesterday.

The Prime Minister, Mr P W Botha, announced in the Assembly this week that the rationalisation of the public service would take place in phases.

The first phase would start with the establishment of the Office of the Prime Minister on March 1.

The office would fulfil a comprehensive central planning role, he said.

Dr Cameron said the move towards a smaller, more compact and efficient public service was long overdue.

The Public Servants' Association wholeheartedly supported the Prime Minister and the urgent approach he was taking towards the consolidation of certain State departments.

The fact that departments were being consolidated, he said, would mean the creation of very senior posts to head the new departments.

This was welcomed because it would raise the status and earning ceilings in the public service.

We must expect that certain functions which were duplicated in some State departments will be consolidated. For instance, accounts and personnel sections, he said.

However, Dr Cameron stressed there were so many vacancies in the public service that no employee need feel anxious about being sacked.

In any case there were public service regulations which prevented the "wanton sacking" of officials, he added.

Hansard No 1 ·60/13
8/2/80

260

Sasol type plant in Natal

*2 Mr N B WOOD asked the Minister of Industries

(1) Whether his Department has in the last 12 months investigated the feasibility of establishing a Sasol type plant in Natal, if so, what were the recommendations, if not,

(2) whether he is prepared to initiate such a feasibility study, if not, why not?

The MINISTER OF INDUSTRIES

(1) No,

(2) It should be mentioned that the total coal production of Natal presently amounts to approximately 11 million tons per year derived from 14 different coal mines A plant of the size of Sasol II requires a coal field capable of producing 14 million tons of coal per year for more than 40 years As far as we know, such coal deposits do not exist in the Natal Province

Private Sasols dalk gou hier

Rapport 10/2/80

260

SUID-AFRIKA gaan moontlik binnekort 'n vierde Sasolkompleks kry — die eerste van sy soort wat deur private inisiatief aangepak gaan word — wat die land grootliks onafhanklik van ingevoerde olie gaan maak.

Na verneem word, sal die nuwe aanleg meer as R2 000 miljoen kos en sal die projek moontlik nog vanjaar deur die Eerste Minister, mnr P W Botha in die Parlement aangekondig word

Kenners sê vandeesweek se aankondiging van die Minister van Omgewingsbeplanning en Energie, mnr F.W. de Klerk, dat alkohole — etanol en metanol — met regeringsteun as alternatiewe brandstof vervaardig kan word, is maar net die voorloper om Suid-Afrika heeltemal onafhanklik van ingevoerde olie te maak

Die nuwe aanleg vir die vervaardiging van brandstof uit steenkool sal by General Mining se unieke steenkoolveld in die Noord-Transvaal onderneem word Die maatskappye wat regstreeks hierby betrokke gaan wees, is General Mining en Sentrachem en na verwagting sal die brandstof, wat vermeng gaan word met etanol, wat deur Sentrachem se National Alcohol Corporation vervaardig gaan word, deur Trek Petroleum bemark word

Die vermoede oor die bou van nog 'n Sasolkompleks is vandeesweek ook versterk deur die aankondiging van Minister de Klerk dat die bou van verdere Sasol-aanlegte deur Sasol moontlik is Hy het egter bygevoeg dat dit nie noodwendig of vanselfsprekend is dat verdere Sasol-tipe aanleê juis deur Sasol onderneem moet word nie

General Mining se bedrywighede die afgelope tyd dui ook alles daarop dat reeds baie huiswerk gedoen is oor die moontlike oprigting van 'n aanleg vir die vervaardiging van petrol by sy steenkoolveld in die Noord-Transvaal Hy het reeds 'n belang van 10 persent in die vergrote Sentrachem verkry en vandeesweek het hy ook sy belang in Trek-Beleggings verder uitgebrei

Kenners sê die Regering sal moontlik baie toegewings maak om die oprigting van só 'n aanleg vir die maatskappye aantreklik te maak

Dit is bekend dat Sentrachem die nodige tegnologie het vir die oprigting van so 'n projek en daarby kan natuurlik ook baie op Sasol se kennis gesteun word

Die besturende direkteur van Sentrachem, mnr. Dave Marlow, het die aankondiging van die Regering oor die vervaardiging van alternatiewe brandstowwe verwelkom Hy sê ongeveer 15 persent van Suid-Afrika se huidige brandstofbenodighede kan deur etanol vervang word Na verwagting sal daar binnekort met die oprigting van 'n aanleg begin word, want Sentrachem het reeds 'n nuwe maatskappy National Alcohol Corporation, sowat 18 maande gelede vir die doel gestig

Kenners sê Gen Min en Sentrachem sal by die Noord-Transvaalse steenkoolveld hoofsaaklik op die vervaardiging van diesel konsentreer, wat met die etanol van National Alcohol Corporation gemeng sal word Dit is op die oomblik moontlik om selfs meer as 20 persent etanol met diesel te vermeng — iets wat vroeer as onmoontlik beskou is.

Notes:

In addition, much research at universities is funded pr grants constituted only 21,5% of UCT medical research fı

Additional costs are: disability grants, compensat. industrial accidents, comper for occupational disease.

In the latter category, the mines alone accounted fc worth R17 million for occupational diseases: sick pay funds, unemployment to workers off sick, health c the industrial sector.

These figures include only direct costs to government, pri firms. Indirect costs: loss of productivity, inconvenie can be measured in money terms would probably be far great Louw (*20) estimated the cost of alcoholism and problem dı Western Cape alone to be R33 million, of which R14-15 mil for by loss of production. Oosthuizen (*63) estimated tł ulcers in South Africa to be R50,8 million p.a., of which was loss of production Thus, these direct expenditures or the main economic loss to be avoided by improved healt tion. Added to this, are the unquantifiable costs of in and bereavement.

McGrath (Ch.5) pointed out that health expenditure in Sou kept up with the growth of GNP since 1959/60 and is now b proportion of GNP for other countries with the same incom is associated with a falling proportion of government exp to health services. (See Ch.5, Table 4).

The overall impact of health expenditure on health status is limited, McGrath shows, by an extremely uneven allocation. The racial distribution of health expenditure (insofar as this can be judged from official statistics) is more uneven than that of either income or total consumption. 3% of Whites are covered by medical aid, but very few Blacks. There are disparities in both quality and quantity of hospital beds in relation to population. The geographical differences in population per doctor 969.1 in the 13 largest urban areas and 23 037 1 in 'homelands' in 1970) are representative of the differences in the availability of health services by area, and this further accentuates racial and income inequalities.

Although the Day Hospitals (in the Cape Province) have been ... light of the health centre experiment, Raine (Ch.15) points out that the comparison is tenuous: the Day Hospitals have no preventive role at present and operate with conventional staffing patterns; they treat those who attend without attempting to work directly in the community. This is the work of the district sisters organisation and health educators employed by the Cape Divisional Council.

Despite the impressive improvements in health status in the Cape cited by Smith in support of the Day Hospitals Organisation (DHO), Raine shows the difficulties in relating such benefits to the nature of health services when so many other variables are involved.

ALTERNATIVE ENERGY (85)

Not enough yeast

(210)

FM 15/12/80

The recent series of concessions by government to promote ethanol (ethyl alcohol) production, while commendable, do not go nearly far enough to get a large-scale programme off the ground That's the opinion of several well-informed sources close to the chemical industry

Energy Minister Frederik de Klerk's announcement actually leaves vital questions unanswered In effect, government is offering a modest excise concession (4c/ℓ), with other less important concessions of a technical nature

Most significantly, nothing has yet been said to provide for adequate marketing arrangements for crop-derived ethanol Without some form of on-going contract with the oil companies to buy the ethanol for blending into their motor fuel, no concern can seriously contemplate large capital expenditure on an alcohol programme Similarly, any concern planning ethanol production would have to offer a continuing market to farmers (white or black) to induce them to produce specifically for this purpose

It is too easy to dismiss this sort of criticism on the grounds that the new trend towards free market economics entitles the government to hand over responsibility to the private sector This criticism might be valid if there were already a free market in motor fuels — an entirely hypothetical state of affairs when government, in fact, exerts a strong hold on the liquid fuel market through heavy excise duty and in other ways

Government's suggestion that the excise concession will put alcohol producers on an equal footing with Sasol has also attracted criticism Until potential investors are informed of Sasol's precise position regarding excise obligations, we cannot evaluate the significance of the concession to alcohol producers

Criticism has also been directed against what is regarded as Sasol's privileged position in formulating energy policy (as a member of the Energy Policy Committee) The suggestion is also made that Sasol might be reluctant to see an additional alcohol producer on stream, as Sasol itself could have a marketing problem -- with substantial quantities of by-product alcohol which it is currently obliged to blend into its petrol

Sasol's Joe Stegmann vehemently repudiates all this criticism He says that Sasol "takes exception to anonymous allegations that it does not support a responsible programme of encouraging the further production of indigenous fuels Sasol totally supports government's announced programme for producing alternative fuels from indigenous sources, and therefore obviously also supports the recommendations made by the Energy Policy Committee to government

"Sasol is all in favour of the production of alternative fuels (particularly to replace diesel), whether produced from mineral or other sources provided the incentives are based on the most economical alternatives No particular product or raw material should therefore, enjoy any special tax or other advantage

It's only fair to acknowledge, too, that any large-scale ethanol programme would face complex obstacles The recent very sharp rise in the world sugar price illustrates only one Nine months ago, the sugar industry regarded an ethanol programme as a life-jacket in a depressed market Now, it would be an irrelevancy, unless the alcohol producers could (implausibly) match world prices

This type of influence argues for an alcohol programme based on crops, like cassava, which would be grown only for such a purpose and not for food crops which enjoy alternative markets

Another important aspect is the extent to which the black homelands, as well as independent black states, could be roped in to supply the crops for conversion to ethanol potential alcohol producers have long argued that the impact of cash crops on homeland development would be so beneficial that major excise concessions would have a political pay-off, as well as a benefit for fuel self-sufficiency

Harsard 2 Quest Col 87/88 15/2/80

260

Escom

*6 Mr H E J VAN RENSBURG asked the Minister of Industries

(1) Whether the Government has arrived at any decisions on the findings and recommendations of the Board of Trade and Industries, and the comments received from other sources, in connection with Escom, if so, what decisions,

(2) whether the decisions have been communicated to Escom, if so, what was Escom's response to the decisions?

†The MINISTER OF INDUSTRIES

(1) Yes, with the exception of recommendations 2, 4, 7, 10, 13 and 25, all the recommendations have been accepted With regard to the aforementioned exceptions the decisions are as follows

(a) recommendations 2 and 4
rejected. It has been decided that the present system in regard to redemption funds and capital reserves be retained,

(b) recommendation 7
accepted in principle provided that the pooling of costs should take place over a period of two years instead of three years,

(c) recommendation 10
rejected.

(d) recommendation 13
rejected, and

(e) recommendation 25
rejected It has been decided that a limit of 25% be placed on the surcharge and discount system in regard to tariffs,

(2) yes, ESCOM has in general accepted the decisions

Iscor is to double its Cape capacity

260 S. Times (Business

17/2/80

By ANDREW MCNULTY

ISCOR is to spend R15-million on almost doubling the capacity of its subsidiary, Cape Town Iron and Steel Company (CISCO) which manufactures reinforcing steel mainly from scrap

An Iscor spokesman tells Business Times the additional revenue forecast is R5-million in the first year rising to R8-million to R9-million from the third year

The additional tonnage from CISCO will be aimed at meeting the growing needs of the Western Cape

The first step of the extension will be to increase CISCO's steel-making capacity from 56 000 tons a year to 95 000 tons and is expected to be completed by the middle of 1982

This is planned to meet the needs of the Western Cape for the next decade

Provision has also been made for a further doubling of output later at a relatively small capital investment, which should meet market growth until the end of the century

The rolling capacity of the plant will be increased, and the product range is to be broadened to cover all the standard reinforcing bar diameters from 8 mm to 40 mm

CISCO uses a reclaimable waste raw material — steel scrap — which arises in any case in the Western Cape, particularly from dockyards, and would otherwise have to be railed to the Transvaal for processing

A procedure has been evolved in the framework of the scrap pool which will enable CISCO to bid for ship scrap arising in its area.

The expansion is expected to have a significant ripple effect in creating new employment opportunities

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work - R40 a week and an 8 hour working day.
these demands are "out of all proportion", and unreasonable and would
"disruption" in his firm.

Officials of the 10 000 member union (the Food & Canning Workers Union)
the dismissed men had signed a document giving the union rights to nego
for better conditions. The factory refused to negotiate with the union
says the men were replaced by machines and that it was part of a cut-b
staff.

Although those dismissed were 'Coloured', more than half of the men wh
strike are African contract workers. In spite of the threat of being e
back to the homelands, the African workers are standing firm with thei
brothers and sisters. On the first day of the strike, men from the Dep
of Labour tried to separate 'Coloured' and African workers who had ga
outside the factory. The workers refused to be separated. One said, "
there for the same purpose."

Moves of solidarity with the striking workers are increasing. At a solidarity last week more than 500 university and college students from U.W.C., Hewat, Peninsula Training College and Bellville Technical College called for workers to be re-employed and for a boycott of Fattis & Monis products.

The Western Province Traders Association says it will instruct its members not to sell the factory's products unless there is negotiation.

The South African Council of Sport (SACOS) has called on all sports bodies and schools affiliated to SACOS to support a call for re-employment of the workers and a boycott of the factory's products.

More than 400 students from the University of Cape Town held a meeting and called for a boycott of all Fattis and Monis products.

The Women for Peace movement has called on the factory to negotiate with the workers.

The Cape branch of Nafcoc - the National African Federated Chamber of Commerce - has issued a statement in support of the dismissed workers.

Fattis and Monis insist that there is "no dispute" However a director of the firm says he is worried about calls for a boycott of the factory's products by blacks because much of the factory's trade is with blacks. The management have kept production going by employing scab workers in the place of the striking workers. However production has slowed down.

Who are Fattis and Monis? Fattis and Monis is the factory which produces the following products: The following Record flours; Self-raising flour, Cake flour, Bread flour, Sifted flour, Unsiftes flour, Wheatie Treat flour, Philadelphia flour; Koeberg Mille pack - mealie meal; all products with the Fattis & Monis brand name. These include icecream cones, cake cups, wafers, macaroni, spagetti, large and small shells, pasta ribbons - broad, narrow, plain and green, pain rings, dilatines. Fattis and Monis also pack their pasta products under the following brand names; Princess, Pot o' Gold, Pick 'n Pay no name brand, Ckeckers and Roma. Fattis & Monis also control a number of bakeries in the Cape Town area. These include the Good Hope Bakery in Elsies River, Wrench Town Bakery in Observatory and the Ultra Bakery in Somerset West.

Sasol welcomes Genmin's new oil plant

26

18/7/80.

Star

Own Correspondent

CAPE TOWN — Sasol has welcomed General Mining's announcement that they and Sentrachem will be building another oil-from-coal plant on the Springbok Flats in the northern Transvaal

"All active steps to increase production of motor fuels from indigenous sources and thereby further reducing the country's dependence on imported crude oil, must be welcomed, a Sasol spokesman said Sasol welcomed the competition

General Mining announced last week that they were to build a R1 000m complex which will produce on a 70 percent diesel and 30 percent petrol ratio though the volume production figure has not yet been released

PILOT PLANT

'Most of South Africa's coal resources are of a relatively low grade with a high ash content," the spokesman said The technique of direct liquefaction which as yet has not been commercially proven, as emphasised by General Mining, can only be successfully applied with certain types of coal, mainly coal of a relatively high quality

The coal in the Springbok Flats which General Mining has in mind, appears to fall in this category

When the direct liquefaction process has been commercially proven overseas, where demonstration plants are now being built, South Africa will be able to use an even wider range of indigenous coals for the production of motor fuels

For this reason, Sasol has been doing development work in the field of direct liquefaction for several years and a pilot plant has been operating at Sasolburg for some time.

"All responsible steps to augment South Africa's motor fuel production must be welcomed," the spokesman said

14 The Star Mo

BUSINESS

Cisco to double output

PRETORIA — The production capacity of Iscor's Kuilsriver-based subsidiary, Cape Town Iron and Steel Company (Cisco), which manufactures reinforcing steel mainly from steel scrap, would be doubled, Iscor has announced.

"The first step of the extension will be to increase Cisco's steel melting capacity from 56 000 tons a year to 95 000 tons a year and is expected to be completed by the middle of 1982. Provision is made for the possible doubling later of the latter tonnage at a relatively small further capital investment.

"This first step of the extension will enable Cisco to supply the Western Cape market for reinforcing steel over the next decade, after which the second step will follow to satisfy the market up to the end of the century."

basebenzi abangama - 88 bakwa Fattis & Monis efektri
Into ebangele ukuba bagwayimbe kukugxothwa kwabasebenzi
hi unobangela wokugxothwa kwaba basebenzi bahlanu,
ions Le union ibe izama ukwenza uphando nothethwa
ibeyi - R40 ngeveki yaye kusetyenzwe iyure ezisi -
yo uthe ezizinto bazifunayo zingaphezu kwamandla yaye

onamalungu ayi 10 000 (amawaka alishumi) obizwa
rkers Union) bathi abo bagxothiweyo bebesayinile
okuba benze uthethathethwano ngemeko ezibetele ekunoku-
Ifektri leyo ilalile oluthethathethwano neUnion.
atshini ekusetyenzwa ngabo bathathe indawo yabantu yiyo
igulwe abasebenzi.

antu beBala uninzi lwabo bagwayimbileyo ngamagoduka abantu
griswa ngokugxothwa babuyele emphandleni aba basebenzi
eBala ababathatha ngokuba bangabantu kwabo. Ngosuku
le icala losebenzi ezame ukubohlula abeBala kubantu
weFektri. Abasebenzi balile ukwahlulwa, omnye wabo uthe
thu zinye."

akanyileyo nabasebenzi kwiveki ephilileyo kubekho
o Kolegi abangaphezu kwe - 500. Abafundi bavelu kwezi
Training College ne Bellville Technical College.
hinde baqeshwe kungenjalo yonke imveliso yakwa

aders Association uthe uza kuxelela onke amalungu awo
eFektri de bavume uthethwathethwano.

il of Sports SACOS ucele onke amalungu awo nazo zonke
kunye nabo ukuba zixhase abo bagxothiwyo de baphinde
bageshwe. Yaye akufuneki bayithenge imveliso yale fektri.

Abafundi base U.C.T. bayenzile eyabo intlanganiso bebona kalisa ubunye nabasebenzi. Bacele ukuba imveliso zakwa Fattis & Monis zingathengwa okanye zingasetyenziswa.

Umbutho oyi Women for Peace Movement ucele ukuba efektri yenzi uphando nothethwathethwano kunye nabasebenzi.

Umbutho walapha eKapa oyi National African Federated Chamber of Commerce ubhalile wakhupha istatement uxhasa abasebenzi abagxothiweyo.

UFattis & Monis uphikele ukuthi akukho ngxabano nakungevani kulefektri. Kodwa ke lowo ungumphati wefem le uthi, ukhathazekile xa kusithiwa imveliso yabo mayingathengwa ngabamNyama njengoko inkxaso enkulu ivelo kwabo bamNyama. Abaphathi bale Fem baqashe abasebenzi abangabanye ukuba basebenze endaweni yabo bagwayimbileyo ukuze kubekho imveliso, kodwa imveliso yehlile

Ngubani uFattis & Monis? UFattis & Monis yiFektri enezimveliso zilandelayo:
Record Self Raising Flour, Record Cake Flour, Record Bread Flour, Record Sifted Flour,
Record Unsifted Flour, Record Wheatie Treat Flour; Philadelphia Flour; Koeberg
Mille pack Mealie Meal; Fattis & Monis icecream cones, wafers and cake cups,
Fattis and Monis Macaroni, spagetti, shells, ribbons, rings, dilatines;
Princess macaroni, spagetti, shells, rings, ribbons, dilatines;
Checkers, Poto' Gold, Pick 'n Pay macaroni, spagetti, rings, ribbons, shells, dilatines;
Wrench Town Bakery, Observatory ; Good Hope Bakery, Elsies River; Ultra Bakery,
Somerset West.

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FINANCE

(260) 18/2/80

Argus

ISCOR TO EXPAND CITY SUBSIDIARY

ISCOR has decided to extend at a cost of R10-million the production capacity of its wholly-owned subsidiary, Cape Town Iron and Steel Company (Pty) Limited (Cisco), at Kuils River, which manufactures reinforcing steel mainly from steel scrap.

The first step of the extension will be to increase Cisco's steel melting capacity from 56 000 tons to 95 000 tons a year and is expected to be completed by the middle of 1982.

Provision is made for the possible doubling later of the tonnage at a relatively small further capital investment.

The rolling capacity of the plant is to be increased and the product range broadened to cover all the standard reinforcing bar diameters from 8 to 40 mm.

This first step of the extension will enable Cisco to supply the Western Cape market with reinforcing steel over the next decade, after which the second step will follow to satisfy the market up to the end of the century.

Cisco uses a reclaimable waste raw material steel scrap.

After the extension Cisco will play an even more important role as a source or employment in the Western Cape

The location of Cisco within the Cape Town metropolitan area has the added advantage that steel scrap arising in the Western Cape does not first have to be railed 1 500 km to the Transvaal to be processes into reinforcing steel, only to be railed back all the way for use in the Western Cape.

Ship scrap arising in or near the ports of Cape Town and Saldanha Bay, such as obsolete fishing trawlers, coasters, tugs and naval vessels, as well as wrecks of larger ships are sunk or towed to an overseas dockyard to be scrapped, thus being lost to local industry.

A procedure has now been evolved by which Cisco may, within the framework of the scrap pool, bid for ship scrap arising in its area. Cisco lies in the most favourable location for the purchase and processing of such scrap.

STAR 19/1/80

Sasol will find the going tough

American congressmen have come to South Africa in droves this year to have a look at Sasol II. But, as JAAP BOEKKOOI explains, it is unlikely that Sasol will put many tigers in the world's tanks.

When Sasol starts hawking its oil-from-coal franchises to other countries in earnest this year it might well often share the sigh of the detergent salesman: "Man, the competition is hell out there."

General Mining plans to turn Springbok flats coal deposits into mostly diesel oil by direct liquefaction (eliminating Sasol's huge initial gasification plant), and AECI has a three-year plan to turn out 800 000 tons of methanol, equal to some 12 percent of the country's total road fuel needs.

These first challenges from private capital perfectly illustrate how much Sasol needs competition, they fill a gap which the big, cumbersome Sasol colossus could not.

But also elsewhere in the world Sasol, though still the only commercial oil-from-coal producer, is facing growing competition, plus more and more severe criticism of its process.

Among the new challengers to Sasol's reputation is the Mobil Process, much hailed by American energy planners, which converts cheap methanol into high-octane petrol at a pilot plant cost of only 28c a litre.

Mobil is following up its pilot successes with plans for a commercial plant which aims to produce 1½ times Sasol 2's total output. The complex would cost R2 000-million against Sasol 2's near — R3 000-million.

American companies are hedging attempts to sell them Sasol licences for various other reasons.

One is that though the South African oil-from-coal technique works well here, it may not do so in the United States.

Sasol's Lurgi gasifier, for instance, has trouble handling caking coals, which form 71 percent of all America's coal mining. As these coals are dissolved into gas they tend to cake and plug up pressure vessels and cause stoppages.

Another is that pithead coal costs four times as much in the US, while petrol prices are half those in South Africa. Still another is that clean-air states would reject a Sasol plant as a major air polluter.

Now politics are creeping into the anti-Sasol arguments as well.

The American Department of Energy, which sponsors US oil-from coal research with hundreds of millions, is letting interested US parties know that Sasol can only make profits because of low "slave" wages for blacks, especially Bosjesspruit mine workers, in its home territory.

There are three American new generation processes now vying with Sasol's formula, although they are well behind, in practical development.

All have their good and bad points. The H coal liquifaction process by hydrocarbon research, financed by the US Department of Energy and an array of oil and coal companies, has a successful pilot plant in Kentucky. It expects to build a simpler and larger plant than Sasol 2 for one-third of the capital outlay — R1 000 million — by 1985.

The EDS process, developed by Exxon Research, also claims optimistically it can build a Sasol-type works at a discount price some R1 200-million for a yield of 60 000 barrels a day, almost the size of Sasol 2 and Sasol 3 combined.

American scientists have called the SRC 2 process, run by the giant Gulf Oil Company, the most technically advanced, but no commercial plant is likely to see the light before the early-middle '80s.

So the world's curious will undoubtedly still beat a path to the Free State dorp where it all started, as American congressmen did last month, to court the Maiden of Sasolburg.

of expenditure on black services. Moves to eliminate wage discrimination will also add to current expenditures in the public sector, although this will not, in itself, increase the supply of services.

Despite government concern, it is unlikely that racial inequalities in the supply of health services will be eliminated by the turn of the century. Assuming that the existing standard of services is maintained for whites, if blacks are to receive the same level of service by the end of the century, then the supply of hospital beds will have to increase at an annual rate of 4,8 per cent, and in order to improve the ratio of beds to doctors to the international average of countries at South Africa's 1973 per capita in[...] per cent per

or slowly progressive diseases.[40] Simple preventative treatment can eliminate many of the diseases associated with poverty, and in order to mount effective preventative health campaigns in rural areas, there is a need for a widespread rural health infrastructure.[41] This cannot be achieved with a hospital based system which leads to a very limited spatial distribution of services.[42]

This paper indicates clearly that the amount of resources allocated to health care must be increased in order to eliminate racial inequalities in the distribution of these services, but these increases should be channelled into supplying services which will benefit the largest number of people for the lowest cost possible. The achievement of this goal will [...]f public expenditures, with a change [...]tative services, and relative increase [...] areas.

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eagain, op cit., pp.33-59.
been to make the central government tures of 71 Homeland hospitals, whereas
een level of government was estimated in land governments' (including the Transkei) l government's expenditures, the proportions , Provincial and Local government.
ure 7.
the Secretary for Health for the Year
ole 4.1.
Industry', in Health Economics, ed. M.H. pp.141 and 142.

Sasol's satellite

COLIN VINEALL, Property Editor, visits a city of the future

260

Tribune 24/2/80

SUDDENLY, among the vast fields of mealies and sunflowers, one becomes aware that something is astir. The traffic, which since leaving the fringes of the eastern side of Johannesburg has been light to scarce, starts to increase. Simple trucks and cars give way to abnormal loads and sleek, but mud-encrusted limousines

A sign by the roadside gives the clue· "Secun-

the jealously guarded task of making petrol from coal

And, as the general manager of Sasol Townships (Pty) Ltd Mike Muller told property developers, estate agents, businessmen and journalists this week, "coal is the name of the game"

The occasion was an official tour of Secunda, the town, and Sasol II and III, its raison d'être, and organised by the Property Owners'

valves, and hissing, steaming piping that makes up Sasol II, due to begin its nationally vital task in April

A young lady guide, Gabrielle Louw, who obviously knew her octanes, gave a quite brilliant description of what went on without giving away anything that enemies might seize upon, but she did say that when the project was complete, the complex would use more than 10 percent of the

part of the near Eastern Transvaal Sasol-Secunda is about 160 kilometres east of Johannesburg, and to the south of Witbank and I would estimate that the Sasol II site alone would comfortably cover the central business district of Durban

By now Sasols one, two, and three, have become synonymous with chemicals, fuel, power and survival

But what of Secunda,

4 121 houses had been completed at a rate of 88 a month

The first impressions of similarity among the houses are apparently incorrect Nel said careful attention had been given to planning and no two identical houses were next to each other or even opposite The houses vary in area from 105 square metres to 180, but there had been an attempt at a general mix, presumably to avoid the

Sasol [illegible] French-based [illegible] firm, will disappear and undoubtedly this move will give a better air of permanence to the town

The developers have poured some R120 million into the township already in addition to the R5 000 million for Sasols II and III They will get some of it back from property deals and many have already bought their homes, starting at around R22 000 including the land

Resales, too, have been recorded, including one top-level house that went for R58 000 "Obviously there is an opening for an estate agent," one property man whispered to me

For all that Secunda looks at present a little like a white location, the ideas that have been planted into it (as well as the 20 000 trees that have been put into the ground) should ensure it will tick

The parking grounds

by the "CBD" already look healthily filled and the green park strips separating developments provide play areas and safe walks to school for the children

There indeed is proof that town planning can be made to work

Given a few years for the trees to force their way above roof height and Secunda will look more lived in, more mature and more in tune with its surroundings

[illegible]

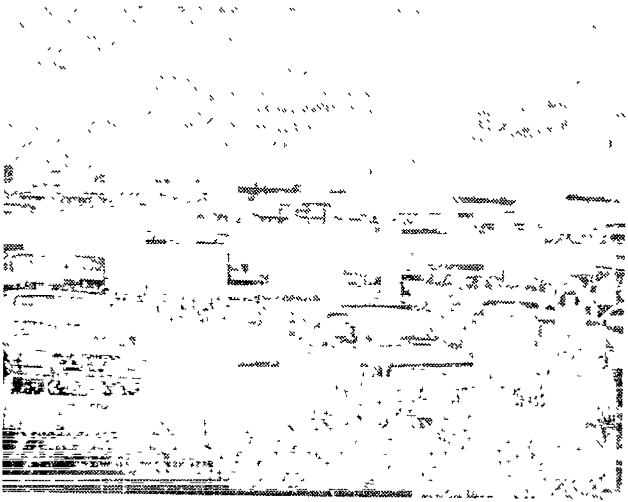
close to the town ored by the Sasol stud and destined eventually to become part of a growth area of 100 000, including Evander, many of whom will be engaged in

[illegible]

It was an outstanding experience to be among them, especially when the busload toured the massive maze of giant containers, conveyors,

total electrical power consumed by the country

That in itself should give evidence of just what is afoot in what was once a slumbering



Stepping out from the shopping centre . . . a bold development on the edge of Secunda that one day will become the nucleus of the central business district.

[illegible] town that had to grow to house the workers who will man this arm of the country's power base?

I'll be frank At first glance it looks cramped with houses of similar ilk on plots varying from 650 to 1 800 square metres An unidentified voice in the touring bus asked "Are these houses for whites or blacks?" and it was not until we had listened to Ferdie Nel manager, housing division of Sasol Townships that we understood better the philosophy behind the building of this new town

It was he said on May 31 1975 that Sasol II was announced Water, power roads and other parts of the infrastructure such as sewerage and even underground cables for the phone system in Secunda followed in amazingly short time

Work on the first house on Stand 425 began on March 1 1976 By February 1 this year,

introduction of a mini millionaires' row righ at the start

Houses can be bough by Sasol employees a[illegible] presumably others [illegible] Nel stressed the t[illegible] was completely [illegible] and private enterpris was encouraged Some have The C N A Volkskas, Barclays, Standard and Trust banks, the OK on a huge site and Holiday Inn are among those who have taken early advantage of sites in a well-planned shopping area and who are obviously enjoying trade from the virtually captive shoppers already numbered in their thousands

As well as the CBD — it is situated on the edge of the first phase of development but will justify its title eventually — there are suburban shopping centres in which commerce has again played an important part

Schools are blossoming a hospital showgrounds caravan parks and all the amenities that make up a city will come But the mobile homes, both for

Secunda gets another 'first'

STAR 5/3/80

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CAPE TOWN — A light crude oil, similar to the Arabian light crude for which South African refineries are geared, is being produced by Sasol at their Secunda plant, the managing director of Sasol Limited, Mr J A Stegman, announced today.

This is another South African world first.

"Today is an important day for Sasol and South Africa," he said "We are now firmly moving towards greater independence from imported crude oil"

The result of more than 25 years of research and development on the original Sasol 1 process have been incorporated into the design of the Secunda projects

STILL BUILDING

"At present, there is no other commercially proven process available in the world," he said

However, the production of the crude oil does not mean that petrol diesel and aviation fuel will start flowing from Secunda before the anticipated completion date at the end of 1981

The refining section of the plant is still being constructed, and will not be operational before the end of next year, although the construction programme is on schedule.

Dr A H Stander, joint managing director of Sasol 2 (Pty) Ltd, and Sasol's senior general manager, said "We are proud that the job has progressed according to schedule — thanks to an excellent team effort"

The end-of-job cost of the Sasol 2 factory and mine was estimated at R2 500-million in October, 1975 Dr Stander said the project was being completed, 4½ years later, within the estimated cost

He said this was a unique achievement in effective cost control on such a mammoth project, which, to his knowledge, had not been equalled elsewhere in the world

He said the oil was produced by gasifying coal in an oxygen and steam atmosphere The gas was purified and fed into reactors whereafter, circulating with a catalyst, it was transformed into oil

ESCOM FM 7/3/80 (260)

Board of Trade loses

Government has rejected key recommendations by the Board of Trade (BTI) aimed at subjecting state corporations to stricter discipline in their capital market operations

Industries Minister Schalk van der Merwe has announced that five of the most important recommendations arising from the BTI investigation into Escom's tariff policies have been found unacceptable This is a slap in the face for the board

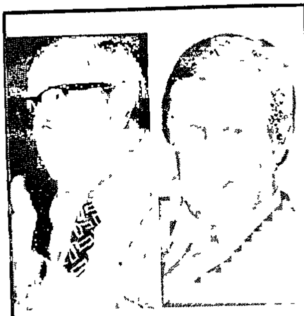
Authoritative sources in the Ministry of Economic Affairs say that rejection of the recommendations is based on a misunderstanding of the report For although the report recommends stricter control over the tariff policies of state corporations and their borrowing activities, the need for control is to ensure a free run for the private sector

This would be reflected in stable tariffs with regular, but small, adjustments to charges to compensate for inflation, and in disciplined and co-ordinated sorties onto the capital market to finance expansion

The principles enunciated in the BTI report should have been applied to all state corporations, the sources said, especially those concerning the investment decisions of state utilities.

Rejection of recommendation 13, which calls for the establishment of a Capital Projects Evaluation Group for the public sector, is a particularly sensitive blow

Although there is an Interdepartmental Committee for the Determination of Capital Investment Priorities in the Department of Finance (the chairman is Joep de Loor), the sources feel that the committee has insufficient powers to curb what they believe is an innate expansionist drive of the state utilities



Ministers Heunis (left) and Van der Merwe . . . slap in the face for the Board of Trade.

A member of the committee told the *FM* "When state utilities talk about long-run investment projects we need to know about them from the start because we have an economic overview which they don't have"

In calling for the establishment of a Capital Projects Evaluation Group, the BTI said "It is imperative that no organisation in the public sector, responsible for large capital expenditure, should be free to make unfettered investment decisions without reference to a body possessing both overall insight into the economic situation and also the analytical capability necessary to make sound, considered judgments on the merits of capital expenditure"

Last year, then Economic Affairs Minister Chris Heunis and the BTI disagreed strongly on revenue appropriations by Escom to finance capital development projects

The BTI recommendation that Escom's capital development fund be terminated has also been rejected

Escom's claim is that in view of the foreign capital boycott of 1975-76, if revenue appropriations for capital projects had been any less and development had been curtailed, the country might even now be facing electricity shortages

Whether the BTI's recommendations would have amounted to increased collectivism or enabled the activities of public corporations to be held back so that private enterprise could flourish, is a matter of some debate in

STEEL TRADING

260 314

Dovecotes aflutter

FM 7/3/80

Iscor GM Nils Olivier is adamant there's no truth in market talk that all is not well in the relationship between Iscor and commodity trader Leo Raphaely & Sons "It's all sour grapes," he says

Raphaely, the merchant which handles the biggest proportion of Iscor's steel exports, is a partner with the state corporation in a joint company set up last year, Iscor Far East Ltd (Ifel), to market steel in the Far East Iscor has 51% of the equity and Raphaely the rest

Rationale for the move was that Iscor, seeking the best possible steel prices in a world glutted by over-production, did not want several merchants competing with each other to sell Iscor steel in a foreign market, which would have the effect of keeping prices down

It was felt, for example, that if a buyer wanting 10 000 t was offered that amount by four different traders, he would get the impression that SA had an abundance of steel of which it was only too willing to dispose

Another argument in favour of Raphaely was that it would use its own vessels and pass on its preferential rates (better c and f prices) to Iscor

In practice, market sources claim, neither seems to be happening One merchant, for example, has sold steel billets (obtained from other producers) in the Far East at $20/t *more* than Raphaely has been able to quote for Iscor billets

Secondly, it is said that much of Raphaely exports are being made in vessels chartered by other merchants, so there is no preferential shipping rate

However, Olivier insists, "We are extremely happy with the arrangement with Raphaely We have sold almost 100 000 t of steel at prices much better than we had before when we were selling through seven different channels (three main ones)

"We are already approaching price levels which we had not expected to see before the second half of the year "

The Far East is a particularly good market for SA steel at the moment with the high price of Japanese steel because of the weakening of the yen and high Japanese energy costs Japan has increased its second quarter steel prices by $20-$30, depending on the product Prices for reinforcing bars in the Far East have gone from $283/t to $307/t since last October

Virtually all Iscor's exports (1,8 Mt last year) are handled by a small group of merchants — led by Raphaely, Protea International, Derby Metals and Macsteel

Mostly Iscor (which produces 70% of SA steel and the vast bulk of its exports) allocates foreign markets on the basis of exclusivity or gentlemen's agreements

Macsteel, for example, recently opened up the South American west coast market, while Protea has the east coast

Merchants also buy steel from the independent producers for export, but the revival of the domestic market means that none of them, apart from Highveld, have any available Iscor, for tactical reasons, wants to ensure that foreign customers are not let down, even though exports are less lucrative than domestic sales

CAPE TIMES 11/3/80

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Sasol: Pressure on US company

Own Correspondent

LONDON — Pressure against international links with South Africa's vital oil-from-coal project, Sasol, were intensified yesterday with a joint British-American protest against the activities of the US conglomerate, the Fluor Corporation

A resolution attacking Fluor's massive $2,5 billion plant-building contract for the Sasol project, was tabled for yesterday's meeting of Fluor shareholders in California

In London, a picket demonstrated outside Fluor's city office and a letter to its president, Dr R Olivier, was handed in by Bishop Colin Winter, the Anglican Bishop-in-exile of Namibia

The letter urged Fluor to cease all investment and expansion in South Africa until "the system of apartheid" was ended The letter was signed among others by the Rev Harry Morton, general secretary of the British Council of Churches, and four UK bishops

The letter was drafted by the UK pressure group, End Loans to Southern Africa (Eltsa), of which Bishop Winter is the chairman

Fluor, a petro-chemical engineering group, was awarded the $2,5 billion contract for the construction of the second oil-from-coal project at Secunda in 1979. It is now a prime target for anti-apartheid protesters, who in the past had centred their criticism largely on the role of the major international banks

X2

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FM 21/3/80

STEEL

Up the independents

Firming local demand for steel has sparked off a major round of new capital investment by the country's half-dozen independent steel producers Expenditure of some R350m is under way or in the planning stages at present, including Southern Cross' R127m stainless steel expansion programme

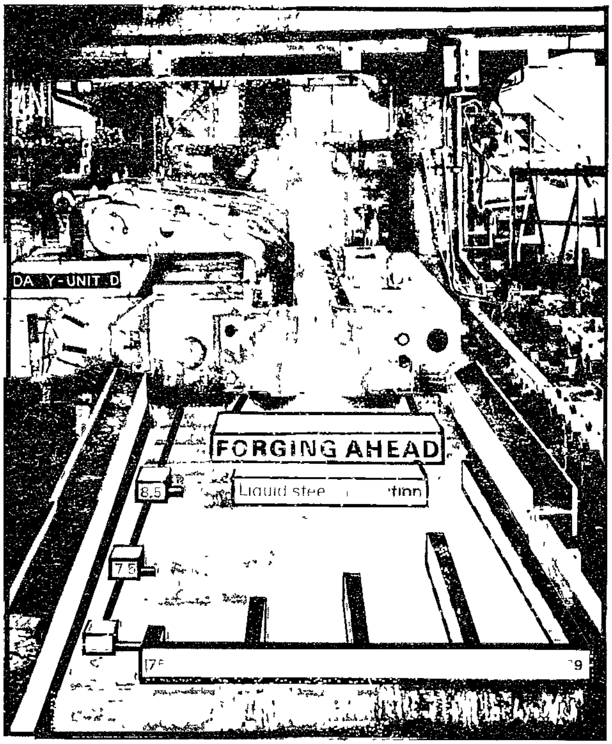
Biggest of the independents is Anglo American Corporation's Highveld Steel & Vanadium, which produced 751 000 t of liquid steel last year Highveld's R18m ninth kiln is currently under construction and scheduled to be commissioned around mid-year, while its tenth kiln should come on stream in 18 months' time

This will complete the first iron plant, and already the feasibility of a second iron plant is being investigated A decision on that investment — involving something like R100m for one furnace and three kilns — is expected to be taken this year

Highveld at present has spare capacity at the steel mills, but none in iron-making, so the expansion would eventually lift its overall capacity by 25% without any need for new mills Some scrap metal is also used, though this accounts for only 5%-10% of raw material input

Last year exports took up 43% of Highveld's output, though the revival of domestic demand has seen this fall below 40% this year, where it's likely to stay for a while

Dunswart Iron & Steel, which has virtually completed a R16m modernisation and expansion programme, has called for tenders for a second sponge iron kiln which would cost around R20m, says MD Ken Brightman



HOW THEY STACK UP

Iscor v private steelmakers

Producer	Liquid steel production tons
Highveld	750 000
Dunswart	380 000
[illegible]	550 000
Usco	270 000
Dav[illegible]	★150 000
[illegible]	★100 000
Total private sector	2 000 000
Iscor	6 4[illegible] 000

★ Plant not commissioned

"This would raise our sponge iron capacity from 120 000 t a year to 300 000 t," he says "At the same time, we are conducting feasibility studies for new steel making facilities, which would need consideration of a new electric arc furnace and continuous casting plant

"This would lift our total liquid steel capacity from 380 000 t a year to 500 000 t"

Dunswart is the country's only producer of sponge iron (next to scrap, the cheapest raw material for steel production) At present, sponge iron provides 120 000 t a year of the raw material input, with the rest coming from scrap metal and small quantities of cast iron and pig iron However, despite the planned near-tripling of sponge iron capacity, no reduction in the quantity of scrap used is envisaged because of the expansion of steel-making capacity

Exports have accounted for as much as 30% of Dunswart's output in recent years, but strengthening domestic demand will bring this figure down this year

"We intend to maintain an export presence," says Brightman "But we also aim to increase our domestic market share and over the long-term, exports will probably not exceed 20%-25% of our production"

Union Steel (Usco) MD Jan de Waal is cagey about his plans, though the FM understands a fairly substantial investment is likely there over the next five years

"We are ironing out bottlenecks in our existing plant and we are also planning, but there is nothing concrete at this stage," says de Waal

At its present output of 270 000 t a year, Usco is operating at full capacity, but debottlenecking could raise the capacity without major capital investment

"In 1973 we put in a new mill which we are now altering so that we will be able to

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utilise the capacity more effectively over a wider area of the market," avers De Waal

"We are still trying to convert to speciality steels which increases the profit potential without raising the liquid steel capacity "

Usco's entire raw material input is scrap, but some experimentation is being done with direct reduction

The market, says De Waal, is "very lively", but predicting how long it will remain in the ascendancy is difficult

"The steel industry normally moves in four-year phases," he adds "We are approaching the crest of the wave at the moment, and the steel industry in Europe is in a down phase So our market could start to turn down next year "

Scaw Metals, a wholly owned subsidiary of Anglo American Industrial Corporation is scrapping its two bar and section rolling mills and replacing them with a single R25m mill with a capacity of 200 000 t a year

Modernisation

This will raise total capacity of finished products from 240 000 t a year to around 400 000 t Liquid steel production is 350 000 t a year Scrap accounts for 63% of Scaw's raw material for rolled steel production

The minnows in the steel industry are also expanding Durban-based McWillaw Iron & Steel, owned by Leo Raphaely & Son, has just completed a R3m modernisation programme which will increase liquid steel capacity from 62 500 t a year to 100 000 t within two years

McWillaw caters to the coastal trade, supplying reinforcing steel to the Durban and Port Elizabeth markets, and has not yet experienced a significant upturn in demand

"There is a healthier tone in the market," says MD Lew Evans "But we are tied completely to the construction industry, and so there is a six-month lag in demand "

However, as a subsidiary of Leo Raphaely, the country's leading steel exporter, McWillaw is well placed to find export markets when local demand is insufficient

New melt shop

Davsteel, a small family-owned steelmaker, has just commissioned a new melt shop with a production capacity of 150 000 t a year

"Capacity will eventually move to 200 000 t," says chairman Mendel Kaplan ' Up to now we have been manufacturing reinforcing bars and wire rods from billets bought out Now we are making our own billets in our own melt shop " Kaplan won't disclose the cost of the project

The state steel corporation, Iscor, is still far and away the dominant force in the industry, producing 75% of the country's output But with a huge cushion in the form of exports which can be diverted to the local market as demand picks up, Iscor is not in a capacity expansion phase just now

MOTOR COMPONENTS

30

Meeting the boom

FM 21/3/80

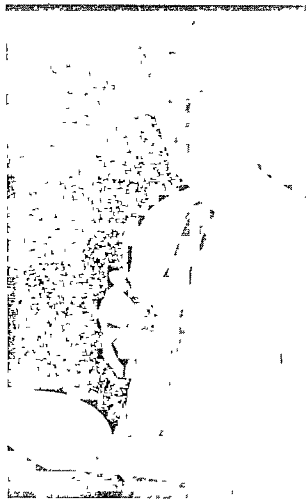
Increasing localisation of SA's motor industry has brought boom years to the components manufacturers Sales of locally made components doubled between 1977 and 1979 to R487m and look set to rise by another 40% this year Signs are that this kind of growth could be maintained for the next few years

In the last three years growth of component sales outstripped vehicle sales growth because manufacturers were making increasing use of locally-made parts in preparation for Phase V local content requirements which came into effect at the beginning of this year Inflation adds 10% to 15% each year to the value of the market

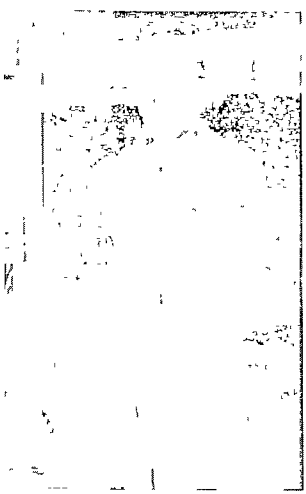
Although costs will continue to rise, this year's growth will have the added boost of real growth in vehicle sales and an even stronger swing to local content Most industry spokesmen put this year's car sales at 240 000 units and light commercials at 115 000 units

This is close to the 1975 combined remote sales record and a 13% increase over last year

The local content programme will give a further boost Although government has reduced its original local content requirements on light commercials, many manufacturers have made the effort to raise their local content and are already committed to the originally specified levels of 66%



Edwards . . . fewer engines than last year



Drury . . wear and tear has been reduced

Some of the biggest beneficiaries of the boom are the steel press works Body, cab and truck deck pressings form a large percentage of a vehicle's total mass Most vehicles which satisfy the Phase V requirements have local pressings, and pressing companies such as Durban's Rowen and Pretoria's August Laepple are hard put to meet demand

Says Rowen MD, Eddie Whelpton, "The first few months of this year were a bit of a surprise to us because we were working on 200 000 cars being sold this year Now the figure could be anything up to 250 000 "

He says that the demand pressure began to build up from last June and was further increased when manufacturers started ordering more from local suppliers to make up for shortfalls from their overseas parent companies

Whelpton sees a very good future for the local pressing industry because he believes that ultimately most manufacturers will have their pressings done locally whereas not all will have local engines "It takes a long time and a lot of money to tool up for a new engine," he says, "but changing a body shape costs a lot less "

This comment reflects the situation at Associated Engineering which makes, among other items, pistons, valves and bearing shells Says group MD Morris Edwards "There will be fewer engines built in SA this year than last year The VW Beetle and the Valiant have been discontinued and they all had locally built engines The new big sellers like Mazda supply and demand." And Venezuelan President Luis Herrera Campino claims that his country, in consultation with other Opec members, will shortly announce further measures to defend oil prices.

Petroleum Intelligence Weekly notes that spot prices for key Opec crudes have already fallen this year by \$3-\$4 per barrel, while some African crudes, which commanded premiums of \$15 a barrel at the end of last year, now bring less than \$3 premiums over listed prices.

Spot market turnover has shown a concurrent decline — from some 3m barrels a day in the last nine months of 1979 - to only 700 000 barrels a day in the first quarter of 1980. Heavy Middle East crudes have been a particular soft spot. (It's possible that this feature is connected with a particularly mild winter in the US, which has softened demand for heating oil very markedly.)

A major factor that prevents a further decline in spot prices, observes *Petroleum Intelligence Weekly*, is that crude oil supplies are being distributed unevenly, because companies in possession of oil supplies are not willing to share them with competitors. But cautions the *Weekly*, a complete price collapse on the spot market is not likely in the immediate future.

A much more pessimistic view is expressed by other oil industry sources, though. They hold that Opec members will prove able to cut production sufficiently to ensure that the present modest glut of oil will not last long and that listed prices will not ease. According to these sources total production by the 13 Opec members declined in January by more than 1m barrels a day, while indications from Iran alone show that there must have been a further drop in February.

The threat still exists, moreover, that Saudi Arabia could decide to stop producing the extra 1m barrels a day (taking total output to 9,5m) which have been forthcoming since last year purely as a favour to the US. Saudi Oil Minister Ahmed Zaki Yamani said last week that his government would soon decide whether to maintain this additional output after April 1.

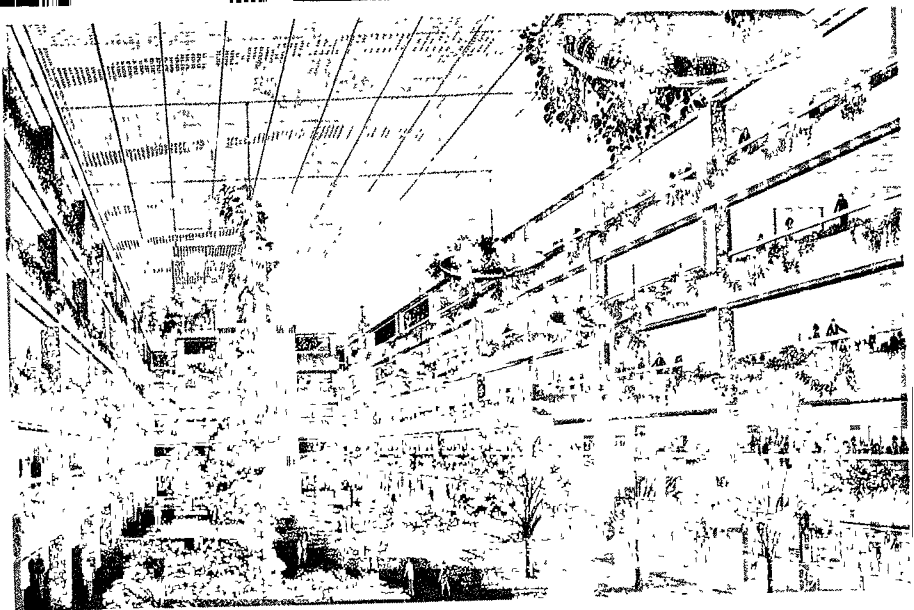
London brokers Grieveson, Grant & Co consider that the current balance between supply and demand is a tight one, and that by mid-1980 price pressures will be building up again. They foresee average Opec production for 1980 at 1,6m-2m barrels a day down on the 1979 figure of around 30,5m barrels, while (according to the US Department of Energy) demand for Opec oil is likely to be around 29m barrels a day.

There are, however, uncertainties clouding all these forecasts, with particular obscurity surrounding Iranian production statistics. Iran has said it aims to produce 3m-3.5m barrels a day, whereas official figures have recently set output at only 2,7m. Diplomats, on the other hand, have put the figure as low as 2m, and Oil Minister Ali Akber Moinfar has acknowledged that, in the last Iranian month, exports were only 1,7m.

Significant comment on the current world financial situation as it particularly affects Opec, came from Kuwaiti Finance Minister Abdel-Rahman Al-Atiqi. He said recently that oil producers and consumers would both benefit from President Carter's anti-inflation package if the measures were aimed at limiting oil consumption. This comment indicates continued Opec concern about the stability of its foreign investments — a key consideration in the current drive to cut output (*FM* December 14 1979). And the continued financial ability of discretionary producers like Saudi Arabia, to meet any plausible drop in oil demand with drastic cuts in output should not be doubted.

Flower power blooms again as Megawatt Park plans R32-m HQ expansion

TWO MORE 'BABYLONS' FOR ESCOM



● The elaborate indoor "Garden of Escom" at the corporation's headquarters

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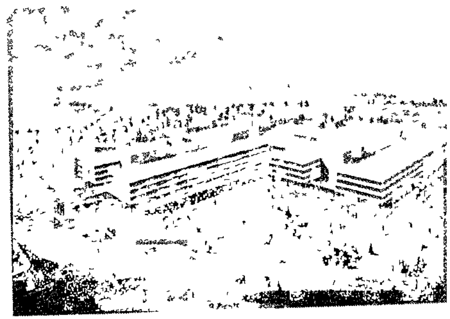
Sun. Express 23/3/80



... Megawatt Park in three years

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Two new Escom Babylons: 'Essential they should be seen in perspective'

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From Page 1

spending should be seen against the background of the corporation's overall capital investment

For example says Mr Boet Uys Escom public relations officer the new R32-million project is part of an R11 000-million expansion programme that will help to double the corporation's electricity output over the next 10 years

But to do this more power stations were needed — and at the moment four were under construction at a cost of R6 000-million another three were on the drawing-boards and two more were scheduled to follow

And the R32-million said Mr Uys which would accommodate Escom's new works department and the project teams for the new power stations constituted only 0,86% of the corporation's budgeted capital expenditure of R3 700-million for 1980-1982

And consumers should also remember' he said 'that, apart from Canada, Escom today still provides the cheapest electricity in the Western world'

By establishing the present site Escom had been able to vacate nine buildings in Braamfontein at a saving in rent of more than R1-million a year

This week Mr Uys and the architect of Megawatt Park Mr Owen Powell lifted the lid on the R32-million, second-phase project — for which ground levelling has already begun — and told the Sunday Express

In terms of the growing demand for electricity, and with due recognition for the supreme service that Escom has given South Africa for 50 years there is no merit to allegations that Escom has become a law unto itself and that it has established an unfair, monopolistic empire with no regard for hard-pressed consumers'

● Megawatt Park ... more gardens

Phase 2, they said, had been planned as an integral part of Phase 1 with the land for both projects being purchased together in 1968 for the best price available — R2,7-million

The growth in demand for electricity in South Africa, said Mr Uys, had dropped below 6% only once from 1950 to 1979 yet the average selling price of electricity in South Africa had increased in 16 years only from 0,24 cents a kilowatt hour in 1950 to 1,03 cents in 1976

But it was more imperative than ever to expand existing facilities to meet future demands — and remember, said Mr Uys that by the turn of the century electricity would supply 41% of South Africa's energy needs

It was therefore essential to see Megawatt Park's Phase 2 programme in perspective and against this background

Releasing details on the project, Mr Uys and Mr Powell disclose that

● Six tenders, the lowest of which was R27 2-million, were being evaluated and that building would begin in June

● The three-storey complex — its lower ground, ground and first floor alone will cover 37 783 sq m — will run out eventually, with rising costs, at about R32-million

● Almost 82% of this area (31 063m²) will be immediately available for usable and working space

● Surplus earth from ground already being excavated is being moved to a nearby site for a new multi-purpose sportsfield that will cost R15 000

● The building, which will adjoin and resemble the architectural features of the existing site, will eventually accommodate an extra 2 000 people

● Features will include fully air-conditioned offices, and careful consideration will be given to furniture arrangement in the unique open-plan concept, and achieving the optimum in artificial lighting, air conditioning acoustics and working comfort. It would also accommodate a new training centre and provide conference rooms

It will cost about R100 000 to establish and maintain the new gardens

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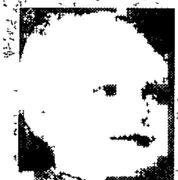
Out of the Viscount massacre



— a miracle baby

PAGE 7

ESCOM, the State-controlled electricity monopoly, is to embark soon on a R32-million expansion project that will double its sprawling and elaborate headquarters complex at Megawatt Park, Sandton.

Plans provide for another two elaborate indoor "Babylonian" garden complexes that will cost at least R100 000.

Already under heavy fire for its free-spending recreational budgets and rocketing electricity rates, Escom's new second-phase development project, which will be started in June and will take two years to complete, is certain to unleash a storm of public protest and indignation.

The two new gardens — large enough to accommodate five tennis courts — will be similar in size and aesthetic appearance to the existing 96m x 28m "Megawatt Garden" indoor plant hall, and on which Escom is also planning to spend another R100 000 on improvements and maintenance over the next 10 years.

Megawatt Park already has 30 800 plants costing R30 000 — established for the "psychological well-being" of its 2 000 staff — which will increase to 4 000 when the second-phase project is completed in 1983.

The elaborate triple indoor gardens, with their special hydroculture system, will together cost at least R200 000 to establish and maintain for the first few years.

By KITT KATZIN

But the new growing system — hydroculture — has also cost thousands of rands to perfect over at least two years of secret experiment.

It works on the basis of direct sunlight filtering through the roof of the garden court and, apart from permanently placed palm trees, plants are cultivated in water containers using a special Italian clay pebble.

This, according to the horticulturists, allows the garden courts "to present an ever-changing scene to the office worker, with prospects of physically introducing into this inner environment the changing of the four seasons."

So Megawatt Park, which already has a total floor area equal to eight rugby fields, and the Escom clubs, which boast recreational facilities that include squash and tennis courts, a bowling green, saunas, and an Olympic-size swimming pool, will soon have perhaps the most lavish and sophisticated indoor pot-plant-cum-garden-and-tree complex in South Africa — encompassing 10 tennis courts in total area.

And this, angry consumer leaders are already saying, comes at a time when electricity tariffs have rocketed by an average 18% a year over the past four years.

But officials of Escom, which holds an unchallengeable monopoly over South Africa's vast and growing electricity and energy supplies, reject allegations that the corporation spends millions freely and extravagantly on luxurious recreational facilities.

They argue that this

To Page 2

Horse doping at top courses: war on secret drugs

PAGE 3

27/1/80

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STAR 24/3/80

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Sparks fly over R32-m Escom plan

While Escom plans to spend R32-million on expanding its multi-million-rand headquarters in Megawatt Park, consumers of its electricity are bracing themselves for further tariff increases in the next few months.

Escom's expansion programme has been roundly criticised by opposition politicians, consumer spokesmen and the public.

Mr C J "Boet" Uys, Escom's public relations officer, today denied the new building was an extravagance.

"It is a vital necessity. It is a utility building," he said.

The R32-million accounted for only 0,88 percent of Escom's total planned expenditure of R3 700-million in the next two years.

Asked why Escom was planning to spend millions in inflationary times and increasing electricity tariffs, Mr Uys said in reply.

- Tariffs had been increased 18 months ago and the average increase was 4,1 percent.
- Escom had kept its promise to keep tariff increases down.
- Relatively low increases were expected in the next few months. These would not be double-figure increases. (There had been double-figure increases in 1976, 1977 and 1978)
- Escom planned a massive development programme over the next 10 years, spending an estimated R11 000-million.

Mr Uys denied Escom's planning methods were not generally understood.

"A large number of people understand our long-term planning," he said.

In the past few years, Escom has been strongly criticised for building its prestige headquarters at a cost of R24-million and for increasing electricity tariffs.

Escom was last year attacked by the Board of Trade and Industries for making too much profits and seriously lacking effective planning and control structures in its management.

Escom has denied this

STU13-9

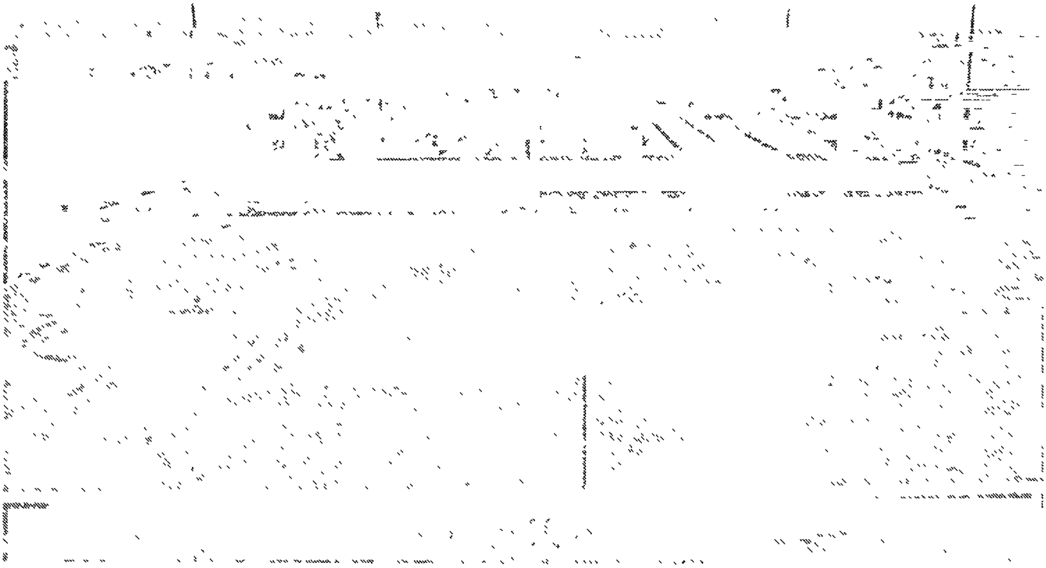
15016 H.A./LL.B. EXAMINATION RESULTS IN FACULTY ARTS

YEAR : 1 AS AT 29 02 80 PAGE 2

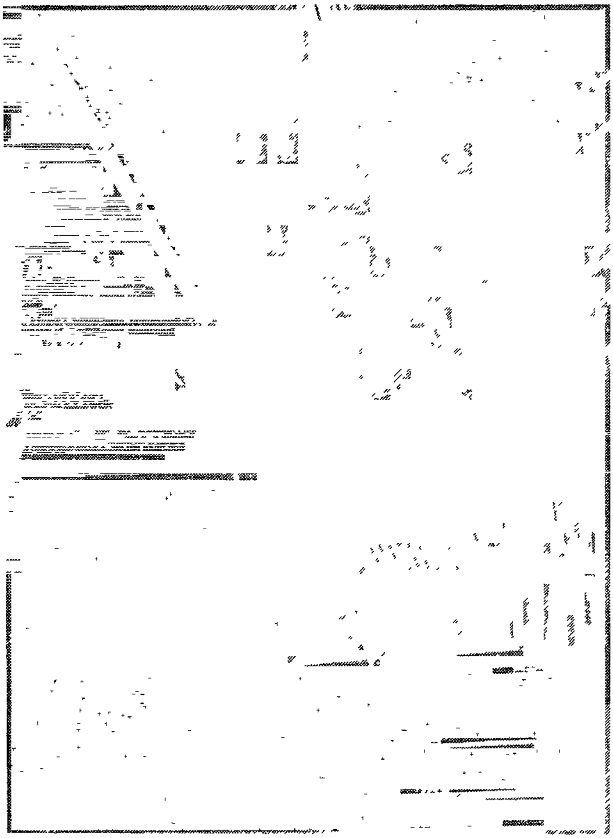
STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~153982X~~	~~STRACHAN~~	~~ANDREW KENNETH~~	~~105101~~	~~LATIN 1~~	~~F~~	~~(39)~~	~~1~~	~~153982X~~
156529O	VISSER	VIVIEN ELIZABETH	117101	POLITICAL SCIENCE I	UP	(50)	1	156529O
~~153547Z~~	~~WAINE~~	~~VINCENT CHARLES~~	~~004101~~	~~PSYCHOLOGY 1~~	~~ABS~~			
			102101	AFRIKAANS	F	(28)		
			107101	ENGLISH I (PRE-1980)	F	(44)	~~7~~	~~153547Z~~
~~156838B~~	~~ZACHER~~	~~SABINE RUTH~~	~~004101~~	~~PSYCHOLOGY I~~	~~F~~	~~(39)~~	~~7~~	~~156838B~~
157915X	ZACKUN	JEFFREY	102101	AFRIKAANS	UP	(50)	1	157915X
			107101	ENGLISH I (PRE-1980)	SNX			

REGISTRAR (ACADEMIC)

UCT



The view from the clubhouse at Escom's Megawatt Park club. There are two swimming pools, one for adults and the other for children. Facilities for 2 000 members include a restaurant, a ballroom, five all-weather tennis courts and two bowling greens.



These steps lead to the club at Escom's Megawatt Park. Modern light-fittings, furnishings and the many facilities offered to employees show that the club is one of the best in the area.

Escom's clubs get R1,7-m facelift

STAR
26/3/80
260

By Bob Kennaugh

The Federation of Escom Clubs, which controls 26 of the commission's clubs in all parts of the country, has been granted R1 669 860 for new clubs and improvements during the period 1980 to 1984

This was revealed by Mr C J Uys, Escom's public relations officer

A new storm has broken out over plans by the commission to spend R32-million on expanding Escom's multimillion-rand headquarters at Megawatt Park The plans have been strongly criticised

The R32-million will account for 0,88 percent of Escom's total planned capital expenditure of R3 700-million in the next three years

Mr Uys said that the Federation of Escom Clubs requested a total of R4 619 160 for new clubs and improvements to existing clubs in the period 1980 to 1984 but only R1 669 860 was approved by the commission

"All large companies provide recreational facilities for their employees," said Mr Uys "It is vitally important for our organisation to have clubs where people can meet and get to know each other"

MEMBERS

At least 16 of the Escom clubs are situated 30 km or more from a town or city

The club at Megawatt Park has about 2 000 members and offers many sporting facilities, including squash, badminton, bowls, tennis, rugby, soccer, cricket, angling, snooker and chess

The club, which is adjacent to the headquarters, has a comfortable restaurant, a ballroom, two large swimming pools — one for adults and the other for children — five tennis courts, and two bowling greens

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 POST, Wednesday March 26, 1980

Post 26/3/80

260

Diplomas for top safety inspectors

By NTOMBI BIYELA

DID you know that dust, powder or even flour that is used for baking can cause an explosion when it comes into contact with oxygen?

This was learnt from Mr Kurz Hezeth, an instructor working for National Occupational Safety Association (Nosa) during the presentation of diplomas and awards at Escom Training Centre, Sebokeng recently

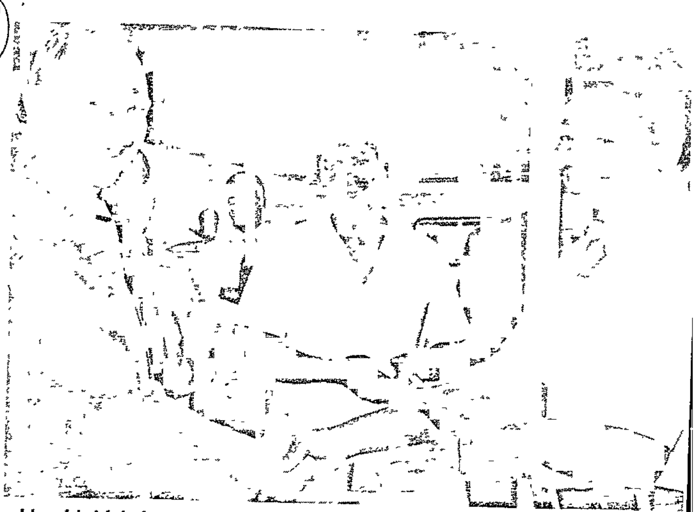
Nosa deals with Industrial safety courses where workers are taught how to protect themselves against injuries at work as well as at home The course is called Advanced Skills Development Training in Safety (Asdets) It is divided into six courses The sixth takes three years to complete

Of the people who were presented with diplomas and awards, four were outstanding students who scored over 90 percent each

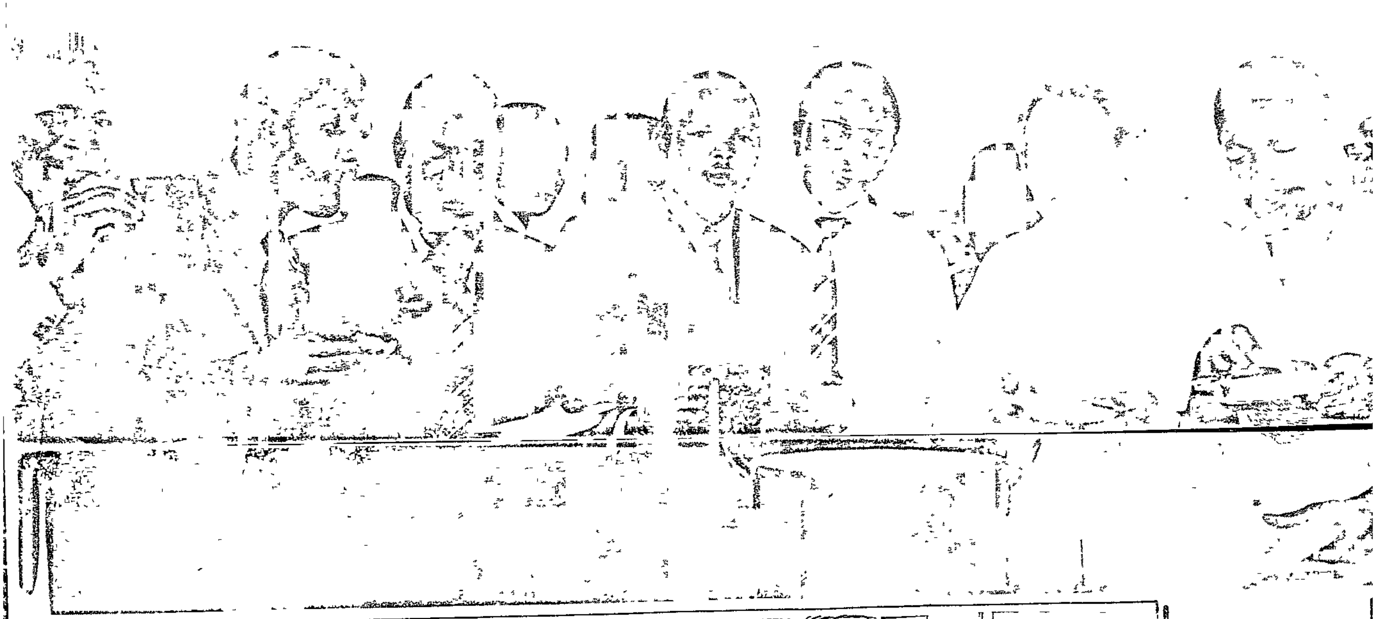
These were Messers Seth Malopyane, Abel Mbhele, Joseph Mphana and Seth Potsana who scored the highest of them all Those who received the diplomas and awards are now safety inspectors They have to complete two more courses

The presentation was attended by Mr Vrere the principle of Escom Training Centre, Mr Ngxongo, the supervisor and Mr Mkhonto the property manager

Firms and factories whose authorities have the interest of their workers' safety at heart can approach Nosa



Harold Mabalane scored the highest marks in public speaking.



Mr Kurz Hezmuth among some of the workers who attended the course.
Pics: Len Kumalo

Rappert 30/3/80

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~~269~~

Spoorverhogings kos Yskor R36m.

~~189~~

YSKOR, Suid-Afrika se grootste staalprodusent, sal vanjaar vir die eerste keer in ses jaar 'n wins toon. Die onlangse verhoging in spoortariewe kan die korporasie se wins egter baie nadelig beïnvloed, tensy 'n groot deel daarvan uit verhogings van staalpryse verhaal kan word.

In 'n onderhoud wat Sake-Rapport vandeesweek met senior bestuurslede van Yskor gevoer het, blyk dit duidelik dat die toekomstige winspotensiaal baie nadelig geraak kan word indien daar nie 'n oplossing vir die nypende tekort aan opgeleide werkers gevind word nie

Die aangewese hoofbestuurder van Yskor, mnr F P Kotzee, het gesê die onlangse verhoging in spoortariewe sal Yskor jaarliks sowat R36 miljoen uit die sak jaag Dit is amper gelykstaande aan die wins wat Yskor in die eerste ses maande van vanjaar getoon het

Hoewel hy hom nie daaroor wou uitlaat nie, is dit feitlik 'n uitgemaakte saak dat hierdie bedrag van die verbruiker in die vorm van hoër pryse verhaal sal word indien daar nie 'n ander oplossing gevind kan word nie

Mnr. Kotzee het gesê danksy die uitbreidingsprogramme wat vroeër by die korporasie onderneem is, sal hy in staat wees om in die volgende tien jaar in die toenemende vraag na staal, veral plaaslik, voorsien sonder dat nuwe werke aangepak hoef te word.

Die korporasie sal egter in die volgende vyf jaar sowat R1 400 miljoen bestee op verbeterings by bestaande werke Laasgenoemde sal hoofsaaklik daarop gemik wees om produksie te verbeter en ook om tred te hou met nuwe tegnologie

Hy het gesê hierdie verbeterings sal tot gevolg hê dat die produksievermoe met gemiddeld sowat 15 persent per jaar uitgebrei sal kan word. Dit is gelykstaande aan sowat 1 miljoen ton staal per jaar

Wat die vooruitsigte betref, is daar ook baie optimisme. Die afdelingshoofbestuurder, staalbemarking, mnr P A Olivier, sê Yskor se plaaslike afset van staal behoort in die huidige boekjaar, wat op 30 Junie ten einde loop, 'n verbetering van sowat 17 persent te toon In die vorige boekjaar was daar 'n verbetering van 15 persent in die plaaslike mark

Dit is juis hierdie mark wat die winsgewendste is en hierdie verhoging behoort baie tot winsverbetering by te dra.

Wat die uitvoermark betref, verwag hy daar sal vanjaar 'n effense afplatting intree Na verwagting sal die uitvoer van verlede jaar se 1,79 miljoen ton tot 1,77 miljoen daal en sal uitvoer van staal vergeleke met die totale afset van 38 persent tot 34 persent afneem Hoewel die uitvoer van staal nie so winsgewend is nie, is dit 'n baie groot verdiener van buitelandse valuta

Mnr Olivier sê Yskor verdien op die oomblik sowat R350 miljoen aan buitelandse valuta uit staal Wanneer die uitvoer van erts hierby gevoeg word, styg die syfer tot R530 miljoen Daarby verdien hy ook vir die land jaarliks sowat R130 miljoen aan buitelandse valuta met die uitvoer van ander produkte

Mnr Kotzee sê Yskor se skuldverhouding verbeter steeds Die skuldverhouding is op die oomblik sowat 53 persent en na verwagting sal dit teen die einde van die boekjaar nog beter wees Hy sê op die oomblik ondervind Yskor ook geen kontantvloeiprobleme nie, danksy die beleid om bates vinniger as normaalweg af te skryf Daar bestaan by sommige mense die wanindruk dat die geld wat die staat in die verlede aan Yskor gegee het, gebruik was om verliese goed te maak

Dit is egter nie die geval nie Hierdie geld was gebruik om die finansiele struktuur van Yskor te versterk

Mnr Kotzee sê die arbeidtoestand sover dit opgeleide mense aanbetref, raak nou onrusbarend Iets sal baie vinnig daaraan gedoen moet word anders kan dit die land se groeikoers baie skade berokken

Yskor doen sy bes om mense op te lei, maar verloor jaarliks groot getalle werkers wat deur ander nywerhede met hoer salarisse weggerokkel word Daar bestaan op die oomblik die behoefte om aan 'n nasionale strategie te dink sover dit Suid-Afrika se tekort aan opgeleide werkers betref.

Die afdelingshoofbestuurder, mynbou, mnr M J Deats, sê Yskor is op die oomblik met grootskaalse ondersoeke besig om van diesel-aangedrewe na elektries-aangedrewe voertuie by veral sy dagboumyne oor te skakel Etlike miljoene liters diesel is reeds hierdeur bespaar en nog aansienlike besparings word in die vooruitsig gestel

— Daan de Kock

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260 9/4/80

tariffs up—more to come

GENERAL NEWS

Escom tariffs up—more to come

STAR 9/4/80 260

Fair Deal Reporter

Escom yesterday revealed a bad-news package for consumers — electricity tariffs up an average of 7,26 pecent on July 1 — and almost got away with concealing worse news, that the cost rise will in fact be higher

The Escom statement gave details of, for example, the 8,17 percent tariff increase in July for the Witwatersrand and Free State This, the highest overall increase is for two areas that consume 60 percent of all electricity

What it failed to mention was that additional increases would arise due to Escom's changing cost structure.

SANDTON

The Sandton and Randburg areas, for example, will each have an extra increase of five percent as a result of the structure change

This will bring the total electricity cost increase for these areas to approximately 13 percent An Escom spokesman said this would not necessarily be passed on to consumers It would depend on the municipalities concerned

But he said the structure changes would benefit large users with high load factors — they might have slight decreases due to structure changes, but would still be faced with the tariff increases

APPROVAL

The proposed change in the tariff structure still has to be approved by the statutory Electricity Control Board But, as Escom points out, such an application has not been turned down by the board since 1952 or 1954

Mr I D van der Walt, senior general manager of Escom, said this would be the first and last increase to consumers this year

Mr Jan Smith, Escom's chairman, said the tariff increase last year had been 6,1 percent per kw/h.

"Escom honoured its promise made in 1978 that the increases in electricity prices would not exceed the inflation rate. The increase for the last half of 1980 is considerably lower than the present inflation rate," he said

But Mr Smith's comment did not take into account the possible effects of the proposed Escom cost structure changes.

The increases in tariff charges will bring an additional R60-million revenue to Escom Officials said the cost structure changes would not supply additional funds, as costs to certain consumers would probably drop.

ORIGINATES

Johannesburg has already announced an increase of 10 percent in electricity tariffs from July 1 A third of Johannesburg electricity originates from Escom

Escom claims Johannesburg could not have been aware of the Escom price rises beforehand, so prices could possibly rise marginally more in Johannesburg

The average price per kw/h sold has increased from 1,535c in 1977 to an average of three to four cents per kw/h at present

STRUCTURE

July tariff increases for areas not already mentioned — and not including cost structure changes — will be

Eastern Transvaal 6,67 percent Natal 5,26 percent — the lowest cost increase despite its distance from the Transvaal coalfields, a supposedly inflationary factor

Western Cape 7,14 percent Northern Cape 5,88 percent, Border 7,50 percent, Orange River 6,90 percent, Eastern Cape 6,90 percent

Some of Escom ~~266~~ 260 rise to be ~~85~~ absorbed

STAR 9/4/80

Fair Deal Reporter

The Electricity Supply Commission (Escom) says it cannot absorb its increased costs "in the normal business manner" but local municipalities will

Johannesburg is increasing its already intended 10 percent July 1 increase by 2,81 percent as a result of the Escom cost rise

Johannesburg, unlike its fringe neighbours Sandton and Randburg, which are wholy reliant on Escom power, relies on the commission for only a third of its needs

On top of the 8,17 percent increase in tariffs for Witwatersrand and Free State users, will be an additional increase due to cost structure changes.

In Randburg and Sandton this will be an additional five percent, lifting their total increased costs to 13 percent.

A small Johannesburg householder using 800 units of electricity a month, now pays R19,06 His bill will rise to R21,85 after the July increase for the same number of units. July is a peak electricity consumption month.

A Sandton consumer using 800 units a month now pays R27,43 After the July increase he will pay R30,13 — an increase of 10 percent.

Mr Tony Hugo, town electrical engineer for Sandton, said that, although they had additional costs to bear, they would absorb them.

The Randburg town electrical engineer said he had not had enough time to calculate the effect.

Escom said it did not consider the increases would have a bad effect on the inflation rate. "Electricity's cost input into the economy is only 3 percent of the gross domestic product"

The increases are expected to have an inflationary effect on agricultural products, particularly produce and dairy products.

A spokesman for the SA Agricultural Union said electricity made up a large proportion of costs for these farmers

● Page 3: Escom tariffs up — more to come.

● Page 4: Escom has no fear of efficiency probe.

ic film section, consisting of 5 films and 5 lectures, will be
r John van Zyl of Witwatersrand University who recently
s in the U S A studying ethnographic film The cinéma
ill be ~~presented~~ by Mr Freddy Ogterop of the Provincial
no is one of the most knowledgeable experts in this field
erefore comprises carefully selected films and lectures
most up-to-date information available in this exciting

IC FILM

ı reveals one society to another may be regarded as an
m Any film which reveals the texture of human life on as
ossible the appearance of a people and their surroundings,
ities, the quality of their interpersonal relationships, the
society and their values, is not only a valuable historical
lso increases society's knowledge of the present There is,
hortage of this kind of film material in South Africa.
suggest some of the strategies and problems involved in
n-making

The need for context. Film. *The Nuer* (70 min)
Whole acts Film *Rivers of Sand* (88 min)
History as it happens Film *Chulas Fronteras* (59 min)
Backyard Ethnography Film *Daguerrotypes* (78 min)
The local scene Film *Bushmen of the Kalahari* (50 min)
OR a selection of local films

nk of cinéma-vérité, or direct cinema, as a modern
camera, that is, recording life as it is lived by means of
and natural sound It was, interestingly, a film style
nological developments and then evolved into a social
applicable to documentary film-making, the phrase was
e Jean Rouch and Edgar Morin's *Chronique d'un*
been applied to many films that employed the tech-
cessarily subscribing to the philosophy. The first 2
es will explore the idea of cinéma-vérité as it emerged
and the United States and the third will discuss possible
latively recent development, the committed, local-issue

The observer The fly-on-the-wall approach
Film *Chiefs* (20 min) or *A happy Mother's Day* (26 min) *Running fence* (57 min)
The catalyst Acknowledging one's presence
Film *The moontrap* (84 min)
The militant Fighting the good fight
Film *It's ours whatever they say* (39 min)

films related to this course will be screened each after-
It is advisable to see as many of these as possible Fee
he programme will be available in the final Summer

ly change some of the film material listed above,
is available from abroad

Escom has no fear of efficiency probe—Smith

STAR 8/4/80 (260)

By Stephen Kear

Escom has no objection to the appointment of a parliamentary committee to probe its efficiency because "we have nothing to hide" says the corporation's chief, Mr Jan Smith.

Referring to the call for an investigation into Escom's affairs by Mr Rupert Lorimer, Opposition spokesman on consumer affairs, Mr Smith said he was so happy about Escom efficiency "I wouldn't fear an investigation at all"

"I cannot see that it would do any good It's not in the economic interest and would stretch our manpower"

In a frank interview with The Star, Mr Smith defended Escom's expenditure on its headquarters at Megawatt Park in Sandton and said he welcomed constructive criticism.

"People in all Western countries are critical of their power utilities — why should South Africa be an exception"

Admitting that "bad publicity is better than no publicity at all," Mr Smith conceded that he sometimes got "hot under the collar" when people tried to impede Escom's progress

"I don't know what the motives are of people who are criticising Escom, unless they want to attack a giant monopolistic institution We are fighting to perform our duty"

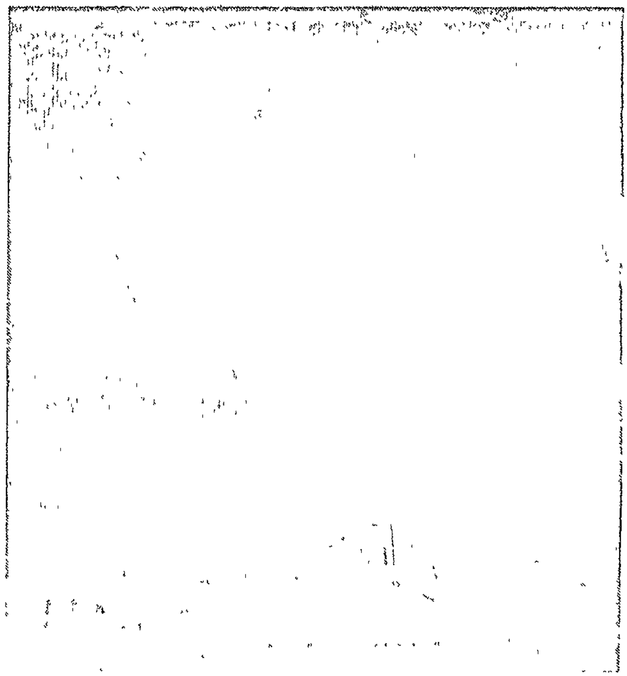
Replying to the charge by the Board of Trade and Industries last year that Escom made too much profit Mr Smith said BTI's whole concept was wrong

'We don't make profits, but we don't make losses either Electricity is a commodity where price and cost are directly related

"We have since 1971 been permitted to retain part of our earnings but that's not profit, which is something to be pocketed by shareholders

"There is no profit being distributed. We have charged the consumer more than the direct cost to help finance future development

"We firmly believe that an organisation that needs the capital we need shouldn't have to live from hand to mouth Escom must generate a certain amount of the capital itself Our financial credibility is very high internationally because of sound financial planning."



Escom chief Jan Smith . . . we shouldn't have to live from hand to mouth.

R[illegible]E

Mr Smith said Escom had fulfilled a good neighbourly role long before a constellation of states was talked about

"All countries adjacent to us, except Botswana, get power from Escom. Economic engineering goes beyond narrow-minded political ideas"

Escom's overseas recruiting campaign had brought a "very positive" response he said, despite efforts by the United Nations Special Committee Against Apartheid to dissuade European engineers from working in South Africa

"That sort of thing doesn't influence a man who can think for himself"

Mr Smith said Escom had studied all the details of the incident at Three-Mile Island nuclear power station in the United States, which he described as 'a bad error but very much exaggerated

"A nuclear power station is far more sophisticated than a coal power station and we've been sending operators overseas for two years to study the latest developments"

Mr Smith denied that Escom's headquarters at Megawatt Park was luxurious and said "It's very economical It makes a fine impression of which we are very proud We don't have to hang our heads We look after o[illegible] own employees an[illegible] think they deserve [illegible] conditions"

Mr Smith said the h[illegible]roculture system at M[illegible]watt Park was an [illegible]gral part of open off[illegible] planning' and pointed o[illegible] that money was saved because so few walls had had to be built

He added that no attempt had been made to measure the efficiency of corporation staff since the completion of the hanging gardens but explained that 'throughput is rising rapidly We have our loafers but they don't stay long"

"We generate 12 times more power today than we did 30 years ago, and with only 4,5 times the staff"

9/4/80 DD (185) (260)

Escom shock for Border

JOHANNESBURG — Electricity tariffs in the Border are to rise by 7,5 per cent from the beginning of July.

Escom announced yesterday that increases throughout the country would average 7 26 per cent and yearly increases would be expected until 1984

The Border region is particularly hard-hit Only the Rand and Free State are to receive a higher percentage increase

Rises for particular areas are Rand and OFS 8,17 per cent, Border 7,5, West Cape 7,14, Orange River and East Cape 6,9, Eastern Transvaal 6,67, and Northern Cape 5,88

The chairman of Escom, Mr Jan Smith, said Escom had considered not applying any tariff increases in 1980 but rising costs for operations and capital needs made the increases necessary

Rising costs were such that if tariff increases had been postponed, it would have meant an increase next year of more than 10 per cent This, Mr Smith said, was "obviously unacceptable"

Escom expected to get R60 million from the higher tariffs in the last six months of 1980, but there would be a deficit for the calendar year which was expected to wipe out the R80 million surplus it had at the start of the year

Pointing out that the July increase was considerably below the present inflation rate, Mr Smith added "Our planning indicates that yearly increases, lower than the inflation rate, will be possible until 1984

"The commission is convinced that relatively low but regular tariff adjustments are absolutely necessary to ensure the financial stability of Escom"

He said that as the new tariffs would only apply for six months, the average sales price for the year would only be about five per cent higher than the 1979 figure

Capital accounted for 50 to 60 per cent of costs and in the past few years the cost of power stations had increased by 14 per cent a year

The prospects of meeting more of the capital costs by raising loans were described as poor, with the asked rates for some foreign loans in the 15 to 20 per cent region

In addition to the increased tariff, Mr Smith said, Escom had made representations to the Electricity Control Board for tariff structure changes to be made for Escom's Rand and Free State and Eastern Transvaal undertakings — SAPA

Border pledge to fight

EAST LONDON — Commerce and industry were shocked at the electricity tariff increases last night and leaders pledged to fight it

Mr Jock Allison, secretary of the East London Chamber of Commerce said "We are goin' to fight this all the

factory owner at Dimbaza, said "Although our percentage increase is lower than the Reef, our base rate is higher In other words a housewife and industrialist here will pay more for his electricity than on the Reef"

He said under the Act of Parliament under which

9/4/80 (260)

Border pledge to fight new tariffs

EAST LONDON — Commerce and industry were shocked at the electricity tariff increases last night and leaders pledged to fight it

Mr Jock Allison, secretary of the East London Chamber of Commerce said "We are going to fight this all the way This increase means that our tariff structure here is still among the highest in the country — and that's what is hampering development here "

Mr John Rich, chairman of the Border Chamber of Industries said "I would hate to believe its true. You have just ruined my evening and I am very disappointed. This is ridiculous "

He said it was another slap in the face for decentralisation in the Border area and would be a negative step for development

"We are going to fight this increase The tariff in the area is already one of the negative aspects It is disheartening and shocking "

Mr Joe Yazbek, who holds the industry portfolio on the city council said "As Shakespeare had put it, "that was the unkindest cut of all." At a time when we are at our bottom, we really felt the government would do something to rectify the situation We do not need this "

He said a Labour intensive industry was on the verge of moving to East London Then the last tariff hike came and after doing a viability study, they decided not to come as the electricity would cost them too much "

"We must fight this tooth and nail even if it means seeing the Minister "

Mr Ian Duncan-Brown, a factory owner at Dimbaza, said "Although our percentage increase is lower than the Reef, our base rate is higher In other words a housewife and industrialist here will pay more for his electricity than on the Reef "

He said under the Act of Parliament under which Escom operates, they should break even for each of their undertakings Escom had no choice but to adjust its costs and the Border had no hope of breaking out of this "chicken and egg situation."

"Escom says we will lower the tariffs if there is more industry and there won't be more industry because the high tariffs are scaring industrialists off

"The high tariffs is the biggest reason industrialists do not want to settle here."

He said the only solution seemed to be either an alteration to the Act under which Escom operated, or an alteration to the boundaries of the Border undertaking The Border was a small percentage user of Escom power but the geographical area was big. — DDR

 DD 10/4/80

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EDITORIAL OPINION

Electricity shock

Why the burden of heavier increases in electricity tariffs for the Border area and its adjoining territories than for most other regions in South Africa?

It is basically due to the under use of Escom's undertaking in this part of the country.

The power infeed into the area and its redistribution in many directions involves transmission over great distances to relatively few customers

This makes the Border undertaking particularly costly — long lines of communication and small consumer demand, especially in the more distant distribution areas.

The supply is there at a price. That price has to be met, but if there were greater demand, through greater industrial development all along the line of electricity supply the tariff structure could change to consumers' advantage.

But as one industrialist in this part of the country says, the high electricity tariffs are one of the deterrents to industrial expansion. And without new industries, which would mean more customers for the available Escom power, the high fixed costs of Escom's Border undertaking prevent a lowering of tariffs.

Escom operates on a break-even financial principle for each of its undertakings in South Africa. There is no single national tariff Yet Escom provides a national service and has no competition If the government is really serious about decentralisation of industries and generating greater economic activity in underdeveloped areas, it should therefore liaise with Escom about a possible equalisation of tariffs throughout the country.

Alternatively, the government should seriously consider subsidising electricity tariffs in the Border, Ciskei and Transkei areas as a further incentive to entrepreneurs to start new ventures in the three regions.

The government does not need to be reminded how serious the unemployment situation is in the Border and Ciskei regions.

The infrastructure for growth exists — a fine harbour at East London, a fine airport, good roads, good rail links, the intricate Escom power network, a dense population providing an abundance of labour, fertile soil, plenty of water and a delectable climate. Only essential financial inducements to strike out for prosperity are lacking

Therefore, we say to the government: Stop telling us to get off our backsides Get off yours and see to the basic requirements for development — competitive rates for power and, incidentally, also for transport

Academic: total cost of Koeberg not known

M 10/4/80 260

CAPE TOWN — Nuclear power was uneconomical and the full costs of building and operating the Koeberg nuclear plant had never been made public, an economist told the Science Students' Council symposium at the University of Cape Town yesterday

Mr Bill Robb, a lecturer in the department of economics and chairman of Koeberg Alert — an organisation opposed to the siting of Koeberg close to Cape Town — said the capital costs of nuclear power were "substantially higher" than for coal It was hoped to gain on the operating costs but recent experience had indicated even these may increase drastically

He predicted the final capital cost of Koeberg, first estimated at R500 million, would exceed R2 500 million

The nuclear industry drew funds and expertise away from research on safer and more economic energy sources Overseas researchers had found that in many cases new findings on alternative sources of energy were "purposefully suppressed"

Rising costs, better information on the dangers of radiation, increasing opposition both within and outside the administration and the poor strategy of allowing Koeberg to be dependent on foreign fuel supplies and reprocessing made it doubtful the station would ever be economically operated — if it ever got as far as actually generating power

There was still the ultimate accident which Escom claimed could not happen — DDC

DD 11/4/80

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Escom: EL may protest to Heunis

EAST LONDON — The East London City Council is to consider sending a delegation to the Minister of Economic Affairs, Mr Chris Heunis, to protest at the latest Escom electricity tariff increase for the Border area

The Mayor of East London, Mr Donald Card, said yesterday the city engineer was investigating the financial implications of the 7,5 per cent tariff hike and would report to the next action committee meeting

The town clerk was also investigating the effects the increase would have and the action committee would discuss whether the council should seek an interview with the minister, Mr Card said

"In such an interview we would once more put our case with regard to the unemployment in this area and the need for electricity concessions," he said

Asked whether the increase would automatically be passed on to consumers in East London, Mr Card said he did not see how the city could afford to absorb the increase, but as it only comes into effect in July this would also be discussed by the action committee

He said in the past the city had been given an opportunity to lodge objections with the Electricity Control Board before tariff increases were implemented, but this time they had not been given a chance to do so

When asked about this the regional manager of Escom, Mr E F Otten, said only changes to the tariff structure had to be approved by the board. An overall increase in tariffs did not have to be approved, although Escom would notify the board of the increases

Asked why the percentage increase in the Border undertaking was one of the highest in the country despite the fact the undertaking showed a surplus of R285 000 at the end of the 1978 financial year, Mr Otten said this was a relatively small amount when compared with the total electricity sales of about R22 million for the undertaking — about 1,2 per cent

With the exception of the Orange River and Port Elizabeth undertakings, other Escom undertakings had also shown a profit during the 1978 financial year, with the surpluses in most cases being greater than the Border undertaking's

Mr Otten attributed the general increases to inflation and higher costs — DDR

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Control, Property Rights, and Incentives

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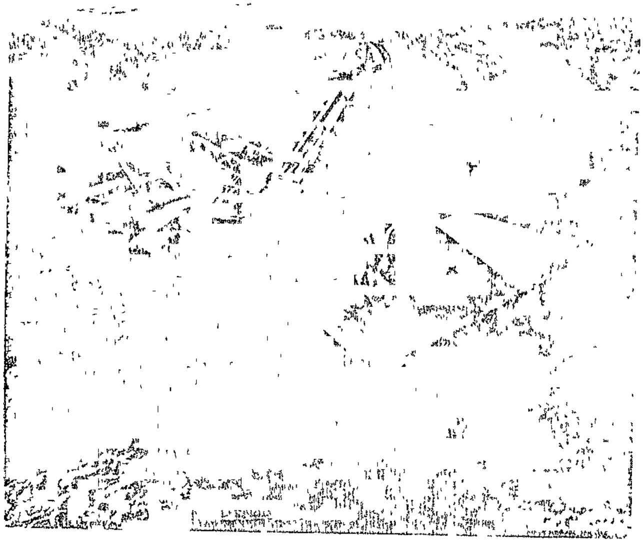

Iscor . . piling on the profit

ISCOR FM 11/4/80

Black is beautiful

Iscor's encouraging performance this year — as predicted by the *FM*, it's back in the black — has given a boost to hopes that a semis plant at Saldanha Bay will be established soon The corporation's new viability must be seen by its potential partners in the proposed plant (which will mainly produce steel billets) as a positive augury

Profits for the first half of its 1980 financial year are about R20m, and chairman Tom Muller's projection is that they will be in the order of R90m for the full year This will be the first time since 1973, when Iscor recorded a R4m profit on assets worth R1 070m, that it will make a real gain

Iscor, whose turnover for the year to July 1979 rose 25% to R1,6 billion, last year, showed a loss of R38m, compared to the 1978 deficit of R73m On paper, its turnaround is even more impressive in that it did without the State's R70m contribution to financing its debt burden

"But," says Muller, "these profits still ren't good enough and ideally should be aised to about R400m " This would represent a far healthier return on investment n assets of almost R2 billion — a perforiance which would even do credit to a rivate sector concern

With an expected mid-year steel price icrease of between 10% and 15% "to keep ace with inflation" (and take care of icreased rail tariffs which could push its ansport costs up by as much as R30m), scor should be able to maintain its rowth pattern, especially as developed ations reduce production in the face of sing labour and energy costs

West German steelmakers, for instance, st year produced 46 Mt of steel, nowhere ear the 54 Mt mark of 1974, but the itlook for this year is not as good argest producer, Thyssen, is rapidly diersifying and only 30% of its sales are w attributable to basic steel production Klockner-Werke, on the other hand, hasn't id a dividend since 1974 It hopes to eak even in 1980 (after reducing losses eadily since 1977) and show a profit the llowing year

Japanese steel producers are forecastg an output of 108 Mt for this year 12 Mt in 1979) This will put capacity ilisation back 3% on last year's 80% of e 140 Mt total They see exports falling out 3% from the 34 Mt exported in 1979, hough the US west coast market, which counts for 25% of Japanese steel imrts, is still considered sound

'More and more steel production is en in countries like South Korea, SA, stralia, Brazil and India, which has shown the biggest growth in steel output worldwide," says Muller On the negative side, though, decreased demand for steel in the US and EEC countries, coupled with less favourable world steel prices, could inhibit growth if exports and foreign exchange earnings (Iscor is looking at R530m worth in the current year) is seen as the criterion

With roughly a third of Iscor's output (or 1,8 Mt) exported, Iscor's balance sheet could be dented On the other hand, were this quantity to be taken up locally (and there is no real reason, given the present boom in the economy, why the greater portion shouldn't be), the corporation would net an additional R200m in local sales

With a trend developing among the world's largest steelmakers to gain bigger yields of steel products from crude steel (because of high energy costs), modern blast furnaces have been shut down as crude capacity has been reduced On top of this, environmental considerations and pollution have also reduced crude capacities and halted further expansion

For this reason, Muller foresees that in the near future a healthy export market for semis should develop While the idea of a semis plant at Saldanha Bay was mooted some while back, indications now are that its development is being left to the private sector — in partnership with Iscor

Industries minister Dr Schalk van der Merwe has hinted strongly that a private sector group is looking at the feasibility of such a plant, but won't say much more In all likelihood, this would be situated at Saldanha Bay to take advantage of the sophisticated export facilities at the harbour It is also the end point of the Sishen iron ore run

SKILLED LABOUR

Pulling up short

One can only hope that the repeatedly voiced concern over Iscor's drastic skilled labour shortage, directed at a group of parliamentarians on a tour of Iscor plant and mines last week will be heeded

So crippling is the artisan shortage that some members of the tour group have gained the distinct impression that sections of Iscor works will soon have to close down This is dismissed by personnel manager Johan Prinsloo "It isn't that bad yet " Nevertheless, the situation is serious enough to cloud the optimism with which Iscor, having shown a profit for the first time in seven years (see *Business*), views the future

Of a total black and white labour force of 68 000 Iscor has a required strength of 6 399 artisans Present artisan staffing is 5 683 a shortage of 716 or 12 8% throughout the corporation One of the major problems says Prinsloo is poaching by the private sector 'Our skilled labour turnover is 31 7% ' he points out

Iscor has spent R36m on training artisans Its present training complement is 4 425 (47% of the 9 394 apprentices being trained by the entire Steel and Engineering Industries Federation of SA group), of whom 40 6%, or 1 799, are undergoing compulsory military service

The shortage is obviously worse in isolated areas In Sishen for example, only 80% of artisan berths are filled There are 510 apprentices in training there, but 162 are in the army The problem there is that there are no labour resources to draw from unlike places like Newcastle

How does Iscor plan to overcome this handicap to assure continued growth? "In the short term, we are sub-contracting firms to handle engineering work,' says Prinsloo Overseas recruiting also plays a part, albeit limited

But in the long term, the only solution is seen as the full-scale training of black artisans to alleviate the shortage which is prevalent mainly among electricians, fitters and turners It is here that opposition from white workers' unions comes to the fore "They don't want to meet us on this score, ' says Prinsloo One of the bugbears, abhorrence of racial integration on the shopfloor aside is that only whites are compelled to undergo military training

Prinsloo says that, if the barriers to job advancement and training were removed, "Iscor has the facilities to start training tomorrow " Iscor's policy on training blacks is to consult with whites first When Indian apprentices wer admitted to the Newcastle works, anyone objecting to assisting in their training could transfer to another section

Arrie Paulus's Mineworkers' Union has also played its part in Iscor's labour problems It wouldn't allow coloured artisans into Sishen because it didn't see it as a coloured growth area However, when Sishen officials pointed out to Industries Minister Dr Schalk van der Merwe that it didn't quite know what to do with an area set aside in its residential area for coloured housing, he pointedly asked that it be kept on the drawing board

ESCOM TARIFFS

Electric shock

FM 11/4/80

The pain at the latest round of electricity tariff increases is considerable, especially for Johannesburgers who suffer under the additional impact of municipal tariff increases

But, in assessing the significance of the announcements by Escom and the Johannesburg City Council, two vital factors should not be ignored Firstly the general level of increases is still meaningfully below the inflation rate So long as high inflation rates continue, South Africans will have to absorb the idea of measuring their own earnings and cost increases against the current rate

Any cost that rises, on an annual basis at a significantly lower rate is actually decreasing in real (constant money) terms This is the general case with electricity tariffs

Johannesburg has known for a long time that it would eventually have to pay electricity tariffs approaching the Escom basis so the latest round of increases, taken as a whole, should occasion no surprise It s fair to query, though, whether the decision to subsidise householders so heavily at the expense of commerce and industry was taken on the basis of cold-blooded economic reasoning or as a political gesture (Domestic consumers in Johannesburg will have to pay 12 72% more for power as the result of the two tariff increases while industrial and commercial users will pay 22 62% more)

The West should by now have learned the long-term folly of efforts to shelter consumers from energy cost increases through the mechanism of subsidies These simply put off the evil day when economies have to be made in the use of scarce resources

Escom s average rate of increase is 7 26% but regional increases will vary between 5,26% for Natal and 8,17% for the Rand and OFS region

It also seems from the wording of Escom s announcement that SA (outside Johannesburg) has got off comparatively lightly this time round This results from recent improvements in capital markets which have lessened the contribution to the capital development fund required to be made from current earnings The implication is clear that any return to the grim capital markets of 1976-77 would necessitate more severe tariff rises

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REACTOR DOUBTS

Medical science has no real counter to hazard — doctor warns

THE BIG N-

MEDICAL SCIENCE is in the area of the 'big unknown' when it comes to the dangers of nuclear radiation, a doctor has warned.

And psychiatrists and psychologists agree that it is doubtful if better training and worker selection will ever eliminate the 'human error' factors in nuclear reactor accidents the doctor told the Nuclear Power seminar at the University of Cape Town this week.

'Furthermore,' said the doctor who may not be identified, 'we don't know if the combination of radiation with other environmental toxins will produce effects together more lethal than any single component acting alone

'We don't know which people are especially at a high risk We don't know how best to treat affected people or how to monitor genetic changes.

'All this doubt alone is reason enough to halt the nuclear programme without even considering numerous studies which link disease and death directly to reactors,' he said

Toxic

Substantiating this last point, the doctor cited a Canadian Ministry of Health finding which showed that each radioactive atom is 10 million to 100-million times more toxic to developing embryos than a molecule of the most dangerous drugs such as thal-

After the Three Mile Island (TMI) accident, he said, the infant mortality rate rose from an average of 17 a 1 000 to 311 a 1 000 — nearly doubled The reasons for this were still being studied

The recent Pennsylvania Department of Health study on the TMI accident showed that thyroid abnormalities in children rose five-fold in a six month period

Findings in Colorado around the Rocky Flats processing plant where a leak occurred following a fire in 1969, showed that figures for cancer in men rose by 24 percent and women by 10 percent in an area of 150 000 people.

Bone cancer

Different fission by-products have different effects A minute amount of plutonium 239 has been shown to cause lung and bone cancer.

'At this stage, no research has been able to show whether a minimum safe level for Pu 239 exists'

'Nobel prize winner for biology, George Wald, stated that any dose of radiation is an overdose — in other words, even 'the routine emissions from Koeberg could be dangerous.

'Most radiobiologists agree that no minimum threshold for radiation exists at which no effects occur'

In fact, it was the only point on which they did agree, the doctor said.

Why control board blocked Escom's last tariff increase

(5/5) (260) (266)

LAST October Escom applied for a restructuring of its tariff formula — but the Electricity Control Board said it would have been unfair on consumers.

By KITT KATZIN

The increase would have been considerably higher than the 8,17% increase announced this week

It would have affected hundreds of thousands of householders on the Reef, the Eastern Transvaal, and the Free State.

The application was rejected after the control board, a statutory body which must endorse applications for tariff increases, said it believed the request to restructure tariff formulas would have met strong opposition from municipalities

They, too, would have been compelled to pay more for Escom's power at source, before transmitting it to consumers, at a time when electricity tariffs had rocketed by more than 18% a year over the preceding three years

The control board's thumbs-down came only six months after the Board of Trade and Industries claimed Escom made too much profit and lacked effective management and control methods

The board found a major factor contributing to rising tariffs had been Escom's policy of greater self-financing of capital investments and the creation of a development fund

It believed the commission's own capital should account for a relatively small percentage of total assets and the extent to which profits were used for financing should be reduced considerably

This week Escom hit the headlines again when it announced an 8,17% rise in tariffs for the Reef and Free State, and slightly smaller increases for the rest of the country.

Escom's chairman, Mr Jan Smith, said the increases were the inevitable result of general cost jumps but said the rate of increase was still below the inflation rate

The application has still to be considered by the control board at a meeting in Pretoria on Tuesday

Although it seems certain Escom will run out winners this time, municipalities and other interested parties can lodge objections

What Escom failed to mention was that the 8,17% increase does not include other hidden "built-in" additional increases due to the corporation's overall changing cost structure

Sandton and Randburg, for example, which are totally dependent on Escom for their electricity, will have to contend with an extra increase of 5%, bringing the total electricity cost increase for their consumers to a staggering 13%

But Escom argues that the changes in structure will benefit large users with high load factors (in other parts of the country) and that municipalities may not necessarily pass on the extra increases to consumers

Further chilling news for consumers is that they can prepare for yet another possible rise in tariffs next year

The corporation's 44 000 employees will probably demand higher wages if the July increases are not satisfactory

In this event Escom, already suffering a critical shortage of technical staff, and faced with a R11 000-million expansion programme to double its output over the next 10 years, may be compelled to meet the wage demands To do this, tariffs may again have to be increased

Although Mr Smith said this week tariff increases would never exceed the inflation rate, informed sources doubt whether Escom could honour the pledge next year if it was forced to meet fresh wage demands

In addition, Escom is under pressure to reduce the wage gap between its 18 000 White and 26 000 Black employees

Despite these problems, Escom officials say they are producing 12 times as much electricity as in 1950, with only four times the number of staff

But, they add, with South Africa ready to enter a boom, fresh economic pressures and priorities could bring about rapid changes in the overall energy supply setup

The demand for power by the mining industry is expected to increase sharply over the next two years, well beyond present capacity projections

Meanwhile, Escom is going ahead with its R32-million phase two project at its Megawatt Park headquarters in Sandton — which includes another two elaborate indoor "Babylonian" garden complexes for R100 000 — and is in the throes of constructing another four power stations costing R6 000-million

○ Last year Mr Smith, then Escom's general manager, accused the Board of Trade and Industries of damaging Escom's credibility and its ability to raise capital overseas

This week Mr Smith said Escom had no objection to the appointment even of a parliamentary committee to probe its efficiency

Plea to Escom to lower rates

STAR 15/4/80

58 260 266

Pretoria Bureau

The Transvaal Municipal Association today issued a strong plea to Escom to introduce a special reduced electricity tariff for municipalities for the benefit of householders

The plea was made at a hearing of the Electricity Control Board which met to hear Escom's application for a revised tariff structure

This new structure will apply to the Witwatersrand, Free State and Eastern Transvaal

It is designed to benefit consumers who make more economic use of electricity.

The new structure is expected to take effect on July 1, and is in addition to the average 8,2 percent increase which comes into effect on the same day.

DEMANDS

The new structure could hit many municipalities which have high peak power demands.

These high peak demands mean Escom has to provide expensive power plant which may lie idle for much of the time

Householders traditionally use more electricity in winter, leaving surplus, unused plant in summer

But Mr Max Clarke, Town Electrical Engineer of Randburg, representing the TMA, told the board that summer lulls in power demand enabled Escom to overhaul plant, and were essential to Escom

He suggested that municipalities receive a discount to relieve the burden on householders

The TMA has suggested a discount of between five and 10 percent for municipalities

R760m orders for Tutuka plant

STAR 15/4/80

260

Escom announces that it is to place orders for six 600Mw turbine generators and for the associated boilers for the Tutuka power station.

The contract value of the orders will be more than R760m

The announcement said that, subject to current negotiations being successfully completed, the turbine order would go to GEC Turbine Generators and the boiler order to L and C Steinmeuller Africa (Pty).

The turbine order will be worth more than R360m and the boiler order more than R400m A substantial part of the boiler money is to be spent in South Africa

The Tutuka power station, one of several large coal-fired power stations to be erected by Escom during this decade, is to be constructed north of Standerton, Transvaal, on the new Denmark coal field.

The first turbine generator and boiler is scheduled for commercial operation there early in 1985 The remaining units are planned to come in at intervals of nine months

The order was won against competition from Man of West Germany and French manufacturers at a time of low international and domestic demand for turbine generating plants

GEC Engineering will sublet the contract to GEC Turbine Generators in Britain and the manufacture of the equipment, which will extend over six years, will provide valuable work for GEC plants at Rugby, Manchester and Stafford The turbine generating units will be duplicates of the six 600 mw units which GEC is supplying to Escom for the Duvha power station.

As on the Duvha contract there will be a considerable local content, and work will be placed not only with local GEC companies but with associated companies such as Barlow Heavy Engineering in Benoni

Contract means jobs for 8500

The Star Bureau

LONDON — About 8 500 GEC workers would have lost their jobs but for the South African contract, said Mr R J Davidson, managing director of GEC Turbine Generators

Work on the generator order would employ about 1 000 workers for the next six years

With the new order, GEC will have won 80 percent of South African contracts for turbine generators since 1975 The company said this was "a considerable achievement when it is recognised that there are 10 world competitors all after this business"

Finance for the project is being arranged exclusively in the United Kingdom by Hill Samuel, the merchant bankers, and backed by the Export Credit Guarantee Department

Depressed British demand for generators in recent years has forced GEC to look abroad for the bulk of its business

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R360m Escom order for British group

RDM 15/4/80

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Financial Reporter

LONDON. — Escom has awarded a R360-million (over £200-million) contract to the British GEC group for six 600 megawatt turbine generators

This was announced in London by Mr Robert Davidson, the managing director of GEC Turbine Generators

A statement released in Johannesburg said "GEC South Africa is pleased to announce that the Electricity Supply Commission has given a letter of intent to GEC Engineering (Pty) for the supply of six (6) MW turbine generator sets complete with feed heating and condensing plant for a new power station to be known as Tutuka

"The contract is one of the largest single orders ever to have been placed for turbine generator plant and will be in excess of R360-million

"GEC Engineering will sub-let the contract to GEC Turbine Generators in the UK and the manufacture of the equipment, which will extend over six years, will provide valuable work for GEC plants at Rugby, Manchester and Stafford

"As on the Duvha contract, there will be considerable local content to this order and work will be placed not only with local GEC companies but with associated companies such as Barlow Heavy Engineering in Benoni

"The Tutuka Power Station will be located 150 km south-east of Johannesburg and will utilise coal from the Standerton area

"The first unit is scheduled to enter commercial operation in early 1985 and the remaining units at nine-month intervals

"The turbine generating units will be duplicates of the six 600 MW units which GEC are supplying to Escom for the Duvha Power Station

"The first of these units has recently been commissioned and has already carried full load

"The execution of the Duvha contract was obviously an important factor in GEC's winning of this important contract against fierce international competition

"Finance for the project is being arranged by Hill Samuel"

Doctors' dilemma

93 NM 16/4/80 260

Salaries blamed for city manpower shortage

Municipal Reporter

DOCTORS' salaries at Durban's City Health Department were so bad that seven of its 16 full-time staff were 'superannuated', according to Medical Officer of Health Dr Colin Mackenzie

And even with nine GPs working part-time and three part-time specialists, he had 6 300 hours of doctors' working time set aside each year which he could not use

The situation for other professionals and for technical staff throughout the city's municipality was not much better, an investigation yesterday revealed

Durban, Natal's biggest single employer with about 18 000 staff, was paying its senior medical officers R17 385 a year, its medical officers between R10 320 and R16 800 — lower than provincial or State salaries, and much lower than private practice

Electrical and civil engineers earned between R7 743 and R14 460 a year working for the Electricity Department or the City Engineer's Department, as opposed to one estimate of about R18 000 for top jobs in the private sector

The salaries themselves were perhaps not the most aggravating factor for hard-pressed officials, City Engineer Don Macleod said

The grading system, whereby the Town Clerk's and departmental heads' salaries were fixed and no one else could earn more, put an effective ceiling on earnings

Further, because an employee could not advance to the next grade if there were no vacancy, careers could be stifled

And yet another problem was that incentive within a grade could not be rewarded with the same flexibility as was possible in the private sector

But the City Council's decision to review the Town Clerk's and departmental heads' salaries — provided the Administrator of Natal agreed — may ease the situation

Technicians such as the Electricity Department's engineering technical assistants earned between R6 339 and R9 366 a year.

'Technicians are among the first to go during an economic upswing,' the director of the Corporation's Personnel Services, Mr David Phillips, said

'We're just training people to be snapped up by private firms We can't attract anyone from outside'

For the 800 artisans, wages added up to between R492 and R581 a month — and about 75 vacancies spoke for themselves

Some of the worst-hit positions in the City Engineer's Department were civil engineers, 16 vacancies in a complement of 61, professional chemical officer, one vacancy out of three, civil engineering technicians, six short out of 69, engineering surveyor, five out of 35, quantity surveyor's assistant, three out of six

Dr Mackenzie was short six health inspectors and nine community nurses, where the numbers should have been 57 and 58, respectively

And the Electricity Department, as reported yesterday, was understaffed by 14 professional and 18 semi-professional members

The training and the jobs themselves were highly regarded, Mr Phillips said, but the departments were overstretched, with technicians doing engineers' jobs and artisans filling in for technicians

Surrounding

The position in surrounding municipalities apparently was not serious at the moment, though Amanzimtoti's Town Clerk, Mr D Magennis, said a staff drain could be expected if the economy

Electricity bills crisis in N Cape

260

Argus 16/4/80

From a Staff Reporter

GEORGE. — Supplying electricity to consumers in the Northern Cape had reached crisis point with private users paying R160 a month and more for their electricity, it was claimed at the Cape Province Municipal Congress here yesterday.

Speaking during a debate on Escom power and the need for a uniform Escom tariff, the Mayor of Calvinia, Dr T L Conradie, said there was a group of 10 towns in the Northern Cape that could no longer afford electricity.

The towns could no longer afford the high cost of diesel fuel to generate their own electricity and at the same time could not afford the high cost of Escom power.

As a result of the high cost of electricity many families were leaving the towns.

The CPMA president, Dr T G Schlebusch, said the CPMA executive had appointed a sub-committee to study Escom tariffs.

A scheme for all small-boat owners and their craft to be licensed and registered is being considered.

Mr N C Harrison, vice-president of the Natal Municipal Association, said 'Local authorities cannot be expected to police every stretch of beach on the lookout for unqualified skippers and unsuitable boats'

He said private pilots and their aircraft were licensed and registered and boats and their owners should fall under the control of the Marine Division of the Department of Transport

This was one of the options which had been put before the commission of inquiry into the control of small craft.

Escom plans R40m all-race 'college'

(260)

RDM 17/4/80.

By BRIAN O'FLAHERTY

ESCOM is to build a spectacular and sprawling multiracial training "college" north of Johannesburg at a cost estimated at R40-million.

It will be built on a 120-hectare site near Halfway House and will have extensive accommodation, landscaping over a large area which will cost R150 000 a year, a dog-handling school, sports fields and possibly squash and tennis courts.

When completed the centre will resemble a university or college campus, and will cost even more than the expansion at Escom's controversial Megawatt Park headquarters in Sandton.

The scheme is almost certain to draw fire from consumers after the nation-wide electricity tariff increases announced last week, which come into effect in July.

Details of the centre were released by Escom yesterday at a Press conference. It comes shortly after the announcement that Escom is to build a R32-million duplicate of the Megawatt Park building — including a replica of the indoor courtyard garden, centre of a furore earlier this year.

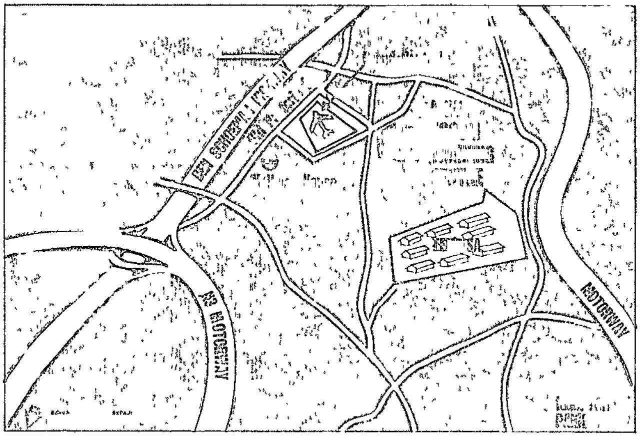
The furore followed a Rand Daily Mail investigation which showed that Escom will spend between R200 000 and R400 000 over a ten-year period on the first Megawatt Park garden, which has earned the building the nickname "The Hanging Gardens".

The aim of the new college is to centralise Escom's training schemes and courses for about 6 000 employees a year.

Construction — on a site north-east of Halfway House between Grand Central Airport and Kempton Park's Tembisa township — will start next year. The centre will be built in three stages and completed in 1985.

In reply to questions from the "Mail", Escom said the cost of building the college and a second building at Megawatt Park would have

Only small effect on tariffs, says Escom



This graphic shows the site of Escom's planned training centre, which will cost an estimated R40-million

Graphic GAIL IRWIN

a negligible effect on tariffs

Escom said its estimated capital expenditure during the next five years would be about R7 000-million The second building at Megawatt Park and the training centre would cost about R72-million — 1,02% of the total

Details on some of the features of the training centre, and some costs involved, were given by Escom after the "Mail" submitted questions

Plans for the centre include

o Workshops and classrooms for mechanical and electrical engineering and management training, a training school for Escom security guards and a dog-handling school and kennels for the breeding and training of guard dogs

o Accommodation for trainees costing R4,5-million and consisting of hundreds of rooms, 12 dormitories, and 12 houses for essential administrative and maintenance staff o Back-up services — meals, cleaning facilities, laundry services, and transport where needed for Escom purposes or to and from the nearest public transport These services will cost an estimated R170 000 a month

o Communal facilities — a canteen, a lecture room and a small technical library Provision of these facilities will cost about R200 000

o Recreation facilities — a gymnasium for the training of security guards, a sports field and a swimming pool for physical training (Escom is also considering providing a billiard room with four tables, four squash courts costing R20 000 and four tennis courts costing R30 000)

o Landscaping at a yearly cost of R150 000

o A new computer training scheme named "Plato", which was developed in the United States Escom has not yet bought the scheme, but will test and evaluate "Plato" for two years at a cost of R127 000

Speaking at the Press conference, Escom's senior general manager, Mr Dave van der Walt, said "What we do, we do in the public interest Escom's primary interest in life is to serve the public and the country This college is to serve just that "

Mr Van der Walt said there was a high demand for electricity, and Escom had to double its power capacity in the next eight to ten years

"One of the problems is the tremendous manpower shortage We need training for Escom operations and to try to cope with our programme, and have to look at all sorts of ways and means to achieve it

"We have to train staff at a tremendous rate We may already be a little behind in our programme and will have to accelerate "

Recruitment, in South Africa and overseas, was only a partial solution to the problem, he said, and Escom was training black staff as fast as possible to enter higher categories of technical work

Mr Van der Walt said it was Escom policy to remove discrimination where this could be done and the organisation was negotiating with employees' associations and trade unions on the matter

In answer to a "Mail" question, Escom said the training centre and what it offered would be open to black staff within the framework of the law Black staff would also be housed on the site subject to statutory requirements Some black staff would be housed in Tembisa

Mr Van der Walt said training had to be seen as a "basic protection of the tremendous investment" of about R15 000-million which Escom would have made by the end of 1985

"We see the expenditure on the college as a modest and worthwhile investment to enable us to cope "

At present prices, the estimated cost of the centre would be R27-million, but Escom is budgeting for R40-million after cost escalations

In 1977, Escom bought 437,17 hectares on the farm Kaalfontein for R575 000 — an amount which Escom said estate agents considered to be cheap because of its proximity to Johannesburg, Pretoria, Sandton and Kempton Park boat (which is the same as total rent since we assume the boat is costless to operate). He charges a fee of 2 8 fish per person for the right to be on board. With an average catch of 6 8 out of which each pays 2 8 and keeps four, only five persons will wait to be on board Now the 14-fish rent (social gain) goes to the government and is distributed however the government sees fit. It would appear that the only difference between this and the private-property control system is in who gets the 14-fish gain. The private owners, seeking personal profits, also achieved the maximum social output.

However, if our government agent takes life easier and doesn't charge the right fee, what will he lose? The loss is imposed on the public as a whole But who in the public or government has an incentive as strong as a private owner to detect opportunism or shirking of prescribed duty? In contrast to the private owner, a political authority suffers less loss of potential personal wealth in being less attentive to nonownable gains And if there is uncertainty about the potential catch on board, he would permit extra people on board if that made him more popular and enhanced his hold on political office Or to make his personal life easier, the authority might allow too few on board because that permits shorter working hours for him (like closing on holidays and earlier in the afternoons) and not operating the boat as fully as would maximize profits Soon we shall see how *incentives* and *uncertainty*

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ways, told to "maximize public welfare and benefit." (The agency might be a nonprofit corporation for hospitals, colleges, or the post office) How is "maximize public welfare" interpreted? In our example, maximize the number on board? Or maximize the catch on the boat? Or the social total? Maximizing the catch *on board* would, as we have seen, result in marginal products on board that are less than on shore, thereby reducing the social total—a *social* waste.

The ambiguous goal "maximum public benefit and welfare" is sturdy and widespread, because its ambiguity permits the authorities wide latitude of interpretation and hence of measuring performance. It is commonly mandated for government authorities who control access to the television and radio electromagnetic spectrum, air space for airplanes, postal service, highways, national and state parks and beaches, airports, harbors, schools, it is even applied to federal forests, offshore oil, and federal land Zoning commissions that control the use of land (such as how congested it can be) are similarly instructed to maximize public usefulness. But hardly any government authority is instructed to maximize profits: not the post office, or the water, electricity, gas, or bus company All are instructed to "serve the public," or "break even"—with consequences that are now more explainable

Imperfect Predictability of Performance: Risk Bearing

For two reasons the actual productivity of any group cannot be predicted perfectly First, natural

STAR 17/4/80

Escom plans to build R40-m training centre

260 175 179

By Charlene Beltramo

Escom has announced plans for a R40-million multiracial training centre to be built at Kaalfontein, near Halfway House, in an effort to combat its serious skilled labour shortage

Its staff turnover of 15 percent is costing Escom a minimum of R35-million a year, or the equivalent of six to nine months' salary for each staff leaver, a spokesman said.

Staff members at the commission number 45 000 By 1985 it is estimated it will have a staff of 60 000 This will reflect the commission's plans to double generating capacity within the next eight to nine years

At present Escom does a good deal of its recruiting overseas, and has seven training centres.

Most of these will be absorbed into the new centre at Kaalfontein.

It is estimated the centre will cost R27 million, but rising building costs will probably push the figure to R40-million

The centre is expected to be completed by 1985 Escom hopes to train an average of 1 200 people at the centre each year.

The commission has no firm black training programmes at present, other than in English comprehension, but it hopes to initiate these within the next few years, depending on the outcome of talks with the white unions

DD 29/4/80

260

55

City Council slams Escom tariff increase

EAST LONDON — The 7,5 per cent increase in Border electricity tariffs recently announced by Escom was vehemently attacked by members of the East London City Council here last night

The council is to request the government to receive a council deputation to discuss the effects the increase has on the industrial development of the Border area and the possibility of a government subsidy

It emerged from the council's monthly meeting last night that East London MPs had taken up the matter with the government shortly after the increases were announced, but with little success

The electricity tariff for East London is, subject to the approval of the Administrator, to be amended to provide for a 7,5 per cent surcharge from July 1

The city councillor in charge of finance, Mr Ben Armist, said last night he "reluctantly" moved the surcharge because it meant a further "drawback" for establishing industries in the area

Mr Armist said he understood Escom undertook its capital works on the income from electricity tariffs and that the Border undertaking of Escom had shown a "very handsome profit" during recent years

Although he did not begrudge Escom for planning for future requirements or providing sporting and other facilities for its employees, he felt it was unfair that "one generation should pay very much more" than it would be using, Mr Armist said

Escom was a "quasi-government" undertaking and should "get its priorities right", said Mr Armist

The councillor with the industries portfolio, Mr Joe Yazbek, said the council had reached the "terrible stage" where it was "do or die"

The Border area had reached the stage where its electricity tariffs had become an incentive for "disinvestment" by industrialists, Mr Yazbek said

His views were echoed by Cllr Fred Stakemire who said the council's continuous representations to the government on electricity tariffs were a case of "gentle words" that drew "hard deeds"

The time was ripe for a more outspoken approach, said Mr Stakemire

The Mayor, Mr Donald Card, said the University of Port Elizabeth report on the industrial and economic future of the Border area, which is to be released soon, covered electricity tariffs and he was hopeful

The council resolved last night to urge the Minister of Industries, Economics and Consumer Affairs and the Electricity Control Board that the system of adjusting tariffs by surcharges or discounts be abandoned and all tariff changes be structurally calculated for submission to the Electricity Control Board — DDR

ARGUS 1/5/80

(260)

Fifth worker killed at Koeberg

A BUILDING worker was killed when he fell 30 m at Koeberg nuclear power station yesterday — the fifth accidental death on the site in the past 12 months.

He was Mr F H Swart, 28, of Blouberg Heights Flats, Bloubergstrand.

A police spokesman said Mr Swart slipped and fell while walking on the ridge of the nuclear reactor

He is survived by his wife, Esther and a three year-old daughter, Eve.

SHAFT

On March 27, Mr Mustapha Arendse, 28, of Reform Street, Cape Town, was killed when he fell down a shaft,

On May 22, Mr Norman Mpongo, of the Koeberg labour compound, and Mr A Fortuin of Ribbok Street, New Orleans, Paarl, fell 40 m to their deaths. Mr M H Simanile, 27, of the Koeberg labour compound, died when a scaffolding jack fell on his head

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STAR 1/5/80
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'Energy is for peace'

CAPE TOWN — The most fruitful future co-operation of energy between African states could well be in the field of oil refining, the chairman of Sasol and Soekor, Dr D P de Villiers, said in a speech here

He told a meeting of the Western Cape branch of the SA Institute of Civil Engineers that in the African economic scene there was room for 'energy for peace "

"As engineers you would know better than I do to what extent electrical transmission systems are already crossing the borders of African states'

Dr de Villiers said the capital cost of oil refineries had escalated "beyond all reason" since 1975, and with the uncertainty of future oil supplies the erection of a new refinery called for a 'very risky" decision

The capacity of oil refineries in South Africa was in excess of demand even before the Sasol Two decision had been taken

The relatively small petroleum consumption of various African countries would also make it well nigh impossible to embark on the building of new refineries At the same time, increase in petroleum consumpion was a sine qua non for those under developed countries

The total capacities of the South African crude-oil refineries was 55 percent of the present needs of the rest of Africa, excluding the Mediterranean countries and Nigeria

It stood to reason that the spare capacity in those South African refineries would increase with the growth of indigenous fuel production

"If we add to this the fact that oil prices anywhere in the world are still made up of the starting price in the Persian Gulf plus sea freight around Africa, it must be realised that these refineries in the years to come will be able to refine crude oil which any consumer country might wish to bring into South Africa on a most competitive basis

"I would suggest that co operation between owners of South African refineries and various Government departments for the purpose of reviewing import duties, harbour and transport charges could develop for South Africa an unassailable position as a refiner of crude oils for smaller African countries

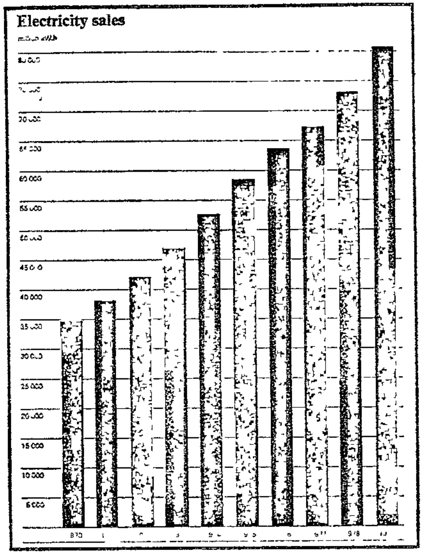
"The new department in charge of energy matters — a very laudable development — could well tackle this task as a matter of priority," Dr de Villiers said — Sapa

80s challenge to Escom

STAR 7/5/80 260

One of the highest growth rates in electricity sales in 30 years was recorded by Escom in 1979, aided by the upswing in the economy. Escom has been able to cope with higher-than-expected demand for electricity but the 1980s will pose even greater demands. Escom is confident it will be able to meet the challenge without burdening the consumer.

By Stephen Suckley



A broader-based demand for electricity last year pushed kilowatt-hours of electricity sold to 80 583m kWh, reflecting an increase of 10,7 percent over the 72 780 kWh achieved in 1978.

According to Escom's chairman Dr R L Straszacker, commenting in the annual report the increase in demand is a clear indication that the economy has expanded and that the upswing has not been restricted to any one area.

CHANGES

But, despite the impressive sales increase which has only been bettered five times in the past 30 years, revenue received by Escom last year was down on the 1978 figure.

There is no doubt that Escom has realised that it has to make great strides if it is to supply the growing demand for electricity in the current decade.

Perhaps this did take some nudging by the Board of Trade and Industries' investigation into tariff and structure policies but the Commission has already acted on some of the proposals and more complex changes should be completed by early 1981.

CAPACITY

The Commission's ability to cope during 1978 and 1979 when electricity demand was higher than expected, meant that the then infant and mild upswing in the economy was not suppressed.

But what of the 1980s?

Certainly, demand for electricity will accelerate as a wider cross-section of the economy moves away from oil-based power. It is not a period when Escom can afford to rest on its laurels.

To double its present capacity by the end of this decade, about R11 000m will have to be spent. Reassuring words from Dr Straszacker are that he does not foresee extra burdens being placed on the consumer.

This stems from the Commission's efforts to become financially more independent of short-term economic and political influences.

HIGHLIGHTS

Gaining financial independence meant that the consumer was subjected to a series of tariff increases in past years that were higher than the rate of inflation.

Tariff adjustments for 1980 have been an average 7,3 percent which is well below the rate of inflation.

Some highlights of 1979:

- The Commission supplied 93,3 percent of electricity sent out in South Africa;
- Total coal burnt in Escom power stations amounted to 43,3m tons.
- Overhead cable of direct and alternating nature stretched 110 860 km — more than twice round the world

Escom must grow

4/3/80 (S.Times) Business

By STEPHEN ORPEN

SOME R11 000-million will need to be spent by the Electricity Supply Commission (Escom) in the eighties to keep pace with current growth in demand for electricity

This will mean a doubling of the organisation's capacity from 15 974 MW to more than 30 000 Generating plant with a capacity of more than 9 444 MW is currently under construction or on order

This is revealed in Escom's latest annual report tabled this weekend

Dr R E Straszacker, who was chairman in the year under review, says that the growth of 10,7% in kilowatt-hours of electricity sold in 1979 is "a clear indication that the South African economy has firmly entered a period of economic expansion

"The early phases were evident in 1978 when a growth of 8,4% was recorded

"On only five occasions in the past 30 years (1950, 1954, 1955, 1973 and 1974) has Escom recorded a higher annual growth rate in power sales.

"This is all the more remarkable as it represents a dramatic recovery in sales from the modest 5,9% growth in 1977 "

Total revenue for the year amounted to R1 529,5-million as opposed to R1 301,8-million in 1978

Total charges against revenue were R1 511,7-million compared to R1 234,5-million the previous year

In both 1978 and 1979 actual growth in sales outstripped anticipated growth, so that a surplus was achieved (R61,8-million and R17,8-million respectively)

RAPPORT 4/5/80 260

Grond vir Sasol

GROND is ter syde gesit vir die moontlike oprigting van 'n reuse-nuwe steenkoolkragstasie en vir die grootskaalse uitbreiding van Sasol 1, lui 'n Regerings-gidsplan vir die Vaalstreek wat Vrydag bekendgestel is.

Die moontlike kragstasie sal die Vaal- en Klip kragstasie vervang en hulle sal dan deur Evkom gesluit word. 'n Groot stuk grond, noordoos van Sasolburg is opsy gesit vir toekomstige uitbreiding van Sasol 1.

Die gidsplan, voorberei deur die fisiese beplannings-afdeling van die Kantoor van die Eerste Minister, maak ook voorsiening vir vyf nuwe snelweë, 'n uitgebreide spoor-netwerk sowel as 'n lughawe in die Vaal driehoek. Die Vaaldam, Lochvaal en die oewers van die Vaalrivier word vir onspanning en die bewaring van die natuur behou. In die meeste van die area is die oprigting van geboue nader as 50m aan die waterlyn verbied

Curb Escom for good of economy, says Malcomess

STAR 13/5/80

(260)

Political Staff

THE ASSEMBLY — The Government should take immediate steps to reduce the profitability of Escom in the interests of the economy Mr John Malcomess (PFP East London North) said yesterday

Speaking in the Budget debate on the Commerce, Industries and Consumer Affairs vote Mr Malcomess said Escom was robbing the South African farmer by charging 18 percent interest a year on the capital costs of powerline extensions to farms

"This is usury and continues forever," he said

A job for which Escom quoted R300 000, a private contractor was prepared to do for R180 000

It was clear that all was not well with Escom and immediate steps were needed to rectify the situation

- The 19 percent charge should be reduced.
- Municipalities should supply farmers for at least 20 km beyond their present area.
- Farmers should be allowed to install their own lines and transformers subject to Escom inspection.
- Farmers should be allowed to form electrical co-ops to buy in bulk and distribute amongst themselves.
- In certain areas the Government should subsidise the farmer with cheap loans and subsidised charges to enable him to electrify.

Replying, the Minister of Industries, Commerce and Consumer Affairs, Dr van der Merwe, said Escom had to cover its costs otherwise it would have problems.

Prune Escom's huge profits — Malcomess

(260) RDM 14/5/80

Political Staff

THE ASSEMBLY — The Government should take immediate action to reduce Escom's profitability, Mr John Malcomess, the PFP spokesman on industries, said this week.

He also accused Escom of "robbing the farmer" by charging 18% on capital costs and described this as "nothing short of usury".

Speaking during the Industries Vote, Mr Malcomess said State corporations such as Escom, Iscor and Sasol were drawing huge sums from the South African capital market.

"Clearly better control is needed," he said.

"The Board of Trade has recommended stricter discipline, yet I understand the Minister has rejected these recommendations.

Yet the Prime Minister has told the country and business leaders that his party will move more in favour of the free enterprise system.

"Perhaps the message hasn't got through to the Minister of Industries," Mr Malcomess said.

He called on the Government to establish a capital projects evaluation group — as recommended by the Board of Trade — which would have the power to control the quality and priority of public sector capital projects.

Mr Malcomess rejected Escom claims that it was providing the cheapest and most reliable electricity in the world.

"In certain undertakings by Escom we find the cost of electricity is higher than in many other parts of the world," he said.

If the Reef cost was 100 in 1978, then the cost in East London was 244, while the cost in Austria was 157, in Britain 125, in Spain 93 and Sweden 98.

"From the Board of Trade report one can only come to one conclusion and that is that all is not well with Escom.

"Immediate steps should be taken to reduce the profitability of Escom in the interests of the economy," he said.

He believed tariffs throughout South Africa should be equalised, and that power should be delivered to each undertaking at the same basic rate.

FM 11/5/80

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FARM ELECTRICITY

Escom's unfairness

The majority of farmers believe that they are the victims of Escom discrimination. Year after year the topic is aired at agricultural congresses. Though the wording of their complaints changes annually, the response they get is always the same.

Escom doesn't discriminate against or in favour of anybody, they are told. The Electricity Act of 1958 stipulates that no consumer should be subsidized at the expense of any other consumer and that Escom must stick rigidly to the rules that were laid down for it.

Then why are farm electricity bills so high? And why do farmers have to commit themselves to hefty line charges that will continue into perpetuity when urban consumers can be connected to mains electricity without making a similar commitment.

The immediate reply is that farmers are expensive to serve because they need miles of line and use precious little power when it is installed. Each farm must pay for its own supply, and the only way to guarantee that is to make farm customers pay for the line and the current separately.

That sounds fair enough in principle and might indeed be genuinely fair if only Escom was a straightforward commercial organisation, subject to competition and all the normal commercial disciplines. But it isn't. Escom is a statutory body with monopoly powers. And because it has geared itself up to wholesale electricity to large urban, mining and industrial consumers rather than small, widely dispersed rural ones, the farmers still have a case when they complain of discrimination.

Cumbersome

With two dozen enormous power stations and an investment of R6 billion, Escom is simply too big and cumbersome to provide an economic retail service to every potential rural customer in need of a sporadic five kilowatts at the nether end of a dusty track. Over 60% of Escom's sales are accounted for by 120 huge consumers. By comparison, all 40 000 farm users already connected buy little more electricity in a year than a big mine uses in a month.

In urban areas Escom has recognised that it is better equipped to be a wholesaler than a retailer. It therefore sells electricity in bulk to the municipal authorities which in turn finance and operate their own retail distribution networks. The municipalities charge their customers however the local rate payers see fit. Cross subsidisation, which is forbidden to Escom and therefore to its farmer clients, is perhaps the rule rather than the exception in town.

This gives rise to a number of anomalies. Some lucky farmers, living close to willing municipalities, buy their electricity through them at prices and on terms which are no different from those levied in the high street. Others, living further out, enter into individual agreements with their local town suppliers. This usually involves the payment of a flat sum (which can extend to five or even six figures) or instalments to be paid off over a fixed period of years, to finance the construction of the line. Thereafter, units are purchased as they are used.

The alternative is to approach Escom directly. When Escom erects the line, the farmer is not even given the opportunity of paying for it outright. Instead he must commit himself and his successors to pay a monthly line charge (registered against the property) in perpetuity. The monthly charge, which can now run into hundreds of rands a month, is often exhorbitant for a farmer who may need power only for his farmhouse and workshop.

Hence the number of farmers who still use oil-guzzling lighting plants and diesel or petrol powered stationary engines when electricity could have been cheaper. Hence, also, the angry resolutions at agricultural congresses.

Comforts of life

Until quite recently the domestic and national inconvenience of farms without mains power could be laughed off by the government and tolerated by the individuals concerned. But times have changed. The absence of electricity in remote rural areas is now undoubtedly a significant contributory cause of rural depopulation. Farm managers, and more especially their wives, are refusing to accept jobs where they can't have the normal comforts of life. Some farmers, who haven't got electricity and who can't afford diesel at today's prices, have stopped irrigating and opted for more extensive farming systems. And now there is the problem of security and the fear of terrorism. All farmers know that in Rhodesia it was the unlit farms and the ones with (switch-offable) lighting plants that were attacked. If terrorism escalates it will be the farms without mains electricity that will be abandoned first.

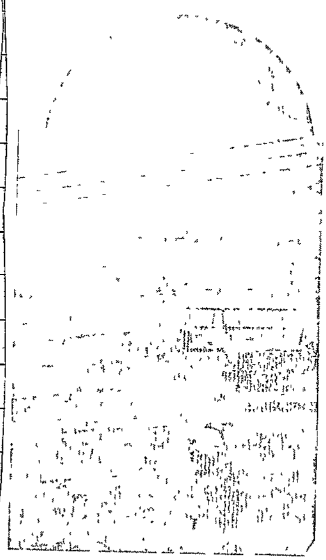
Four things need to be done before it is too late.

Firstly, Escom needs to be relieved of its monopoly powers in rural areas. At present it is illegal for a farmer to generate more than 15 kW of electricity on his own property and illegal for him to sell power to a neighbour. This rule deprives many individuals of electricity altogether, it deprives the rural areas of employment and it means that a lot of fossil fuels are wasted where small scale hydro-electric power would be very much cheaper.

Secondly, Escom must allow rural co-operatives and private concerns the right to buy electricity in bulk and retail it on whatever terms the local communities find acceptable. This is how electricity is supplied to hundreds of thousands of American farmers.

Thirdly, if the act stands in the way, the act must be changed.

Fourthly, to compensate for the damage it has done in the past, the government should be prepared to subsidise rural electricity supplies in the interest of security, national fuel economy and rural re-population. Whatever it decides, government must act soon.



Escom too big for farmers

260

PUBLIC SECTOR – State Enterprise

31-5-80 – 31-12-80

Argus 31/5/80

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Upturn brings big rise in jobs

By Derek Tommey

THE economic upturn is beginning to generate a worthwhile increase in employment. It is also leading to substantially higher wage bills, figures issued by the Department of Statistics show.

In the first two months of this year the number of people employed in mining, manufacturing and construction and by Escom, the Railways and the Post Office rose by 37 842 to a record 2 903 130

In the previous five months the employment figures for these sectors had increased by only 15 266

It seems that since the beginning of this year employers have accepted that the economic upturn is likely to be of considerable duration and have been prepared to enlarge their labour forces and also their payrolls

The sector to show the biggest increase in employment in the first two months of this year was manufacturing Its labour force rose by 18 600 to 1 396 000

Coloured people accounted for almost 40 percent of this increase, the number of them at work in manufacturing rising by 7 200 to 241 100 This is almost as many as the 9 800 who found work in the preceding five months

The increases in employment in other sectors in January and February were Mining 8 017, construction 5 500, Escom 900, the Railway 2 249 and the Post Office 2 576

Wage bill

Altogether the six sectors paid out R929 7 million in salaries and wages in February This is almost R200-million, or 26 percent, more than the year-ago wage bill of R735,2-million

From these figures it is clear that there has been a significant increase in real demand in recent months

Meanwhile reports from the construction and manufacturing industries indicate that the level of employment has risen further since February

However a shortage of skilled labour has apparently been inhibiting the increase This has caused employers to limit expansion programmes and to cut back their recruitment of unskilled workers

11/6/80

R60

Motion: Sasol (Two (Proprietary) Ltd

See Hansard 17 Column 8797

Hansard

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Sasol II

234 Mr T ARONSON asked the Minister of Industries

(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 housing for Sasol II,

(3) what is the latest estimated saving in net outlay of foreign exchange for each of (a) the 10 years after completion of Sasol II and (b) the past 10 years in respect of Sasol I?

The MINISTER OF INDUSTRIES

(1) (a) R2 458 million excluding township development and housing, interest during construction and working capital plus R45 million general sales tax, and

(b) during 1980,

(2) R69 million, and

(3) (a) and (b) the saving in foreign exchange relates to the production capacity of Sasol II and information of this nature cannot be disclosed in terms of section 4 of the Petroleum Products Act, 1977 (Act 120 of 1977).

Sasol III

238 Mr T ARONSON asked the Minister of Industries

(1) (a) What is the latest estimate of the total cost of Sasol III 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 III,

(3) what is the latest estimated saving in net outlay of foreign exchange for each of the 10 years after completion of Sasol III?

The MINISTER OF INDUSTRIES

(1) (a) R3 276 million excluding township development and housing, interest during construction and working capital,

(b) it is expected that the first phase will be completed during the first half of 1982,

(2) R80 million, and

(3) the saving in foreign exchange relates to the production capacity of Sasol III and information of this nature cannot be disclosed in terms of section 4 of

Hansard 5 (2023)

5/3/80

for full text see Hansard

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COMMENCEMENT OF OIL PRODUCTION BY SASOL 2

(Statement)

*The MINISTER OF INDUSTRIES: Mr Speaker, I am delighted to be able to announce today that Sasol has now commenced with the production of its first oil at Sasol 2.

For South Africa this event represents an important milestone on the way to greater independence from imported crude oil.

The achievement of this goal is peculiar to South Africa because nowhere else in the world is oil being produced successfully from coal on a commercial scale.

The results of the experience of more than 25 years of research and development of the original Sasol 1 process has been incorporated in the design of the Secunda project. At present there is no other proven process of this nature available anywhere else in the world.

The fact that production of oil has now commenced at Sasol 2 does not mean that the project is now in full production. The oil that is now being produced is not being refined, and it will still take a few months before the first marketable products will become available for stockpiling and distribution. The oil-producing unit which has now come into operation is but one of seven similar units at Sasol 2. The other units will progressively come into operation at regular intervals in the course of the next two years. It is anticipated that all the units will be operative at the end of 1981, by which time full production at the plant will be possible.

5 MARCH 1980

It is encouraging to [illegible] tion of the plant [illegible] according to schedule. [illegible] of the Sasol 2 factory [illegible] was estimated at R2 5[illegible] 1975. It is expected [illegible] four and a half years [illegible] within this estimate. [illegible] ment of effective cost [illegible] project which will [illegible] where else in the world.

Without the dedicat[illegible] worker and the excel[illegible] workers at all levels, the [illegible] vement would not have be[illegible] stage. It is appropriate [illegible] thanks and apprecia[illegible] management and in partic[illegible] Stegman, Managing D[illegible] Limited and Dr A [illegible] General Manager of Sasol [illegible] whose capable guidance [illegible] possible.

260

Hansard 8 Quest - Col 541

28/3/80

8(541) 28/3/80

Public corporations: capital

260

483. Mr T ARONSON asked the Minister of Industries

Whether the capital required for the next three years by public corporations falling under him, changed in any way since his reply to Question No 110 on 14 February 1978, if so, in what respects?

ARCH 1980 542

The MINISTER OF INDUSTRIES:

Yes The revised estimated capital requirements for the period ending in 1982, are as follows

SASOL	4 060
ESCOM	3 700
ISCOR	1 521
PHOSCOR	63
IDC	530
FISHCOR	2
IIDC	20

Sasol installations: ~~security~~

Hans 16 Que, Col 844 (260) (3~~27~~)

*4 Mr N B WOOD asked the Minister of Mineral and Energy Affairs

4/6/80

(1) What steps are being taken to improve security at the Sasol installations,

(2) whether closed circuit television is used to monitor the perimeter fences, if not, why not?

†The MINISTER OF INDUSTRIES (for the Minister of Mineral and Energy Affairs)

(1) Attention is continuously being given to ways and means of improving the security at the Sasol installations

(2) It is not in the interest of the security of industrial installations to furnish details of the safety and security measures that may or may not be in use

Guarding of Sasol plants

Hans 16 Qu, Col 844 260 3/2/87

*5 Mr N B WOOD asked the Minister of Defence

6/6/80 2/4/

(1) Whether it has been decided that units of the Defence Force will play a

part in guarding the Sasol plants, if so,

(2) whether consideration has been given to utilizing mobile patrols similar to those in use at airports?

†The DEPUTY MINISTER OF DEFENCE

(1) and (2) The S A Defence Force plays an active role in the protection of certain points that are of national strategic importance Such protection is provided in collaboration with other organizations responsible On account of the security aspects involved, no further details may be released.

13(757) 14/5/80 (260) (785) (623)

Sasol: licensing agreement

*3 Mr N B WOOD asked the Minister of Industries

(1) What is the effect of the recent licensing agreement entered into by Sasol with a prominent American company,

(2) whether royalties accrue to Sasol in terms of the agreement, if so,

(3) whether the royalties will relate to the licensing of individual plants or the quantities of fuel produced by such plants?

The MINISTER OF POSTS AND TELECOMMINICATIONS (for the Minister of Industries)

(1), (2) and (3) No licensing agreement has been entered into by Sasol Sasol has, however, concluded an arrangement with an American company for the marketing of its technology

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The Argus

MONDAY JUNE 2 1980

14
Plus 1

2/6/80 ARGUS

Sasol chief blames terrorists

'A PLANNED ONSLAUGHT'

~~58~~

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Argus Correspondent

SASOLBURG. — The sabotage at Sasol had to be seen as a carefully planned onslaught on Sasol 1, Natref and Sasol 2, the managing director of Sasol, Mr J A Stegmann, said in Sasolburg today.

21/6/80 ARGUS

Eight fuel storage tanks were set on fire with explosives last night and six were still blazing early today but Mr Stegmann said later that only one larger and three smaller tanks were still burning.

Police quickly sealed off the town and set up road blocks last night

Police and traffic police armed with rifles turned away all approaching cars.

A series of road blocks were put up on roads into Sasolburg as the local commando unit was called out at 3 30 am

'There is little doubt that it was a terrorist attack. The attempt at

spreading by ~~sealing~~ it off

The explosions at Sasol 1 occurred at approximately 11 40 last night,' he said

'At about the same time as the explosion at Sasol 1 the security patrol at Natref spotted an unauthorised person in the despatch area The intruder was confronted after which a Natref security guard was shot in the shoulder The suspect fled

'Three tanks are burning at Natref Two of the tanks containing jet fuels are still burning while a third tank containing diesel oil was extinguished by the Natref fire brigade after about an hour The fire at Natref is under control'

As was the case at Sasol 1, production at Natref had not been affected and was proceeding normally, Mr Stegmann said

Shortly after the explosions at Sasol 1 and Natref, an abortive attempt at sabotage was made at Sasol 2

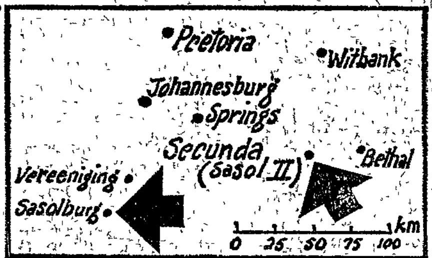
This was not in the tank farm area but in one of the process units

This incident at Sasol 2 will in no way affect the commissioning schedule of the plant, Mr Stegmann said

In a later statement he said the fire intensity at the jet fuel tanks at Natref had been reduced considerably

The position is well under control

● From London it is reported that the banned African National Congress of South Africa, claimed responsibility today for the sabotage — Sapa



THE Sasol plants at Sasolburg and Secunda where blasts occurred last night

Security checks at Milnerton refineries

SECURITY precautions at the Caltex refinery in Milnerton would be examined for any loopholes after the Sasol attack, a spokesman for Caltex Oil said in Cape Town today.

'We will take all measures humanly possible to prevent a similar incident at our refinery or installations,' he said.

'We don't know the full details of the Sasol attack yet, but we must take into account it could happen to us'

Milnerton town clerk Mr J S de Villiers said the fire brigade was taking natural steps'

A Mobil Oil spokesman said present security measures at its installations were considered adequate No special precautions had been taken

A Shell spokesman said the company had spent 'a lot of money' on protecting its staff and facilities

'No isolated attack'

Argus Correspondent

JOHANNESBURG — The attack on Sasol was part of a co-ordinated enemy plan and was not isolated, South Africa's new security chief said today.

Dr Niel Barnard, who took over today as director-general of the National Intelligence Service, said people could best help by not gathering in large numbers at terrorist attack sites where it was easy to hit them'

THE FURY of the Sasol fire is graphically shown as a foam-spraying fire engine continues to battle the blaze. *(See Page 11.)*

City man off to fight Sasol blaze

MR RODNEY CAMP, who put out the massive Beira oil refinery fire last year, left Cape Town early today on a special flight to Sasolburg where the Sasol 1 and Natref refineries are ablaze.

He and one of his Cape Town staff are linking up with two from Johannesburg to form a specialist team, all employed by Mobil, who are known to have the best fire-fighting specialists in South Africa. They stopped the Beira fire within hours of arriving there, and they have been called on to stop fires in other African countries which have had this problem.

Sasol 2, which occurred at more or less the same time, was abortive. There were no casualties in any of these attempts," Mr Stegmann said.

"Production at Sasol 1 had not been affected at all while production at Natref was also proceeding normally.

"The abortive attempt at Sasol 2 did not occur in the tank farm, as in the case of Sasol 1 and Natref, but in one of the process units.

"There is no serious damage and it will have no effect on the commissioning of Sasol 2."

Mr Stegmann said the Sasol plants and Natref were continuously patrolled by security personnel.

Fire units

The fire brigade of Sasol 1 was on the scene within a few minutes while that of AECI (one of the adjacent industries) came within a few minutes.

Mr Stegmann [illegible] the ma[illegible] to prevent [illegible]

(Continued on Page 3, col 7)

● Pictures and reports — Page [illegible] and 11

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Shoot to kill, urges Buthelezi

Own Correspondent

ULUNDI — KwaZulu's Chief M n ster, Chief Gatsha Buthelezi, today called for the creation of black vigilante groups to protect buildings and said they should "shoot to kill" if they found anybody interfering with these buildings

Speaking in The Assembly here he said he had not been surprised when he had heard today of the huge blasts at Sasolburg and Secunda.

"I had information over the weekend that today was going to be a red letter day in South Africa — that there were going to be lots of fires. It is no coincidence that there were fires at Sasolburg and Secunda

"It is a pity that the black people of this province are not armed They should form vigilante groups and when they see people interfering with buildings, they should shoot to kill"

Chief Buthelezi launched a bitter attack on some newspapers, saying "There are a lot of Rip van Winkles who do not know what is going on around them"

A part of enemy plan, says new security chief

Last night's attack on Sasol installations was part of a co-ordinated enemy plan and not isolated, South Africa's new security chief said today

Dr Niel Barnard, who took over today as director general of the National Intelligence Service, said last night's attack was typical of terrorist tactics which aimed to be unpredictable

He said that the more unpredictable such attacks were, the more effective they were

TAKE NOTE

He said he could not disclose how the attack fitted into the overall onslaught against South Africa, but he warned people not to believe it was isolated

He said the public could best help the country in such cases by not gathering in large numbers around sites of terrorist attacks

It was a well known terrorist tactic to lure large crowds by an attack and then "it was easy to hit them"

He asked the public to take note of what was going on around them "We are only as good as the eyes and ears of the people We cannot be everywhere," he said

He appealed to the South African public to consider the country's problems calmly, as over-hasty action could undermine the State order

"Terror is drama" was the slogan of terrorists who realised that they could get better publicity this way than by advertising in the media

TWO SIDES

Dr Barnard said he was not advocating an embargo on news and said there were two sides to the issue

Dr Barnard made it clear that the National Intelligence Service had no "executive functions" and aimed purely at gathering intelligence

He was addressing a Press sonference in Pretoria

He added that activities of an "executive" nature laid at the door of the country's intelligence service before, were attributed by people ignorant of the true function of this service

He said that last year the Prime Minister, Mr P W Botha, formed a co-ordinating committee between the three intelligence services and this was working with great success

LIAISON

Dr Barnard added in reply to a question that the counter-strategy to threats against South Africa should rely not only on force but on "positive political developments"

There was liaison between South Africa's intelligence service and intelligence services elsewhere in the world

"South Africa is not such a black sheep"

Dr Barnard said that points of friction in South Africa were exploited by forces of the "ultra-right and ultra-left"

He said recent unrest among coloured people was encouraged by external forces, but was also part of a historical, political process in South Africa

'No danger to fuel supplies'

Fuel supplies to the Reef — including the supply of jet fuel — will not be significantly affected by the sabotage of the Sasol plant last night

Mr J A Stegmann, managing director of Sasol, said "A very small number of tanks in relation to the total number at Natref and Sasol have been affected by the fires

"The supply position to the Reef of fuel products as well as the supply of jet fuel is unlikely to be significantly affected

Mr Stegmann said that in the wake of the attack, security measures at Natref Sasol 1 and Sasol 2 would be reviewed

He would not comment on where security measures might have fallen down last night

Colonel Leon Mellet, Police Director of Public Relations, said police would have to wait until the fires had been extinguished before the cause of the explosions could be determined

"This is assuming that there could be as many as six people involved in the attacks"

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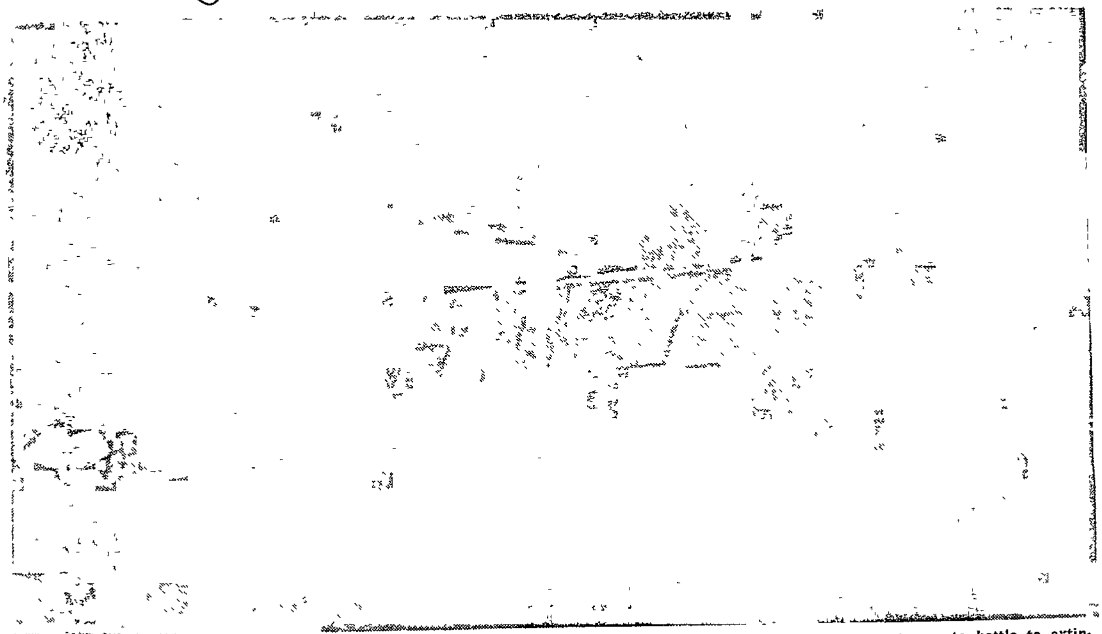

The fury of the Sasol fire is graphically shown in this picture taken today as a foam-spraying fire-engine continues to battle to extinguish the blaze. ● Picture: Dale Yudelman.

While they were investigating, a blast in the "tank farm" sent flames into the night sky

At about the same time a guard at the Natref plant four km away saw a saboteur and challenged him

The saboteur fired at the guard and wounded him

As the saboteur fled, a tank at the Natref plant went up, five minutes after the first blast at Sasol 1

It is not known how many saboteurs were involved The only one seen was the man who shot the guard

Most workers, though, were apparently involved with production and were not at the remote "tank farms," or storage depots

At Secunda, about 135 km from Sasolburg, three explosions rocked the R2 500 million Sasol 2 plant at 12 20 am today but caused no significant damage

The saboteurs got right into the huge plant, apparently through the security fence

They used seven home-made bombs attached to 44-gallon drums of chemicals These exploded but did minimal damage

● **More dramatic sabotage pictures — Page 17**

Market remains steady

KUWAIT — Middle East investors helped push the price of gold to over 578 dollars an ounce today following rumours on world bullion markets that there had been fresh developments in the Teheran hostage crisis

Muslim students holding the American hostages in Teheran have described rumours that some of the hostages have been executed as "utter nonsense," reports Sapa-Reuter

On the Johannesburg Stock Exchange share prices were hardly influenced by the Sasol attack Johannesburg stockbrokers said this morning, though Sasol shares lost 20c each

The higher gold price in Hong Kong — up nearly 40 dollars an ounce to a range of 572-576 dollars — helped put some strength into the local stock market, where virtually all gold shares moved ahead

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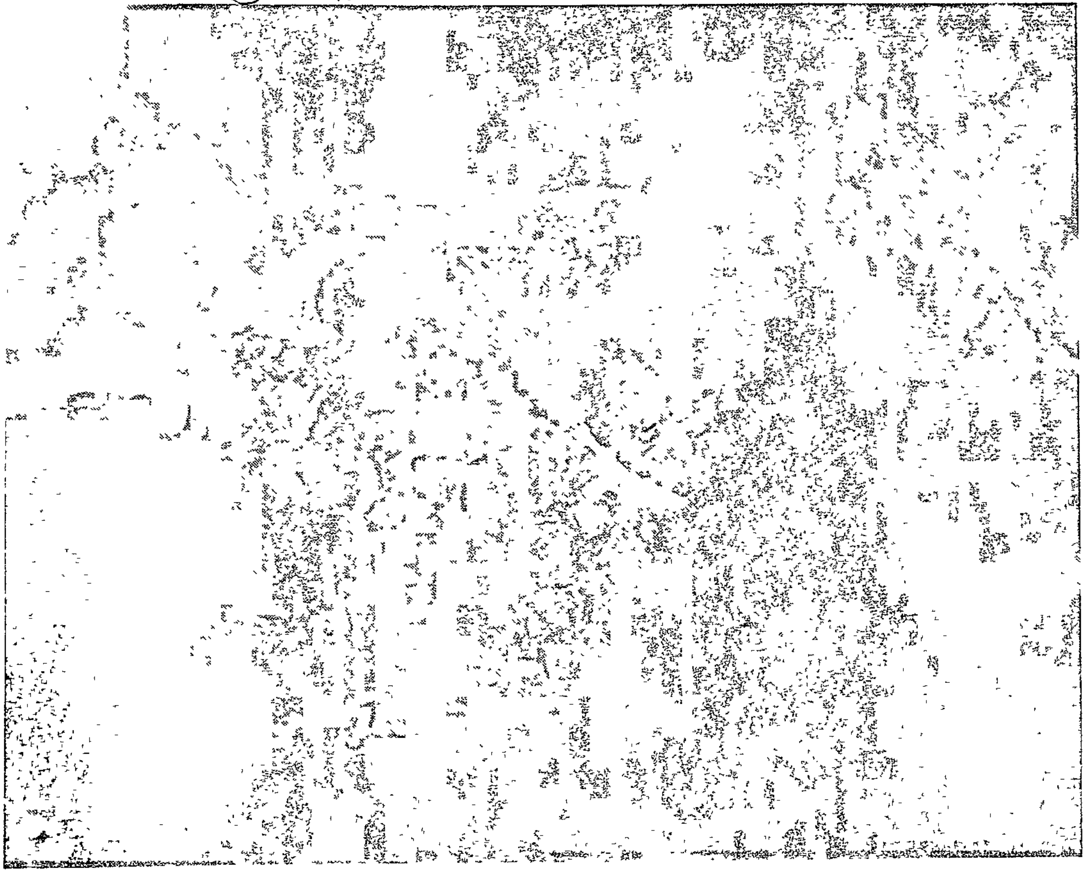

Firemen in battle to hold Sasol flames

STAR 2/6/80

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From page 1

did not want to go into detail

The Minister of Police, Mr Louis le Grange, said the police were busy with a thorough investigation

In a brief statement, Mr Le Grange said that all the necessary steps had been taken at the sites of the explosions and the police and other Government institutions were investigating

Police had thrown in "every available man" to hunt the saboteurs, said General Kobus Visser, head of the CID

Traffic policemen from nearby municipalities have been brought in by the SAP to seal off Sasolburg and the vicinity with roadblocks

First indications that the Sasol plants had been selected as targets came at 11 40 when guards found a hole in a security fence at the Sasol I plant.

Mr J A Stegmann, managing director of Sasol, said today that he did not know how many tanks had been bombed nor how many had caught alight as the fire spread

The situation today, he said, was that, of eight tanks that had ignited six were still blazing

The blaze at one tank, filled with butadiene, used in the manufacture of synthetic rubber, had been controlled but not extinguished.

A diesel-fuel fire at the Natref plant had also been put out, Mr Stegmann added.

He said there was less damage than originally feared The fires at the storage tanks would probably burn for some time, but the tanks were in a depression and there were walls round the area. This helped prevent the fires from spreading.

Remarkably, the only injury was to the guard — although all the plants are manned 24 hours a day.

REMOTE

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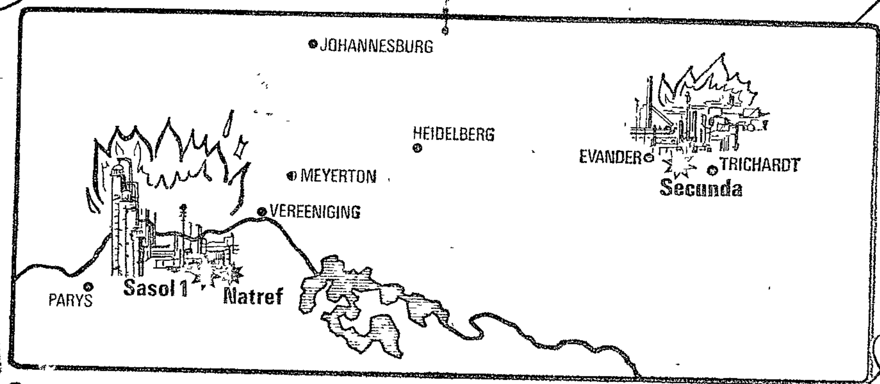

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Pyjama crowd watched the flames

Sasolburg people shaken from sleep by the explosions streamed from their homes into the biting cold to watch billowing towers of flame and smoke rising high into the sky.

The town sprang to life in the early hours as Sasol and Natref staff police, traffic officers and local commandos were called out to deal with the fires, begin investigations and seal off roads in and around the town

Many residents braved the cold in pyjamas and dressing gowns to watch the bright red flames for more than three hours

Fire engines with sirens screaming raced to the blazing tanks

As dawn broke over the sprawling complex the funnels of dense, black smoke became visible against the lightening sky

The rising sun tinged the smoke red as it began to disperse across the sky at high altitudes

Boys on their way to school scaled fences and climbed trees to get a better view of the fire

Mrs Anna Ross said he first explosions her family heard rattled the windows of their home

Her husband Stan urged her to go back to sleep Then they heard another explosion and she told him "It s sabotage"

Mrs Ross said today 'It was like an earthquake I thought it was all over with us"

She said the family heard about six explosions It was like bright day outside.

Another resident said that after a loud explosion rattled his windows he heard sirens screaming

Gerhard Janse van Vuuren (14), interviewed as he climbed a tree to get a better view of the Natref fire, shouted 'My dad, my mom and I were woken by the explosion at Natref but our house is not in a place where we could see Sasol'

Sasol office workers chatted amicably as they arrived at the usual time today for another Monday morning

Sasol i

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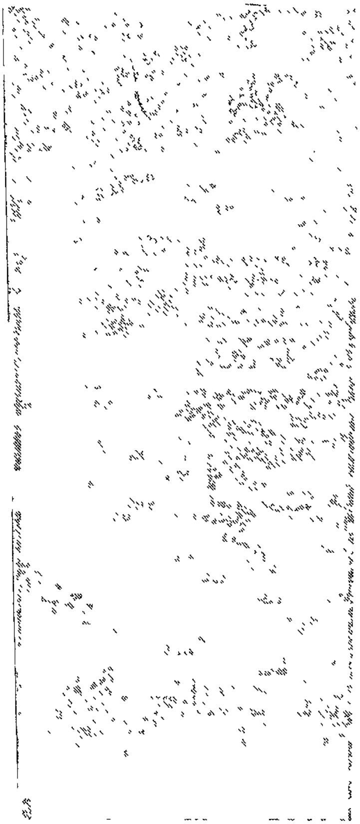

ttack by saboteurs.

Picture. Mark Peters.

botage inquiry

of all forms of d terrorism as imply increase suffering and hardening of all sides '

Raw, the NRP spokesman on aid: "This is inevitable de- d urban ter-rorism which I suppose we had to expect

"It will undoubtedly demand a review of security machinery at vulnerable strategic installations The signs for a long time have indicated a buildup of terrorist activities, but I do not believe there is reason for panic."

● Detonated bombs minutes later at the nearby Natref installation.

● Tried to explode a processing unit at Sasol 2 at Secunda but failed.

Tanks were still burning at Sasol and Natref today as firemen from 10 municipalities fought a blaze described as the biggest fire known in South Africa.

A police spokesman said that there was little hope of extinguishing the fires

Reports by: Colin Thompson, John Allen, Michael Crooks, Carlos Pais, Kevin Murray, Sieg Hannig and Jaap Boekkooi.

and firefighting was mainly aimed at containing the Sasol 1 blaze.

Two big plumes of black smoke from flames leaping high into the air darkened the sky over the Vereeniging-Sasolburg area today and smoke drifted more than 80 km to the southern suburbs of Johannesburg

All three attacks took place at about the same time — around midnight.

Spokesmen for Sasol said that the damage was estimated at R5,8-million but production had not been disrupted

In an interview in Cape Town Mr Kobie Coetsee, Deputy Minister of Defence, said that the Defence Force would take a number of steps following the sabotage.

Mr Coetsee declined to state definitely that the army would be called in but said 'all necessary steps will be taken to see there is no recurrence."

Asked whether this meant that the Defence Force would resume the role it took in the '60s guarding strategic installations Mr Coetsee said he

To Page 3, Col 9

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We sabotaged plants—ANC

STAR 2/6/80

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Mr J A Stegmann, Sasol's managing director.

Security at strategic fuel installations around the country is being urgently investigated and tightened after last night's daring sabotage attacks on vital fuel-from-coal plants at Sasolburg and Secunda. The Defence Force is likely to take over protection of key plants.

By lunchtime today most of the uniformed policemen and army commandos who had been patrolling Sasolburg and manning road blocks in the vicinity had been withdrawn, but investigating officers were still on the scene.

The investigation was hampered by the intense heat from the fires which were still raging.

In London the African National Congress claimed full responsibility for the attacks.

In well co-ordinated strikes, saboteurs:

- **Exploded bombs at fuel-storage tanks at Sasol 1, Sasolburg.**

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WARNING

Last night's explosions were the first terrorist actions against South African industry and more could be expected, industrialists were warned today

"For quite a long time, the authorities have been putting out warnings for industry to be prepared," said Dr R A P Fockema, president of the Transvaal Chamber of Industries

'And organised industry has been alerting its members of the danger

I would be highly surprised if all big and strategic industries had not taken precautions against terrorist action

'I am sure that those who have not prepared themselves adequately will now take the necessary action." Dr Fockema said

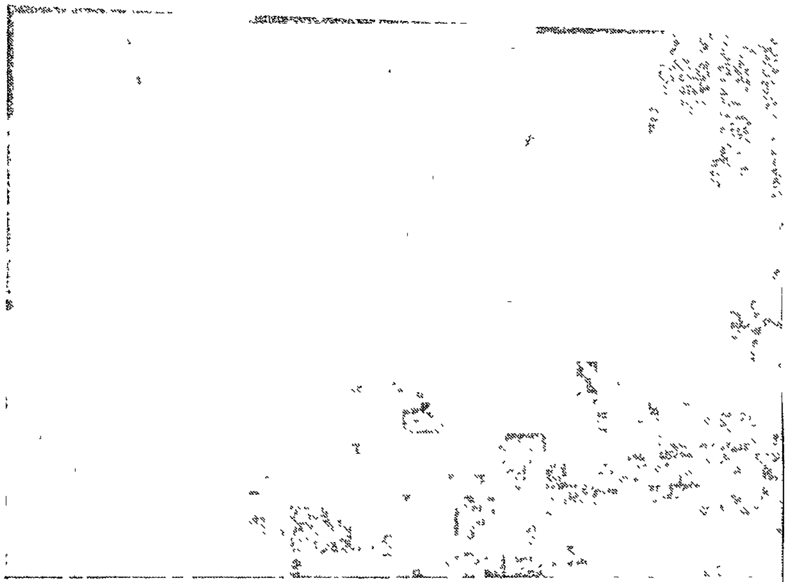
Professor Mike Louw, former director of Pretoria University's Institute for Strategic Studies, said "I expected this a long time ago."

Dr Mike Hough, director of the Institute for Strategic Studies at Pretoria University, said 'All of us should become security conscious, especially in industry

"We may have very definitely moved into a period of continuous attemps at urban terror and we can expect more such incidents to take place"

Dr Hough identified two motives behind last night's sabtage

- To cause a spectacular incident to provide maximum publicity.
- To cause the physical destruction of the industrial capacity of the country.



Flames and thick black smoke rose today from oil installations at Sasolburg after last night's attac

Airport meeting

Officials at Jan Smuts Airport called an urgent meeting early this morning to discuss alternative air fuel supplies after the Sasol blast

A spokesman for one of the suppliers said that by juggling existing supplies, normal aircraft movements could be continued.

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Opposition call for sab

Political Staff

CAPE TOWN — The official Opposition is to demand a full inquiry into what its Defence spokesman, Mr Harry Schwarz believes is the largest act of sabotage to hit South Africa.

Commenting on last night's massive explosions at Sasolburg, Mr Schwarz said "One would have expected that there would be protection and that adequate steps would be taken to minimise the degree of risk"

The PFP leader, Dr F van Zyl Slabbert, said 'This is a most disturbing development. I strongly disapprove of violence and these simp misery and st lead to a h attitudes on al

Mr Vause R leader and sp Defence, said part of the n velopment of

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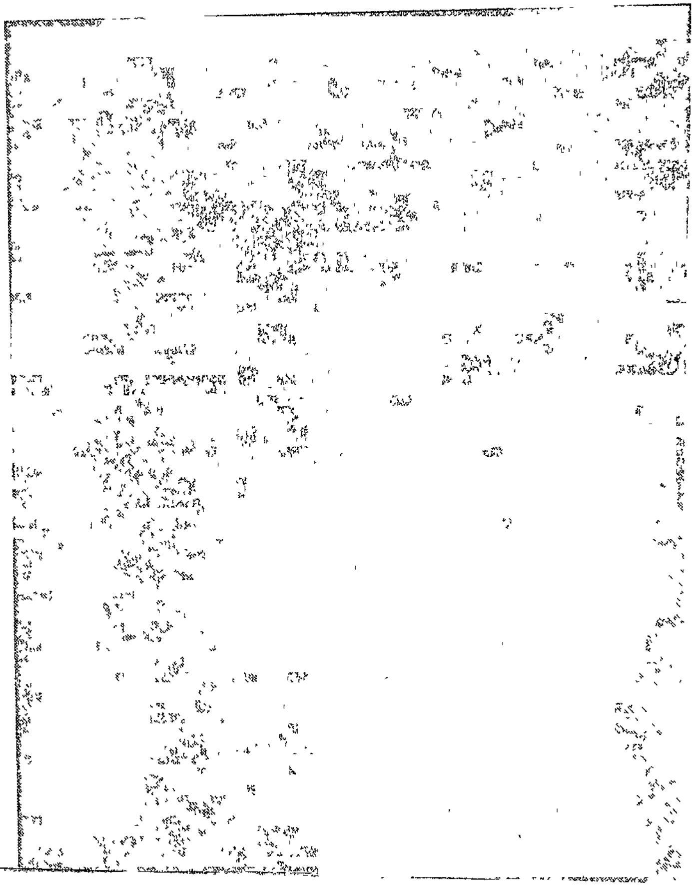
Sasol



Attacks were skilled, says Minister

PWA

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CAPE TOWN — The Minister of Mineral and Energy Affairs, Mr de Klerk, said today it was clear the attacks on Sasol installations were of a sophisticated nature.

"It is clear that we are faced with a sophisticated attack, which is evidenced by the fact that there were three separate attacks on three separate installations almost simultaneously."

He said he hoped the incident would place beyond all doubt the fact that South Africa had to do with an organised assault aimed at causing damage and disrupting stability and order.

"It is good news that production has not been affected."

The Minister expressed his thanks to everyone who had acted so swiftly and efficiently, reports Sapa.

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2/6/80

...l installations at Sasolburg after last night's attack by saboteurs ◎ Picture: Mark Peters.

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at Sasolburg, Mr Schwarz said "One would have expected that there would be protection and that adequate steps would be taken to minimise the degree of risk."

The PFP leader, Dr F van Zyl Slabbert, said: "This is a most disturbing development. I strongly disapprove of all forms of violence and terrorism as these simply increase misery and suffering and lead to a hardening of attitudes on all sides."

Mr Vause Raw, the NRP leader and spokesman on Defence, said: "This is part of the inevitable development of urban terrorism which I suppose we had to expect.

"It will undoubtedly demand a review of security machinery at vulnerable strategic installations. The signs for a long time have indicated a buildup of terrorist activities, but I do not believe there is reason for panic."

2/6 8

residents see 'flaming hell'

SASOLBURG — Residents, shaken from sleep by the explosions streamed from their homes into the biting cold to watch billowing towers of flame and smoke rising high into the sky.

The town sprang to life in the early hours as Sasol and Natref staff, police, traffic officers and commandos were called out to deal with the fires, begin investigations and seal off roads in and around the town.

Fire engines with sirens screaming raced to the blazing tanks.

As dawn broke over the sprawling complex the [illegible] [illegible], black smoke became visible against the [illegible] sky.

[illegible]

The [illegible] [illegible] turned the smoke red [illegible] it began to [illegible] high across the sky.

Boys on their way to school scaled fences and climbed trees in an attempt to get a better view of the fire.

Mrs Anna Ross said the first explosions which her family heard rattled the windows of their home.

Her husband, Mr [illegible] Ross, urged her to go back to sleep. Then they heard another explosion and she told him 'It's sabotage.'

Mrs Ross said today: 'It was like an earthquake. I thought it was all over with us.'

She said the family heard about six explosions.

UP TREE

Gerhard Janse van Vuuren 14, climbing a tree to get a better view of the Natref fire, shouted: 'My dad, my mom and I were woken by the explosion at Natref. But our house [illegible] not in a place where we could see Sasol.'

A student staying in a block of flats about 500 m from the Sasol complex said he heard two explosions at about 11.50 pm last night. Mr H P Combrinck of Aquarius Flats, said he 'did not think it was anything serious. I once worked at an explosives factory and it did not sound to me like a big explosion.

RED GLOW

'Five minutes later there were about 10 explosions. My flat is about 500 m from the complex, and I could see a red glow. A thick column of smoke hung over the area.

'While I stood [illegible] looking at the flames, [illegible] police were already [illegible]ting up two road blocks,' Mr Combrinck said.

Mr L S Kruger [illegible] Tropsch Street, Saso[illegible]burg said the 'flaming hell' [illegible] visible from his ho[illegible] about 1 km from the co[illegible]ple.

'The whole house sho[illegible] after every explosion.' [illegible] heard 13 such explosion[illegible] he added.

Mr A J van Jaarsve[illegible] of Colenso Street, Sas[illegible]burg, said a 'loud [illegible] shook the world. A[illegible] then all hell exploded.' — Argus Correspondent, Sapa

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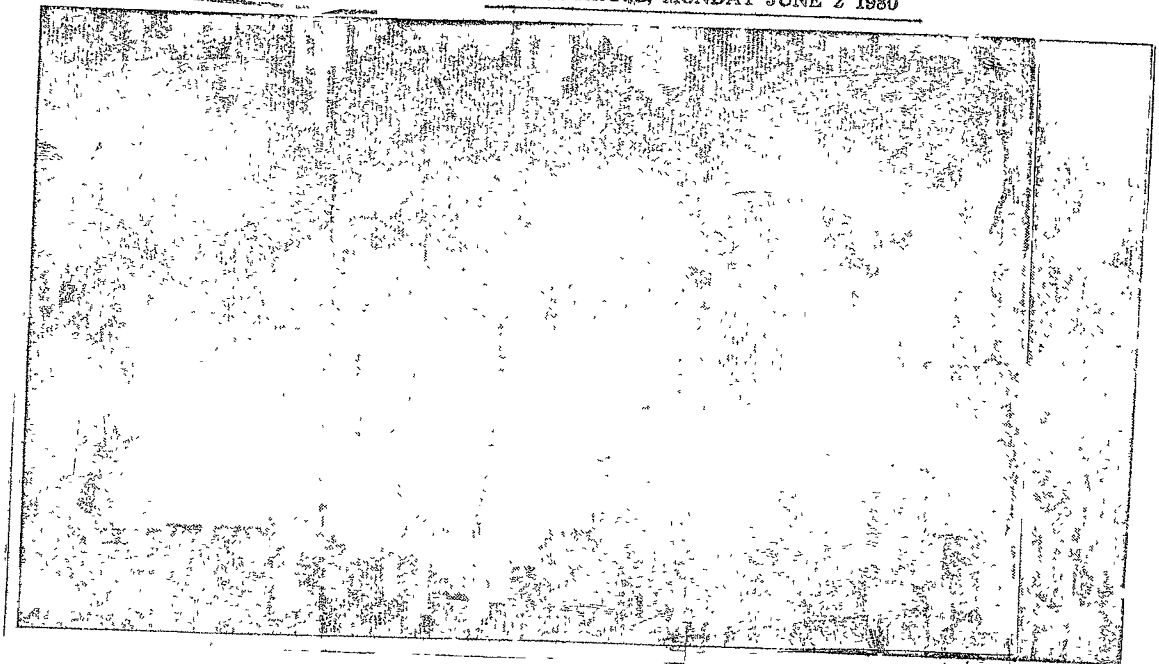

OIL installations at Sasolburg are sharply silhouetted against a night sky lit up by soaring flames and billowing smoke after the attack last night Firemen were still fighting the raging fires as police mounted an extensive manhunt for the saboteurs

The army may be called in

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THE Defence Force is likely to be called in [illegible]

[illegible]

Part of the Sasol plant near Sasolburg where at least five tanks exploded early this morning Firemen were battling to prevent the massive blaze from spreading

Massive blast at Sasol

CAPE TIMES 2/6/80

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SASOLBURG. — A "huge" explosion and blaze ripped through Sasol, the massive oil-from-coal plant near here in the Free State late last night.

A total of five tanks had exploded by early this morning and "considerable damage" caused, according to a Sasol spokesman He said he believed that one or two people had been injured but could not confirm this

There were two explosions at separate Sasol installations The first fire was detected about 10 20 pm last night at the Sasol 1 factory, where two tanks were alight A second explosion, at the Natreft refinery, about three kilometres from Sasol 1, occurred about the same time

A Sasol spokesman, Mr Clarence Keyter, said early this morning:

"It is not possible to say what started the fire It could have been started in various ways and means There is no reason to believe it is sabotage."

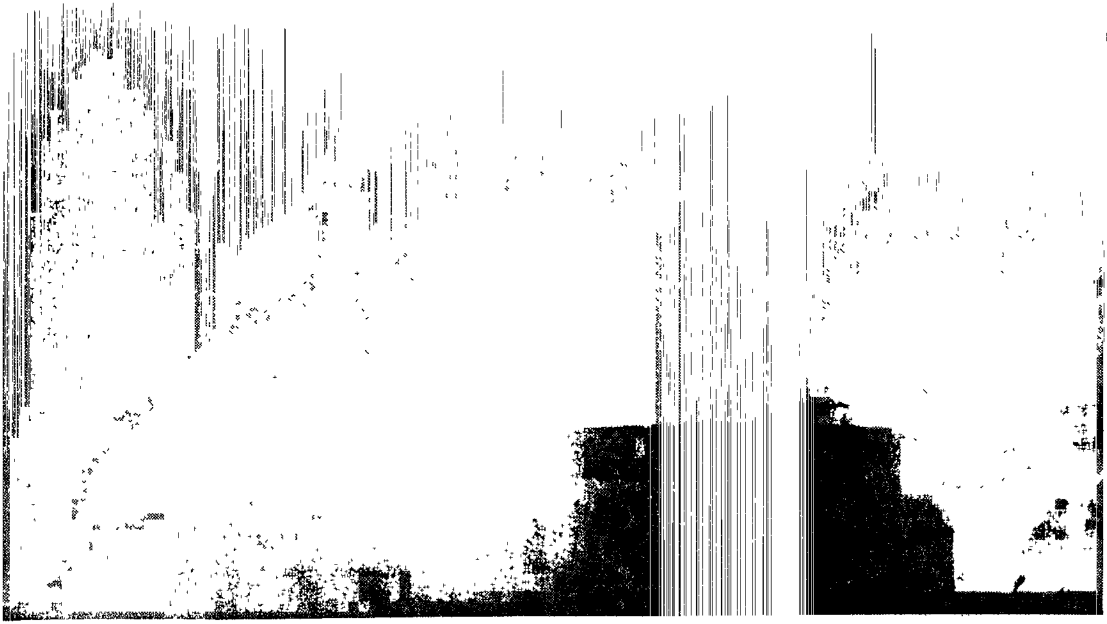
Mr Keyter added "To my knowledge this is the first time that we have had this type of explosion There was another type of explosion in 1975 — in the gas-forming section — in which seven people were killed"

Ambulances, police and civil defence units from Sasolburg were placed on standby and fire brigades from Johannesburg, Vanderbijlpark, Vereeniging, Alberton and from factories near the Sasol plant were called in

An Alberton man, Mr D Grobler, who drove past the plant and saw blaze said: "I saw tank after tank exploding It was a huge blaze"

Residents at the local hotel and staff and patients at the Sasolburg hospital were watching the fire which "had illuminated the whole sky" by 1 30 am

One resident said "It is like daylight down here The whole horizon is illuminated and you can see flames from miles away."



OIL installations at Sasolburg are sharply silhouetted against a night sky lit up by soaring flames and billowing smoke after the attack last night. Firemen were still fighting the raging fires as police mounted an extensive manhunt for the saboteurs.

Blasts, then residents see 'flaming hell'

260

SASOLBURG. — Residents, shaken from sleep by the explosions streamed from their homes into the biting cold to watch billowing towers of flame and smoke rising high into the sky.

The town sprang to life in the early hours as Sasol and Natref staff, police, traffic officers and commandos were called out to deal with the fires, begin investigations and seal off roads in and around the town.

Fire engines with sirens screaming raced to the blazing tanks.

As dawn broke over the sprawling complex the funnels of dense, black smoke became visible against the lightening sky.

TINGED

The rising sun tinged the smoke red as it began to disperse high across the sky.

Boys on their way to school scaled fences and climbed trees in an attempt to get a better view of the fire.

Mrs Anna Ross said the first explosions which her family heard rattled the

A student staying in a block of flats about 500 m from the Sasol complex said he heard two explosions at about 11.50 pm last night. Mr H P Combrinck of Aquarius Flats, said he 'did not think it was anything serious. I once worked at an explosives factory and it did not sound to me like a big explosion

RED GLOW

'Five minutes later there were about 10 explosions. My flat is about 500 m from the complex, and I could see a red glow A thick column of smoke hung over the area.

'While I stood there looking at the flames, the police were already putting up two road blocks,' Mr Combrinck said.

Mr L S Kruger of Tropsch Street, Sasolburg, said the 'flaming hell' was visible from his house about 1 km from the complex

'The whole house shook after every explosion. I heard 13 such explosions,' he added.

Mr A J van Jaarsveld, of Colenso Street, Sasolburg, said a 'loud thud shook the world And then all hell exploded.' — Argus Correspondent and Sapa.

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Sasol blasts caused by limpet mines

Staff Reporters

Sophisticated limpet mines were used in the attack on the Sasol and Natref plants in Sasolburg yesterday.

Initially it was thought home-made bombs had caused the explosions which left fires raging for the best part of the day and caused damage estimated at R5,8-million

A police spokesman said the number of bombs used could not be disclosed at this stage

Sasol 1's huge flames have finally died and a white mist today shrouded the fuel-from-coal site as the huge police manhunt continued for the saboteurs.

Workers had moved in to clear the debris around the eight tanks hit by the blaze and production at both plants was normal today

Instead of the pall of black smoke that loomed over the town yesterday, white mist shrouded it this morning.

But still many questions remain unanswered Nobody has yet worked out exactly how much fuel was lost in the blaze

Reporters were yesterday shown the extent of the damage at the Sasol plant and production manager Mr Mike Tisdall paid tribute to the men — at times numbering 250 — who had fought the flames

He said great courage had been needed and that the men had risen to the task

Police investigations have been delayed by the intense heat

But Sapa reports that there were apparently three actual sabotage blasts at Sasol 1 and Natref and four or five subsequent "sympathetic" explosions set off in other tanks by the initial detonations

Sources at the factories said the first sabotage blast at Sasol was at a butadine tank containing liquid and gas which exploded and was destroyed, setting off one big and three smaller fuel tanks

At Natref, the saboteurs apparently missed a gas-filled tank and set off their first blast under a tank containing semi-refined fuel for further refining into aviation fuel

This blaze was later extinguished

However, the saboteurs also managed to set off at least a third blast for the night at an aviation fuel tank

A second tank of aviation fuel nearby apparently exploded in sympathy.

Le Grange names mastermind behind sabotage attacks

MR LOUIS LE GRANGE

A leading figure in the South African Communist Party, Mr Joe Slovo, has been pinpointed by the Minister of Police, Mr le Grange, as the mastermind behind the Sasol sabotage attacks.

Mr le Grange said the stationing of Mr Slovo in Maputo was part of a well thought out plan of the SA Communist Party and the African National Congress to place him as close as possible to South Africa.

This was to enable him to exercise easier control over trained terrorists infiltrating into South Africa

He was also much closer and much more accessible to people who entered South Africa on spying missions and then left it to make reports

"He is specifically there to co-ordinate and plan the action," Mr le Grange said

Mr le Grange reiterated the Government's warning that countries which housed terrorists and allowed their territories to be used as springboards for attacks on South Africa should realise the risks they were running

He said an ANC

To Page 3, Col 1

Heart-stop wait as police defuse 3 Springs bombs

East Rand Bureau

Hundreds of people watched with "their hearts in their mouths" yesterday when three bombs were defused and removed from Sasol's Fluor offices in Springs.

A witness, Mr Mike Gibbon, told The Star he saw everything from his pharmacy opposite the old Town Hall, which houses the offices of Fluor, chief contractors for Sasol II and III

Mr Gibbon said he gathered that two bombs were placed in a section of the hall in Second Street

Another had been found on a window-sill on the side of the building in Second Avenue

"From where I was standing, the parcel on the ledge, which was about 1,5 metres high, looked like a loaf of bread wrapped in brown paper," said Mr Gibbon "Two little boys discovered the bombs in Second Street and someone in Fluor noticed this one on the sill"

Mr Gibbon said the Railway Police were quickly on the scene followed immediately by a bomb disposal unit

"The disposal unit tied a long yellow rope to the device and from across the road jerked it off the sill

"That was a real heart-stopping moment — the paper came off and it was obvious we were looking at a pukka bomb It was a round tin with a fuse sticking from it"

Then the bomb rolled down the street on the white line, stopping in the middle of the intersection "This was the safest place because it was the furthest from anyone"

● Johannesburg police were called to the University of the Witwatersrand yesterday after a petrol bomb with a burning fuse was found in the Afrikaans section of the library Students doused the fuse

Sabotage manhunt under way

▶▶ From page 1

statement issued in London claiming responsibility for the sabotage attacks had come as no surprise to the South African Police.

Three bombs found at a Sasol recruiting office were also clearly the work of the ANC.

Mr le Grange said the Soviet ambassador in Lusaka, Dr Solodovnikov, played an important role in the finer planning of ANC and communist strategy.

He was not only an expert on southern Africa, but conducted a comprehensive monitoring of the Republic itself

He was not only the Kremlin's most important link in southern Africa, but one of the great planners of the communist onslaught.

He was assisted by an exiled South African woman, Mrs Frene Ginwalla.

It was no secret that the Kremlin regarded the ANC as the only so-called true liberation organisation.

It aided the organisation and, therefore, expected results.

Opposition parties are extremely concerned about security measures at Sasol and Natref and other strategic installations

The issue of adequate protection of the two petroleum installations is likely to be the focal point of a special 30-minute debate in Parliament tonight

British national newspapers have given front-page treatment to the refinery sabotage in South Africa, warning of more trouble ahead as guerilla tactics assume a new importance in South Africa, reports Sapa

"Rebels light freedom torch" was the headline in today's communist Morning Star, and the Daily Mail said in an editorial "the Boers in their laager are encamped on the slopes of an active volcano"

The Daily Telegraph said the sabotage had "sharpened the tension now mounting throughout South Africa" and The Guardian reported the ANC attacks were "clearly aimed at striking a blow at South Africa's attempt to reduce its dependence on imported oil"

● Page 21. A chilling silence

STAR 3/6/80

960

Despite all the heat—a chilling silence at Sasol

By Colin Thompson

"No smoking beyond the fence" read the sign. Immediately behind the wire fence, acrid, heavy black smoke billowed sluggishly skyward.

Its darkness accentuated by licking mod-range tongues of flame, it rolled from a torn and twisted metal drum-like structure that had once been a Sasol tank. A tank that, only 7 hours earlier, had held billions of litres of fuel. . .

And, 17 hours earlier, saboteurs — only they know how many there were in that gang — had picked their way through the darkness carrying their lethal loads of explosives.

One wonders whether they saw the irony of the "no smoking" sign as they prepared to start their midnight inferno.

Had they hoped, then, that each blown tank would set off the one next to it? And, if that is what they set out to do, who knows how much success they had.

Certainly four adjoining tanks — three small ones within containing walls large enough to hold the contents of all three and a large one within its own containing wall — had gone up But nobody knows how many bombs it took to achieve that.

Sasol officials and police said yesterday the heat had kept them away from the blazing tanks. Certainly the white-as-the-driven snow foam sprayed at the blackened tanks to contain the infernos could have hidden the clue they sought.

Or, possibly, they just weren't telling

But the flame and the smoke curling from one still-burning tank did nothing to diminish the chill of the Highveld evening.

And neither do the other three wrecked tanks nearby, the hiss of the flames, the crackle of water sprayed at high pressure on to the adjoining tanks to prevent them from blowing too; the fire hoses burnt in two, their nylon ends brown and curling, the ladders which once went over the tanks, now lying like twisted rainbows without any pots o' gold at their end

None of these things diminished the chill They are chilling to see.

And there, watching, waiting, hoping it won't all happen again, are men from the South African Air Force brought to Sasolburg from Pretoria to contain the blaze, to try to prevent complete disaster.

They — like firemen brought from so many Reef towns — have worked long and hard They are weary, unshaven, sooty — and proud.

Proud of a job well done

Flames still spewing from the charred remains of a spherical fuel tank at Sasol 1 late yesterday The inspection ladders and pipes surrounding the tank were buckled by the intense heat.
Picture by Dale Yudelman.

3/6/80 ARGUS

Boys find 3 more bombs at Sasol HQ

JOHANNESBURG — Within 15 hours of explosions ripping through Sasol 1 and the Natref refinery complexes in Sasolburg, sparking off huge blazes causing about R6-billion damage, there was also an unsuccessful attempt to ignite Sasol 2 in the Eastern Transvaal.

An intensive manhunt is underway for the saboteurs, who, with military precision, executed the biggest single African National Congress attack so far. A special police task force moved into the Vaal Triangle area after the explosions.

SAW DEVICES

The Springs bombs, made from plastic explosives, were disarmed after two schoolboys saw one of the devices at the old Springs Town Hall, which now serves as the headquarters for the American consortium Fluor.

Police within minutes evacuated shops, a hotel and a section of the street facing the building.

One of the bombs was defused minutes before it was due to explode — and horrified bystanders watched as it slid away from a policeman who was using a rope to gingerly lift it from a ledge. The device rolled down the street for a few moments.

The outlawed ANC has claimed responsibility for the Sasolburg blasts and the sabotage attempt at Sasol 2.

UNDER CONTROL

Raging fires — with flames leaping hundreds of metres into the sky — at the Sasol 1 and Natref plants were 'fully under control' by 6 pm yesterday.

Four hundred firemen from the plants, local factories, Vaal Triangle and Reef towns, and a crack firefighting team from the South African Air Force, were called in.

About R4,5-million worth of aviation fuel and petrol went up in flames, making the fire the biggest in the country's history. Damage to the fuel tanks at both installations was estimated about R1,5-million.

One of the three fires in tanks containing diesel oil was extinguished about an hour after the incident took place.

Fires in the four smaller tanks at Sasol 1 had been extinguished, while those in the two larger tanks had 'for all practical purposes been virtually extinguished', a Sasol statement said.

'Production at Sasol 1, Natref and Sasol 2 has not been affected and is proceeding normally,' the statement added. — Sapa

Sasol security debate likely tonight

Political Staff

OPPOSITION parties are extremely concerned about security measures at Sasol and Natref — the target of terrorist attacks on Sunday night — as well as other strategic installations.

The issue of adequate protection of the two petroleum installations is likely to be the focal point of a special half-hour debate in Parliament tonight.

Mr John Wiley, MP, leader of the South African Party, who gave notice of the debate yesterday, said he had moved a motion for the debate because he was concerned about security measures taken not only at Sasol and Natref but also at other strategic installations.

Meanwhile spokesmen for the Progressive Federal Party and the New Republic Party have called for full investigations into security measures taken at the two plants.

DISTURBING

Mr Harry Schwarz, MP, PFP spokesman on defence, said that on the released information his party found the security measures 'most disturbing'.

'It appears that it was easy for the attackers to breach the security fences and there was no indication of any type of electronic alarms.

'Sasol is a national asset and needs to be properly protected.'

Mr Schwarz said the questions raised could be answered only by a full investigation.

Mr Schwarz and the NRP spokesman on police matters, Mr Brian Page, found it extremely strange that the surname of the black nightwatchman who was shot was not even known.

REASSESSMENT

Mr Page said a full investigation was required as well as a 'calm reassessment of the protection of strategic installations'.

'There is no shadow of doubt the security has to be tightened up. I think the Government should be thinking in terms of deploying national servicemen and citizen force troops to protect such installations.

'We have to look to preventive measures. People must be aware that urban terrorism is not only part and parcel of life in the world but has also become so in South Africa.'

Sasol: New approach

Cape Times

By WILLEM STEENKAMP
Defence Reporter

THE successful attack on the Sasol plants at the weekend underlined the difficulty of protecting large installations from determined acts of sabotage

From the scanty facts released so far it would appear that the strikes at the two Sasol plants were not "inside jobs" but actual raids by parties of saboteurs who, in at least one case, cut through the security fence to plant their bombs

There can be little doubt that physical security measures — such as patrolling and surveillance of the security fences and improvements to the fences themselves — will be stepped up in the wake of the explosions

But it is also likely that security experts will be called in to examine the possibility of a new approach which will make it more difficult for saboteurs to gain access or even come close enough to inflict damage

As it is, a saboteur armed with a Russian-made RPG-7 anti-tank rocket launcher can damage an oil installation from hundreds of metres away, provided that his nerves are cool and there are no obstructions to cause premature detonation of the missile

This is what happened at Salisbury in December 1978, when Zanla insurgents set fire to two tanks at an oil storage depot by firing rock-

Security step-up at Cape plants

Chief Reporter

ADDITIONAL security arrangements are to be implemented immediately at oil-company installations in the Cape

This was decided after a meeting between oil company representatives and security bodies, called urgently in Cape Town yesterday after the explosions at the Sasol and Natref plants at Sasolburg

A spokesman for Caltex Oil (SA), whose refinery at Milnerton serves the refining needs of all the oil companies in the Cape, said details of the additional security arrangements could not be divulged

He did, however, give an assurance that comprehensive security procedures were already in operation

There was an overall security organization for oil-company installations throughout the Republic, and Caltex too had its own emergency unit which could be brought into immediate action and in which precise procedures were laid down for every eventuality

Although the refinery had its own fire-engines and other fire-fighting equipment, it was in constant contact with the Milnerton fire station and with the civil defence organization, and it kept in close touch with Western Province Command of the SA Defence Force

All refineries had routine patrols as part of their basic security arrangements, and no one was allowed into a refinery area without authority This rule was strictly enforced

Blast: Little impact on economy

Cape Times 3/6/80

By GORDON KLING

THE greatest act of industrial sabotage in South African history at Sasol yesterday had little impact on the Republic's economy

The country's fuel supply position was virtually unaffected and production capacity has been unimpaired, although Sasol's share price fell back appreciably on the Johannesburg Stock Exchange

Sasol's own refinery at Sasolburg has the smallest output in the country and the adjacent Natref plant, in which it holds a 52,5 percent share (other shareholders are Total 30 percent and National Iranian Oil 17,5 percent) ranks well behind other installations

The managing director of Sasol, Mr J A Stegman, said yesterday that the question of supplies was being studied but he did not think the effects would be significant He dismissed damage at Sasol II as "not serious", and said it would have no effect on the commissioning of the R2,4-billion plant

Losses totalled about R5,8 million, of which the physical damage at Sasol 1 was estimated at less than R1 million and product loss about R1,8 million At Natref damaged plant value was put at less than R500 000 with product loss at about R2,5 million

This compares with a loss of about R50 million involved in the recent Salem oil piracy incident

Trading on the Johannesburg Stock Exchange faintly mirrored the blasts, with industrial shares tending easier as other sectors moved firmly ahead on improved gold prices Sasol itself, which came on to the market seven months ago in an issue 40 times oversubscribed at 200c, came back 17c to 363c at the close after losing some 20c earlier in the day

Oil industry sources yesterday noted that both contract and spot crude oil prices had firmed in recent weeks, but the value of product lost was not considered alarming, particularly in view of the relatively healthy state of the strategic oil fund established last year to help to stabilize prices

Minister: Attacks 'sophisticated'

THE Minister of Mineral and Energy Affairs, Mr F W de Klerk, said yesterday that it was clear that the attacks on Sasol installations were of a sophisticated nature

'It is clear that we are faced with a sophisticated attack, which is evidenced by the fact that there were three separate attacks on three separate installations almost simultaneously'

He said he hoped the incident would place beyond all doubt the fact that South Africa had to deal with an organized assault aimed at causing damage and disrupting stability and order

Mr De Klerk said he was thankful that the damage was apparently limited

"It is good news that production has not been affected"

The minister expressed his thanks to all who had acted so swiftly and efficiently

"All information indicates that from the security aspect, quick action was taken"

After the first explosion the fire services of municipalities had immediately given assistance The civil defence actions had gone smoothly

He also wished to express his thanks to all who had helped in containing the damage through their speedy action — Sapa

Disturbing — Slabbert

THE events at Sasol pointed to a sinister and most disturbing development in the terror campaign, the leader of the Opposition, Dr F van Zyl Slabbert, said yesterday

'I deplore all forms of violence and terror as it simply increases misery and suffering and leads to the hardening of the attitudes on all sides

'We must all of us make every effort to bring about acceptable and peaceful constitutional change so that events of this nature will be undercut and disappear completely from the South African way of life' he said

The leader of the New Republic Party, Mr Vause Raw, said this had been an inevitable development of the urban terrorism campaign

He said he supposed that one had to expect such a development at some time on some major installation

'The Rhodesian precedent was an obvious pointer,' he said

What concerns me is the apparent lack of effective security The whole aspect of security at strategic installations will have to be reviewed — Sapa

to security needed?

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ets from outside ~~the~~ security fence, causing millions of rands' damage

One defence against a rocket attack is to ensure that a complex such as Sasolburg is surrounded by a "cordon sanitaire" of clear ground, both to stop the approach of saboteurs and to nullify the chances of a hand-held rocket or light mortar attack

The problem is that in a heavily industrialized and urbanized country such as South Africa this is difficult to achieve without enormous expense and dislocation

The fact that many potential targets such as tank farms and refineries are situated in built-up areas makes them more difficult to secure and increases the possibility of loss of life in the event of sabotage attempts.

The Sasolburg-Secunda affair fulfils a prediction made in March by the Deputy Minister of Defence, Mr Kobie Coetsee, that the Republic could expect more acts of terror because the African National Congress had declared 1980 its "Year of Action"

Mr Coetsee said the first phase of the ANC campaign — organization, infiltration and recruiting — was alrerady advanced, and it had now launched the second or active phase, which was aimed at supporting militants, intimidating neutrals and neutralizing moderates, as well as discrediting the government and creating a climate of unrest and insecurity by selective acts of terror

FIREMEN DWARFED BY A MOUNTAIN OF FLAMES AS A REFINERY BLAZES

Firemen pictured challenging a wall of flame at the Natref refinery yesterday. Late last night the fires at Natref and Sasol One were said to be under control — there was no [illegible]

Another Sasol sabotage attempt

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STAFF REPORTERS

THREE more bombs were yesterday planted at a Sasol-linked organisation — this time at the headquarters of the American consortium which is building Sasol Two and Sasol Three.

The latest sabotage attempt came within 15 hours of the explosions which ripped through the Sasol One and Natref refineries in Sasolburg — blasts which sparked off huge blazes and caused about R6-million in damage. An unsuccessful sabotage attempt was also made on Sasol Two at Secunda.

An intensive manhunt was still underway last night for the saboteurs The chief of the South African CID, General Kobus Visser, has taken charge Security Police officers are aiding his men and a special police task force has moved into the Vaal Triangle.

The Springs plastic explosive bombs were disarmed after two schoolboys saw one of the devices at the old Springs town hall which now serves as the headquarters for the American consortium, Fluor.

Within minutes police evacuated shops, a hotel and a section of the street facing the building.

One of the bombs was defused mere minutes before it was due to explode Horrified onlookers watched as the defused bomb slid off the rope being used to lift it from a ledge and rolled into the street.

The banned African National Congress yesterday claimed responsibility for the Sasolburg blasts and the sabotage attempt at Sasol Two.

Raging fires which had swept the Sasol One and Natref plants were brought "fully under control" by 6pm yesterday. Flames were dying but pillars of smoke were still rising from the blast sites

Four hundred firemen from plant, factory, Vaal Triangle and Reef town brigades — and a crack firefighting team from the South African Air Force — were called in to quell the inferno.

A Sasol spokesman, paying tribute to them, said they had averted what could have been a major catastrophe.

Early yesterday R4 500 000 worth of aviation fuel and petrol was ablaze — making the fire the biggest in the history of South Africa. Damage to the fuel tanks at both installations was estimated at R1 500 000.

A Sasol spokesman said last night that the danger of the blaze spreading had been "virtually eliminated"

In Cape Town yesterday oil company representatives called an urgent meeting and decided to immediately enforce additional security arrangements at Cape installations. Details of the arrangements could not be divulged, a spokesman said.

The Minister of Police, Mr Louis le Grange, said last night the Springs bombs were clearly the work of the ANC and the South African Communist Party.

Mr Le Grange said, the admission by the ANC and the SACP that they were responsible for the sabotage at Sasol came as no surprise to the South African Police

"For some time the police have known that terrorist insurgents have received specific orders and instructions from Joe Slovo, a South African communist, in Maputo

"The placing of Joe Slovo in Mozambique is a well-considered plan of the SACP and the ANC to bring him as close as possible to the Republic from where he can exercise easier control over terrorists directed against the Republic."

Editorial comment — Page 8. Other reports, pictures — Pages 2, 3, 9

Mr Le Grange said the Russian Ambassador in Lusaka, Dr Solodovnikov, played an important role in the planning of ANC and communist strategy, and he was assisted by a South African refugee woman, Frene Ginwala

"No stone will be left unturned to bring these terrorists to book and to ensure the internal security of the Republic and all its people," he said

In other devlopments:

- The sabotage will be debated for half an hour in the House of Assembly today, and
- The United Nations Security Council will meet in New York tomorrow to consider the unrest in South Africa

Life goes on around scene of chaos

By CHRIS OLCKERS

AS MILKMEN began their early deliveries at Sasolburg yesterday morning, the sky was ablaze with flames and pillars of black smoke

Two black men pulled their trolleys past one of the many police roadblocks on their way to deliver milk The streets were deserted Here and there a nightshift worker stood out in his house watching the flames dance in the sky

They ignored the drama playing itself out at the massive Sasol I and Natref plants Firemen were battling to control blazes — with flames licking 300m into the sky — sparked off by explosives laid by saboteurs

The drama began at 11 40 on Sunday night when the first explosion ripped through the fuel "tank farm" at Sasol I

Soon after the second blast in the attack — at the Natref refinery 4km away — the Sasol I switchboard was jammed with anxious callers from Vanderbijlpark and Vereeniging

At 3 30am came a rude awakening for scores of Commando unit members who were told to report to the scene of the fire immediately with their rifles

When the tank caught fire very little could be heard outside the perimeter of the plant

Apart from the officials who were telephoned with news of the attack, the people of the town slept unaware through the inferno

Mr Clarence Keyter, of the Sasol I public relations staff, who lives less than 5km from the plant, was one of the plant officials whose sleep was only interrupted when news of the first explosion reached him

"I heard absolutely nothing I didn't wake up until the phone rang and I only realised how serious the situation was when the second explosion went off as I left home " he said

Nearby residents said they heard a handful of small explosions just before midnight Then about 10 minutes later their houses were suddenly walloped with a series of thunderous explosions

"It was like watching a nuclear bomb going off in the movies, said Mr Hennie van Rensburg, who was walking home from a late shift ' I almost passed out '

... had been expecting an attack on the complexes because of their critical importance to South Africa, whose oil imports have been severely limited since post-Shah Iran joined an Opec ban on oil sales to the country

"We have been living close to the line for a long time, just waiting," said Sasol engineer Mr Jan Snyman "We knew it was only a matter of time before the terrorists attacked us"

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Terror tactics warning by new NIS boss

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Pretoria Bureau Chief

SUNDAY night's co-ordinated attacks on South Africa's important fuel-from-coal installations should not be regarded as isolated incidents but in the context of a broader revolutionary strategy, Dr Niel Barnard, the youthful Director-General of the National Intelligence Service (NIS), said in Pretoria yesterday

Dr Barnard was addressing pressmen on the first day of taking office as head of NIS

He was unsmiling throughout the 45-minute session, and gave the briefest of glimpses into his philosophy on national intelligence

He said the attacks at Sasolburg and Secunda were typical terrorist tactics, which were aimed at being unpredictable The more unpredictable such attacks were, the more effective they were

"We must not delude ourselves that these were sporadic incidents They must be seen as part of a broader strategy "

Dr Barnard, 30, whose appointment last November came as a surprise and stirred controversy, succeeds Mr Alexander van Wyk as head of NIS, formerly known as BOSS and DONS General Hendrik van den Bergh was head of BOSS before Mr Van Wyk

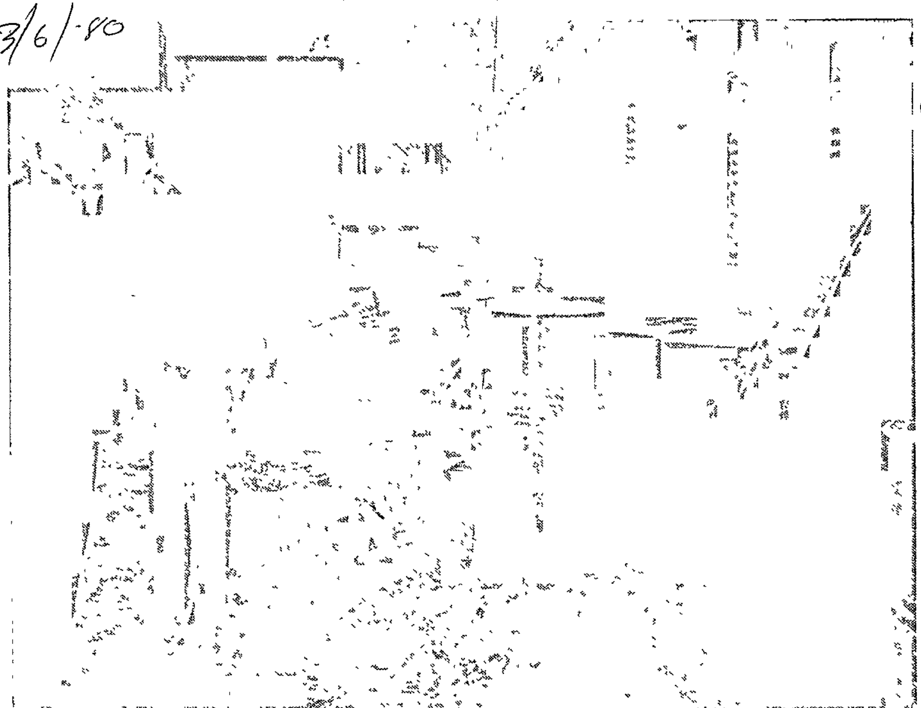
Dr Barnard said NIS was not aimed at any political party — the Nationalists, the Progressive Federal Party or the Herstigte Nasionale Party

He said the danger to South Africa's internal security came not only from the ultra-Left but also from the ultra-Right.

His service was essentially an intelligence-gathering organisation, whose role was to advise the policymakers of the country.

Regarding intelligence contacts overseas, Dr Barnard said South Africa was not regarded as a black sheep in every instance and contact was maintained with certain countries, "although I do not want to go into details"

Before taking up the NIS appointment, Dr Barnard was head of the Department of Political Science at the University of the Free State in Bloemfontein



A Sasol official and a Rand Daily Mail reporter at the site of the abortive attempt to ignite the Sasol II plant at Secunda Five drums of non-inflammable chemicals were ripped open in the blast while a second explosion damaged a pipe carrying reactor gas

Sasol II escapes damage

Staff Reporter

SEVERAL damaged 220l drums and depressions in the ground were the only evidence of the abortive sabotage attempt at Secunda yesterday

The drums, which were stored under a tarpaulin alongside a block of toilets, contained a non-inflammable water-purifying chemical

The white-powdered chemical lay strewn around the drums — less than 15m from a section of the Sasol II purification plant

A spokesman said seven explosions were heard in quick succession at 12 20am He said it appeared as though delayed time explosives had been placed in two places — at the drums and on a pipe carrying reactor gas — 200m apart

"Damage is too negligible to estimate," he said "The explosions took place in the processing unit and not in the 'tank farms' They probably thought the drums contained inflammable material"

The spokesman added that one of the explosions was caused by a short-circuit in electrical cables near the drums "Two power conductors were thrown together by the blast " he said

Opposition in call for urgent security probe

CAPE TOWN — The Minister of Mines and of Environmental Planning and Energy, Mr F W de Klerk, said yesterday it was clear the Sasol attacks were of a sophisticated nature

And the opposition called for an urgent probe into security arrangements at strategic installations

Mr De Klerk said he hoped the incident would place beyond all doubt the fact that South Africa had to face an organised assault aimed at causing damage and disrupting stability and order

He said he was thankful that damage was apparently limited "It is good news that production has not been affected"

The Minister of Police, Mr Louis le Grange, said the police were busy with a thorough investigation into the blasts

He said all the necessary steps had been taken at the sites of the explosions The police and other Government organisations were investigating the matter

"The police investigation must now take its normal course I cannot say more at this stage," Mr Le Grange said

The Leader of the Opposition, Dr Fredrik van Zyl Slabbert, said the events at Sasol pointed to a sinister and disturbing development

"I deplore all forms of violence and terror as it simply increases misery and suffering and leads to the hardening of attitudes on all sides

"We must all make every effort to bring about acceptable and peaceful constitutional change so that events of this nature will be undercut and disappear completely from the South African way of life," he said

The leader of the New Republic Party Mr Vause Raw, said the attacks were an inevitable development of the urban terrorism campaign

He said he supposed one had to expect such a development at some time on some major installation

"The Rhodesian precedent was an obvious pointer What concerns me is the apparent lack of effective security The whole aspect of security at strategic installations will have to be reviewed"

His call was echoed by the Progressive Federal Party's spokesman on industry commerce and consumer affairs, Mr John Malcomess

He said the Government should, as a matter of urgency, review security arra[illegible]ents at all installations of [illegible]onal importance

The fact that people could break into three major fuel installations at the same time on the same night was indicative of inadequate security arrangements, he said

One successful attempt could be written off as bad luck but three successful attempts could only mean bad security, Mr Malcomess said

"I call on the Government to investigate security arrangements at all installations of national importance"

He said the investigation should be carried out by experts as a matter of urgency

Mr Nigel Wood, the New Republic Party's chief spokesman on energy affairs, also agreed, saying the attacks had highlighted the vulnerability of the country's fuel-producing installations

Mr Wood said the vulnerability of synthetic fuel installations would be even more pronounced at Sasol II and III "where two huge plants are in close proximity" — Sapa

'Never 100% security'

By CHRIS MAR

IT IS almost impossib[illegible] [illegible]o-tect an oil refinery [illegible] at-tacks by distantly-l[illegible] [illegible]ed weapons like rockets, although every step is done to prevent access to the refinery area itself

Yest rday, Mr Keith Bewick, spokesman for Caltex Oil, told the Rand Daily Mail that although every effort was taken to prevent acts of sabotage to refineries, there was never 100% security in any plant

Caltex, main company in the consortium supplying fuel to Jan Smuts Airport, said the airport had not been affected by the immense damage caused to the oil plants in the Transvaal on Sunday

Mr Bewick said the most vulnerable part of any oil refinery was the processing plant

"But it would take someone with a good knowledge of the processing area to knock it out," he said

Meanwhile the 'Mail's' Cape Town correspondent reported that security arrangements are to be implemented immediately at oil company installations in the Cape

This, was decided after a meeting between oil company representatives and security organisations, called urgently in Cape Town yesterday after the explosions

Inferno damage is R5 800 000

DAMAGE at the two Sasolburg fuel plants is estimated to be about R5 800 000, according to the managing director of Sasol, Mr J A Stegmann

Fuels — including aviation fuel — worth an estimated R4 300 000 were ablaze at the Sasol I and Natref installations yesterday morning

Mr Stegmann said yesterday only minimal damage was done at Sasol II at Secunda in the Eastern Transvaal

Damage to five tanks at Sasol I was less than R1-million and damage to the three tanks at Natref amounted to less than R500 000, he said

The petroleum products ablaze included aviation fuel worth R2 500 000 at Natref and petrol worth R1 800 000 at Sasol I, Mr Stegman said

He said the situation was under control and there had been no interruption in production

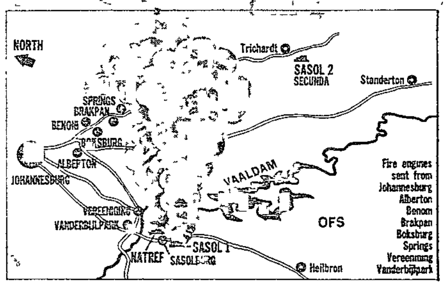
Seven storage tanks were still alight in the morning and flames were still visible hundreds of metres high in the sky

Roads in the vicinity of the two plants were closed and motorists had to use alternative routes

At least 20 fire engines from Sasolburg, other towns in the Vaal Triangle and the Witwatersrand were still fighting the blaze

In Pretoria, a police spokesman said explosions occurred at the Sasol II plant at Secunda at 1 30am yesterday

Colonel D J Coetzee, of the Police Directorate of Public Relations, said the reactor at the main project was damaged — Sapa



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3 bombs at Sasol offices

CAPE TIMES 3/6/80

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260

Own Correspondent

JOHANNESBURG. — Three more bombs were planted yesterday at another Sasol organization — this time at the headquarters in Springs of the United States consortium which is building Sasol 2 and 3.

This latest sabotage attempt came within 15 hours of the explosions which had ripped through the Sasol 1 and Natref refinery complexes in Sasolburg, setting off huge blazes which caused damage of about R6-million, and an unsuccessful sabotage attempt at Sasol 2 in the Eastern Transvaal

One of the three bombs found at Springs yesterday — made of plastic explosives — was discovered about 3 pm by two young schoolboys at the old Town Hall building which serves as headquarters for the giant Fluor Company, the consortium which is building the new Sasols

Within minutes, police evacuated shops a hotel and a section of Second Avenue facing the building

A bomb-disposal squad then took the three bombs and defused them One of the bombs was deactivated a few minutes before it was set to explode.

Horrified bystanders watched as the bomb, for a few moments, rolled down Second Avenue after a bomb-disposal expert had gingerly pulled it off the ledge with a rope that suddenly slid off

The Springs drama started when two primary schoolboys, Christopher McCouley, 8, and his brother Francis, 7, walked past the building's main entrance and discovered a "brown object looking like a lunch tin on the pavement next to the wall.

Christopher picked up the object and examined it

He said "I opened the tin and saw a big and a small battery and some wires

'I thought it could be dangerous and went into the building and told an old uncle what I had found He phoned the police '

A pharmacist who owns a shop across the road, Mr Mike Gibbons, described how police had gone into instant action minutes after the discovery of the bomb

There were three bombs — one on either side of the main entrance on the pavement and one on a 1,25 m ledge in Second Avenue opposite the shopping area

"The bomb disposal squad tied a yellow cord around the bomb on the ledge — it looked like a piece of bread wrapped in newspaper — walked away and from a distance pulled it off

"The paper came away and I could see a fuse sticking out of a round object

"The bomb slipped out and started rolling right down the middle of the street and stopped in the middle of the intersection a few metres away from us

"Police left an expert with the bomb and quickly went to defuse the other two bombs

' Finally they put all three bombs into a bomb disposal vehicle towed by a police car,' Mr Gibbons said

A spokesman for the police Directorate of Public Relations

More reports, page 2
Leading article, page 6

confirmed last night that a quantity of plastic explosives had been found in Springs

"A timing device was attached to the explosives and was defused by an explosives expert of the security police," the spokesman said

Meanwhile an intensive manhunt was still under way last night for the Sasol saboteurs, who with military precision, executed the biggest single terrorist attack yet

A special police task force moved into the Vaal Triangle area after the explosions at the refinery complexes

In London yesterday, the banned South African movement, the African National Congress, claimed responsibility for the Sasolburg blasts and the sabotage attempt at Sasol 2

In Cape Town, the Minister of Police, Mr Louis le Grange, said last night that the Springs bombs were clearly the work of the ANC and the South African Communist Party

Mr Le Grange said the admission by the ANC and the SACP that they were responsible for the sabotage at Sasol came as no surprise to the South African Police

"For some time the police have known that terrorist insurgents have received specific orders and instructions from Joe Slovo, a South African communist now in Maputo "

Picture, page 3

Sabotage

By PHIL MTIMKULU

THREE bombs had been discovered at the Springs recruiting offices of Sasol, the Minister of Police, Mr Louis le Grange, said in Cape Town last night.

The bombs were clearly the work of the South African ANC and had been disarmed, the Minister said.

In a statement, he said the admission by the SAANC and the South African Communist Party that the bomb assault on Sasol was their doing came as no surprise to the South African Police

David Ramokonopi . . . we stopped working.

Meanwhile residents of Zamdela near Sasol plant yesterday told of a night of fear when they heard the explosion and saw the leaping flames

As confusion reigned, some ran into the veld while those with cars drove away to nearby towns

And as the massive manhunt for the men who hit the place was launched, Chief Minister of KwaZulu, Chief Gatsha Buthelezi has called for the formation of armed black vigilantes who must guard buildings and "shoot at sight" anybody found tampering with them (See story on Page 2)

Residents of Zamdela were thrown out of their warm beds when the explosions rocked the earth They said the four explosions which occurred within minutes of one another could be heard for miles

So fierce were the flames that people who stay far from the Sasol plant could feel the intensity of the heat

Mr Reuben Tshekeli said he woke up after hearing the first sound "It was a tremendous explosion which even rocked my bed Everything in the house was shaking While I was still wondering what was happening there were two other explosions

"I then realised that they were happening at the plant When I looked through the window I saw a mixture of smoke and flames high in the air.

"I got dressed and went out of the house When I reached the street, there was a lot of pandemonium Cars full of people were reversing out of yards They were driving at break-neck speed and heading for the exit points

"Other people were running towards the veld at Coalbrook Parents were screaming while children were crying," he said

Mr Aaron Melato said he shot out of bed at 11,30 p m when he heard the explosions Since my home is facing the plant I knew that they were from there As I ran into the street I heard further explosions

"The heat was intense and I could not go further I was joined by other people

"But they fled when they saw a ball of fire coming towards the township This ball made even those who thought they were going to brave it start packing and running away into the veld But the fire-men quelled that flame in mid-air," he said.

Mr David Ramokunupi, who works at nearby Safripol, said when they heard the explosion at the Sasol plant they decided that it was unsafe for them to continue working "We switched off the machines and stopped working The explosions continued. We saw flames coming from Natref which is further away," he said.

But while people in the township panicked workers in the plant remained cool and were asked to help to quell the flames but all was in vain Most of them were however reluctant to talk about the fire "lest we be taken to

Government and Sasol accused of gross neglect

STAR 4/6/80

260

Political Staff

THE ASSEMBLY — In a heated snap debate last night the Government and Sasol authorities were accused of gross neglect of security at the strategic installations sabotaged this week.

The special half-hour debate, called for by Mr John Wiley, leader of the South African Party, was marked by sharp clashes between Government and Opposition speakers and between the two main opposition parties

The Minister of Mineral and Energy Affairs, Mr de Klerk, rejected charges of negligence and said urgent attention was being given to improving existing security arrangements

The Opposition's chief spokesman on police matters, Mr Ray Swart, (PFP Musgrave) drew angry interjections when he said the only real long-term security would be in "the contentment, loyalty and common patriotism of all sections of our population"

Opening the debate, Mr John Wiley (SAP, Simonstown) called for the immediate appointment of a commission of inquiry into "the inadequate security and negligence by Sasol."

Those who had been negligent should be dismissed forthwith, he said

The nation had been shocked by the sabotage, the people were angry and demanding drastic action

There had not been great damage, but South Africa's enemies had been rejoicing

NEW INCENTIVES

Urgent legislation was needed to provide for incentives to encourage expenditure on security by private enterprise He suggested a scheme for tax deductions

Mr Swart said his party shared the general grave concern It was abundantly clear from reports so far that the attack had been made all too easy by inadequate security arrangements

South Africa had entered a new phase of unrest posing ever-increasing threats to life and property. The Sasol-type operation would be repeated again and again as a crisis situation developed

"We will never develop a total strategy to achieve real security until we find internal peace and contentment That is the lesson we must learn from the Sasol sabotage and what it symbolises," Mr Swart said

NO JUSTIFICATION

The leader of the New Republic Party, Mr Vause Raw, said he wanted to dissociate himself from any implied justification for the use of violence and terrorism for political reasons

The sabotage had been the strategy of planned communist aggression, Mr Raw said What was unforgivable was that it had come after the warning South Africa had received from the attack on fuel installations in Salisbury.

He blamed the Government for neglecting civil defence

'There can't be absolute security'

THE ASSEMBLY — There could never be absolute security at any strategic installations, the Minister of Mineral and Energy Affairs, Mr de Klerk, said last night

In the special debate on the Sasol sabotage, Mr de Klerk denied Opposition allegations that the Government and Sasol were responsible for the incidents

Mr de Klerk said the Opposition's approach lacked perspective.

He emphatically rejected the suggestion that there had been a major indiscretion by Sasol

Reasonable security measures had, in fact, been in operation at Sasol and Secunda

The Minister said he conceded there might be room for improvement This was also the attitude of Sasol's management when he visited the plant this week.

Urgent attention was continually given to improving security arrangements.

The country's security structures included a national "key point committee" which made recommendations about security measures

During the past three to six months, a total of R4,3-million had been spent on new security measures at the Sasol projects, part of which had already been completed, Mr de Klerk said

He said that at the sites of the explosions the security was such that it had been detected that something was wrong well before the explosions ocurred

Because of the time factor, however, it was just not possible to prevent them

Since the establishment of the Sasol project at Secunda an enormous amount of R11-million had been spent on security

Reasonable security measures had been taken at the plants concerned, as could be seen from the speedy action — Sapa and Political staff

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Joe Slovo — brain behind bombs?

CAPE TIMES 4/6/80 (260)

Staff Reporter

THE MAN alleged to have been responsible for directing the Sasol sabotage attacks, Mr Joe Slovo, 54, is a former University of the Witwatersrand law graduate and listed communist who fled South Africa in 1963

According to the Minister of Police, Mr Louis Le Grange, Mr Slovo now lives in Maputo, from where he is said to have engineered the R5,8 million damage at the Sasol and Natref oil refineries on Sunday night — comprising the biggest act of industrial sabotage in South Africa's history

A former treason trialist, Mr Slovo and his wife Ruth were among 600 people named under the Suppression of Communism Act in 1950

The name 'Slovo" was brought up in Parliament in 1959 by a Nationalist MP, Dr L I Coetze, who claimed that the then United Party, through its press, were instruments of the Johannesburg advocate Dr Coetze added that where the authority of the police was undermined, it succeeded in helping the "communistic and liberalistic" elements to win

Mr Slovo was banned from attending meetings and then prohibited from leaving the magisterial district of Johannesburg in February 1962 This order was acknowledged by lawyers to have effectively crippled Mr Slovo's legal practice, which had involved numerous appearances for the defence in political cases and in cases dealing with civil rights and the Group Areas Act

Additional banning orders were placed on the Slovo couple a year later The Cape Times correspondent reported at the time that the then Minister of Justice, Mr B J Vorster, had granted a special exemption to enable Mr and Mrs Slovo to talk to each other

Four months later Mr Slovo fled the country with Mr John (J B) Marks, a former Transvaal president of the African National Congress

Mr Le Grange told Parliament this week that the ANC had given careful thought to the placement of Slovo in Maputo to direct terrorist operations against South Africa

"They want him as close as possible so that he can more easily control and direct terrorists infiltrating South Africa He is also much closer and more easily accessible to spies conducting espionage in South Africa who slip in to gather information and then out again to report "

Explosives 'of Russian origin'

(260)

Own Correspondent

CAPE TIMES 4/6/80

JOHANNESBURG — Parts of the limpet mines used by saboteurs to set off the Sasolburg blasts on Sunday night indicate that the explosives were of Russian origin

Brigadier J A du Preez, deputy chief of the South African security police, said yesterday that his men had found parts of limpet mines at the Sasol I and Natref plants in Sasolburg and at the scene of the attempted attack on the Sasol II plant at Secunda in the Eastern Transvaal

Police had established that a small group of men were involved in the three attacks Tracks found indicated that one man was involved in each attack at Sasolburg

"There is no indication of how many people were involved at Secunda It appears that all three attacks, as well as the attack at Springs, were organized by the same group," he said

The attacks — the largest act of sabotage ever executed in South Africa — caused an estimated total of R5,8 million damage

● A Sasol spokesman said yesterday that the fires at Sasol I and Natref had been finally extinguished A fire in a tank of butadiene — used in the manufacture of synthetic rubber — was still smouldering, but there was no danger of another blaze

'In answer to questions about security measures at Natref, Sasol I and Sasol II, the assurance has been reiterated that it is continuously under scrutiny, and it is obvious that, as in the past, so also in the future all possible steps will continue to be taken to protect the installations," the spokesman said

In satisfactory condition

Such details as the amount for which the damaged installations were insured and the names of the insurance companies would not be released because they were "in the interest of Sasol and not the public"

He said the Sasol security guard who was shot in the shoulder when he approached an intruder at the Natref refinery on Sunday night was in a satisfactory condition yesterday

Sasol had decided not to allow press interviews with the man or the release of his surname as a security measure and to protect him The man was identified only as "Robert"

He said activities at Sasol I and Natref were "back to normal", while production had not been disrupted at all

● In Moscow yesterday the Soviet news agency, Tass, described as "utterly absurd" a South African charge that the Kremlin was linked to the explosions at the oil plants

The news agency noted that the Minister of Police, Mr Louis le Grange, had 'rudely attacked independent African states, threatening to punish' them for their support to South African guerillas Moreover, the chief prison guard of the apartheid regime linked the present developments with 'the hand of Moscow'," Tass said — Sapa-AP

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Reappraisal of Sasol security

CAPE TIMES 4/6/80 260

Political Correspondent

HOUSE OF ASSEMBLY — The Minister of Energy, Mr F W de Klerk, last night rejected opposition allegations that security measures at Sasol plants were inadequate

But he said that, following the sabotage attacks this week, there had been an urgent reappraisal of security procedures

"I will concede there is room for improvement," he said in reply to the snap debate in which the government was accused of failing to ensure adequate protection of a strategic industry

Mr De Klerk accused opposition speakers of elevating the incidents at Sasol and Secunda into a major indiscretion by Sasol and the government. This was not true, as reasonable measures were in operation at both plants.

There was also continuous monitoring to see security measures were improved, he said, to opposition interjections that the saboteurs had still been able to cut through the fences

Mr De Klerk said new security measures costing R4,3 million had been approved in the last three to six months, a further R3,15 m had been spent over the past three to four years and running security costs, including salaries, were about R2 m annually

Security at Secunda during construction alone cost R11 m.

The recovery operation, even though there was not time for officials to find the bombs attached to oil tanks, showed the degree of preparedness.

Earlier Mr John Wiley, leader of the South African Party, had called for a commission of inquiry into what he termed an unbelievable and unforgiveable preparedness at a strategic installation

Both he and the New Republic Party leader, Mr Vause Raw, said South Africa should have been better prepared after the attacks on the Salisbury refinery

French 'warned Vorster about sabotage'

C. Times 6/6/80

(260)

Own Correspondent

PARIS — A strong attack was made on Mr John Vorster and General Hendrik van den Berg for failing to heed French intelligence warnings in 1976 that Moscow planned to smash South Africa's industrial complexes by highly-trained saboteurs

The then prime minister and head of the Bureau for State Security (BSS) totally ignored detailed information, which was taken seriously only by South African generals and the then minister of Defence, Mr P W Botha, it was claimed

The attack came in yesterday's issue of the weekly newsletter "Lettre d'Afrique", only available by costly subscription and mainly read by editors, diplomats, officers and financiers

The newsletter was foremost in exposing the French connection" of the former secretary for Information, and was the first to detail Cuban and East German intervention in Africa It is generally looked on as having close ties with French intelligence services

It said yesterday that 'from 1976 onwards French intelligence warned about the Sasol-type sabotage dangers to South African industrial installations

"At that time, General Van den Berg and Prime Minister Vorster refused to listen only the South African military were aware of the dangers"

'The stubborn mules in BSS'

The newsletter referred to "the stubborn mules in BSS", and said "the generals could do little at the time'

It said that Moscow had drawn up a plan to place "black moles" in South Africa — a "mole" is a hidden enemy agent waiting to be activated East German spies were told to draw up a plan They brought black "students" to Swaziland and then to training camps in Mozambique Later they were told to return to South Africa and act as 'moles"

The editor of the newsletter said "Vorster and Van den Berg told the French they read too many spy novels They just ignored all warnings"

The newsletter claimed that Moscow had changed its plan to overthrow white rule in Africa by "phasing" moves through Rhodesia, SWA/Namibia and South Africa

The SWA/Namibian phase "will be eliminated and a direct and immediate attack will be launched against South Africa through sabotage'

It added "That is the real meaning of the Sasol attack"

● Mr Botha was unavailable for comment last night

CAPE TIMES 5/6/80

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Unexploded bomb at Sasol

PRETORIA — The deputy head of the security branch of the police, Brigadier [illegible] A du Preez said in Pretoria yesterday that a limpet bomb which did not explode at Sasolburg on Sunday night was found attached to a target on Monday.

Explosives experts detonated the bomb.

Brigadier Du Preez said it was impossible to determine at this stage whether there was any connection between the attack on the Booysens police station and the sabotage at Sasolburg and Secunda.

The explosions at the Sasol plants might have been the work of ANC terrorists but it was equally possible that the PAC might have been responsible.

Brigadier Du Preez said the whole machinery of the South African police force was involved in the search for the saboteurs. The investigation covered a wide area and all clues were being followed up.

There were signs that the sabotage at Sasolburg and Secunda had been carried out by two small groups of terrorists. Nothing had been found yet to establish their identity.

The guard who was shot by one of them at Sasol had been unable to see his attacker because he was wearing a balaclava helmet. The guard heard the terrorist mumble something but was unable to say what language he was speaking, Brigadier Du Preez said. — Sapa

Shot guard interviewed

JOHANNESBURG — The security guard at the Natref refinery at Sasolburg who was wounded in the shoulder by the limpet bomb saboteurs has been interviewed by police investigating the R66 million blasts, a spokesman for Sasol said yesterday.

The guard, who has been identified only as Robert, aged 26, and described as a quiet unassuming man, discovered the hole in the Natref security fence last Sunday night before the first blast occurred at Sasol four kilometres away. He was gunned down by a saboteur wearing a [illegible].

The guard managed to give the alarm over a two-way radio after being shot.

The spokesman said it had been decided it was in Robert's interest not to reveal his identity as there was always the possibility of reprisals. — Sapa

STAR 7/6/80

260

Quick repairs at Sasol plants

Staff Reporters

Only the twisted hulks of the fuel tanks burnt out after the bomb blasts in Sasolburg remain as stark reminders of Sunday's sabotage attack

The other debris and wreckage at the Sasol and Natref plants has been cleared away and the rebuilding of the giant tanks that once held millions of litres of fuel is due to begin soon

"Sasol estimates that the blasts cost the company R5,8-million but within a concern of this size it can be appreciated that the repairs will be completed very quickly," a spokesman said

He said that only a very small percentage of the tanks at the two plants was hit in the attack and safety measures had contained the fires

Security systems were constantly under review, he said

Free public access to the highway which passes in full view of the Sasol 1 and Natref complexes may need to be restricted in the wake of the bombings

At least one top security expert approached by The Star says access to the vicinity of fuel storage depots should be totally restricted

The expert, who did not want to be named, confirmed that public access was a common factor in the sabotage incidents at Salisbury in December 1978 and those at Sasolburg

Salisbury's fuel depot fire was within a few hundred metres of a public road, and so are the installations at Sasolburg

The expert noted that South Africans had learnt a great deal from the Salisbury sabotage. Local security had been tightened up considerably as a result

But he pointed out that there are two key problems to security over fuel storage areas:

- Basic to all security is the problem of finding dedicated men who remain alert on what is essentially a boring job
- There is no effective alarm system which does not have a high incidence of false alarms and does not require highly skilled maintenance

Security would have to rely mainly on men with guard dogs and with visual aids such as closed circuit television and night vision

The sabotage of South Africa's Sasol refineries were isolated incidents which did not necessarily indicate an increased capacity for revolution in the Republic, says an international strategic expert, reports The Star's London Bureau

"By no means does this mean that the African National Congress has the capacity for a sustained campaign," said Dr Peter Janke, head of research at the London-based Institute for the Study of Conflict

Revolutionary potential in general in South Africa was increasing but much depended on the reaction of the South African authorities

Reform as opposed to revolution was still possible if the authorities acted calmly and did not get "hot under the collar"

SASOL

8/6/80

How Eddie's 16 hours in the hot seat prevented disaster

By PETER FABRICIUS

THE cool efficiency of the firefighters under Sasol's fire chief, Eddie van Baalen, prevented a total disaster during this week's sabotage attack on the Sasol plant and refinery that caused R5,8 million damage.

Mr van Baalen and his men fought for 16 hours to stop the flames from spreading to other parts of the fuel installations and it was this "first aid" from men on the spot that prevented disaster.

"In the effort to control the blaze I was hardly aware of day and night and at one time I looked up to see something red through the smoke I thought 'Oh no, not another new fire.' Then I realised it was the rising sun," Mr van Baalen said in an interview.

The main aim was to prevent the fires spreading. Extinguishing them was secondary. This was achieved. Only two tanks were destroyed by fire spreading from those hit by limpet-mine explosives.

Several other tanks close to the fire were saved — by good tank design, by the efficiency of the fire fighters and by luck. The prevailing wind was away from the threatened tanks.

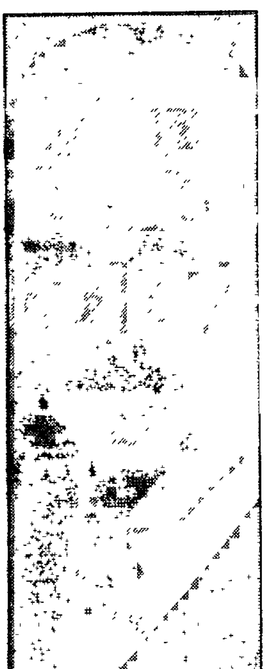
The design measure that was crucial was that the bund walls — the embankments that surround each tank or group of tanks — were high enough to contain spilt fuel and firefighting water or other liquid.

This meant the Sasol fire teams did not have to cope with the problems faced by the Rhodesians when a Salisbury tank farm was sabotaged There the spilt burning fuel washed over the walls and kept the fire alive for days

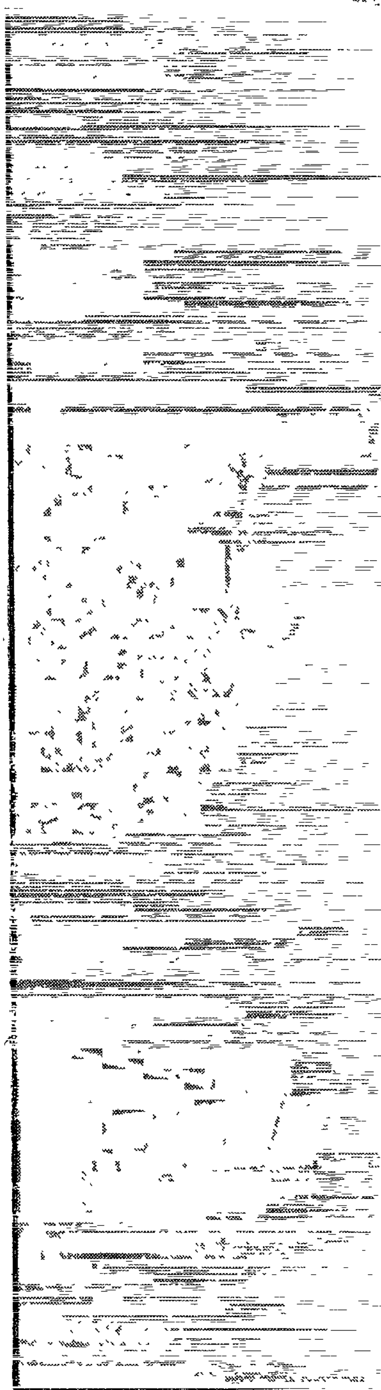
When Sasol's fire tenders and back-up vehicles arrived at the tank farm after intercepting the alarm message from a patrolling security man who discovered the break-in, there was one large petrol tank aflame — at the south end.

They connected their tender into the foam inlets of the tank, which carry the foam above the fuel (and fire) level inside the tank. They had just started pumping when two limpet mines on the tank right behind them — to the north — exploded, shooting a sheet of flame over their heads and burning their hoses

They withdrew until the flames subsided. Meanwhile another team had run the gauntlet of intense heat — they had to be sprayed down with hoses while they did this — to connect their hoses to fixed spray mountains (monitors) between the burning tanks and a similar one directly eastwards.



Fire chief Eddie van Baalen: We had to act quick-quick



A foam-spraying fire engine in action at the Sasol fire

260 8/6/80

Throughout the long fight ahead, these monitors prevented the fire reaching this east tank by cooling its surface with water.

The main fire was soon under a measure of control so one tender went about 500 metres north to where a small "lean" fuel tank had been blown up and the fire was threatening a highly explosive spherical butendine tank. Again cooling water was directed at the threatened tank.

Mr van Baalen said that as this crew set out the next tank from the one that went up first was ripped by explosives.

This meant that two tanks in a section of three tanks enclosed within one bund wall were now ablaze and much of the firefighting focus would turn to the third one (northernmost).

With both fire teams now engaged, Mr van Baalen, who arrived at about this stage (minutes after the first firefighters on duty), brought his "operators".

These were factory technicians, all trained in firefighting. Their part-time skills were to prove invaluable.

They moved into the area between the three-tank section and a similar section to the east and set up the monitors to cool the tanks.

"Paint was already peeling off these tanks. We had to act quick-quick," said Mr van Baalen. Water was also directed again on the northernmost tank of this section from hydrants on the bund wall.

"We had reached this stage when the first fire teams began to arrive. We had the fire under control — though we could not stop it. If it hadn't been for this first aid we would have lost many more tanks," said Mr van Baalen.

The first team to arrive was sent to try to extinguish the blaze in the lean fuel tank.

"They nearly succeeded but pipes leading into the sphere gave way and let fuel out." This ignited and played on the sphere.

At about 2am on Monday morning the firefighters tackling the south end fire under Mr van Baalen's command realised the butendine sphere was about to go up. Bits of the tank's cladding surface rained down on them, sizzling ominously.

They downed tools and took cover behind the eastern bund wall. As they heard the bang they dived for the ground. "I looked at my hand. It was lit up by light brighter than sunlight."

The firefighters at the clutch of spheres took similar evasive action. This explosion was reportedly seen from as far away as Heidelberg.

Meanwhile several more tenders arrived and had been deployed. Attention was now focused on the south.

Three tenders were coupled so as to direct one powerful jet of foam at the two tanks burning in the three-tank section to prevent the fire spreading north or east.

A crucial decision had to be made. The water being sprayed on the north tank to cool it was breaking up from the foam directed at the fire. It was decided to switch this off and blitz the fire.

But as the flames were dying down the foam supply dried up. While it was being replenished the third tank caught alight. This crucial phase of the fire was about 4am on Monday.

The fire spread no further than this, though the danger of this happening did not pass immediately.

Control rather than immediate extinction was the aim. The fuel was bound to burn out anyway since it had been contaminated beyond use.

This point of control was reached about 5am on Monday.

But Mr van Baalen never let up. It was only at 4pm on Monday that he sat down for the first time — 16 hours after he had arrived.

Sabotage won't work — Buthelezi

CAPE TIMES 9/6/80

Own Correspondent

DURBAN — Chief Gatsha Buthelezi said at Kwa Mashu yesterday that the African National Congress would be naive to imagine that white South Africa could be easily intimidated by acts such as the recent sabotage at Sasolburg and Secunda

Addressing about 7 000 people at an Inkatha prayer meeting, the Chief Minister of Kwazulu said the ANC should be disabused of any illusions that the blowing up of a refinery here or there — however efficiently executed -- was all they needed in the way of communication

Everyone in South Africa knew of white resilience, he said

Furthermore, blacks who were beginning to grasp real power and who were developing strategies and tactics which ensured the destruction of apartheid, spoke with a voice louder than the odd explosion

Black South Africans had always seen the need for a multiple strategy approach

Chief Buthelezi said he had in the past been very careful in his public articulations about the ANC

"Some things I have said today are a half-step out of that diplomacy," he observed "I have been blunt because I cannot stand by and watch as the ANC attempts to establish itself in the lunatic fringes of our society within South Africa

"Because they are my brothers and I love them, I won't stand by and watch as they commit political suicide

Inkatha, he maintained, was an army of liberation which could not easily be diverted and tampered with While it espoused non-violence, it understood well that non-violence was not a synonym for cowardice

• Coloured people and blacks had found each other and were going to stay together, the leader of the Labour Party, The Rev Alan Hendrickse, told the meeting

Mr Hendrickse said the time for coloureds of their "semi-whiteness" and their "semi-priviledged position" was gone and buried

"No amount of baiting us or of buying us off will succeed," he added to enthusiastic applause "Our message to white South Africa is that we are serious and we mean business "

Mr Hendrickse said the peaceful gathering was symbolic of the willingness of blacks and coloureds to tell white South Africa, even at this late stage "We are here because we still love you "

Blacks wanted to say, amid the love which bound people of different races together "Don't wait too long to reciprocate When you do want to love us you may find it will be too late

In the light of the liberation of all Africa, Mr P W Botha, his government and white South Africa should open their eyes to what was going on around them

960

UNDA

STAR 10/6/80

Tomorrow's world has already begun

260

~~260~~

Secunda is a town where tomorrow has already begun; where everyman's pie in the sky has prematurely settled on virgin veld

Elsewhere architects and town planners are still bent over drawing boards with plans that are already old hat in this town, two hours' drive east from Johannesburg.

For in Secunda futuristic visions are already realised in brick, green lung strips, a thorough transport grid, woodlands in the making and new prospects.

To those who used to know the bleak pampas of this part of the eastern highveld the (what is called) "fastest growing town in the world" has risen like a miraculous mirage

Once there were waving fields of grass and quiet, now there is this human beehive next to the new Sasols 2 and 3 which have lured some 30 000 workers with their nectar-sweet smell of success

All this, with a permanent population of 22 000 (rising to 27 000), happened since March 1, 1976, when the first sod was turned in the new town Since then 'Secunda has grown out of an explosion," in the words of Max Kirchhofer, its town planner.

"It's true that the original Johannesburg grew faster than Secunda does now. But remember as well that the golden city started as a mere squatter's camp without sewerage or even water.

"In Secunda we took off with all mod cons, some 25 new houses built weekly and a telephone connection in all of them"

Apart from being the fastest grower, Secunda can easily claim to be the most modern — indeed prophetic — town of just about any

The most ironic modernism of Secunda is that it houses the entire work force for the world's largest petrol factory, yet in times of crisis the entire town can be run without a drop of private petrol.

It is so designed Where Sasolburg was conceived in the early fifties for the motor car, its bigger brother further east was planned on the principle that all its transport needs could be served by buses

So as they snigger, Secunda Town was built by Arab initiative in two ways; by eliminating the need for imported oil locally, and by making it for the country at large, South Africa's first essentially fail-safe town

There are other novel ...century touches ...unda the system ...d-access through ... potential bus routes, green lung strips, schools and shops is so refined that everybody can walk to a shop or school within six minutes.

You can get there in even less time by using the special cycle ways separated from the road system "because we basically want our children off the roads," as Mr Kirchhofer puts it

And if you look at the map of the town another novelty becomes noticeable there are almost no straight roads or streets anywhere

"Straight roads, like Jules Street in Malvern, give you no sense of locality So in Secunda you know where you are through the curves and bends you meet"

At the moment much of Secunda still looks like a toddler's toy town from the air with its masses of look-alike houses, two shopping centres, and five small corner shop areas

But when you look closer the trunk roads, and the bare green strips which snake through the town like local versions of the Parkview golf course, have been planted with thousands of trees

Remember then also that Sasolburg, parts of which now resemble a green canopied Black Forest town, also looked like that during its first Sasol rush days

Mr Kirchhofer recalls he learnt several lessons from his original plan for Sasolburg, and not only about the use of buses.

One was his design of an asymmetrical business centre with its pedestrian malls for easy orientation and parking, but also to place it at the edge of the town where it could grow large enough for some 100 000 regional customers, and also allow Secunda to double its size "yet growing without distortion"

That, of course, means the all-white town, for Secunda is more segregated than most Black Sasol workers kilometres away in their township; Asian and coloured employees well over the hill at the other side of Kinross

"The trouble was that the town's site had to be carefully selected so that both the Sasol 2 and 3 plants, and the business centre could be placed on burnt-out coal areas, yet separated by a 4 km anti-pollution zone," Mr Kirchhofer says

Not that there is much pollution. Sasol itself cleans the sulphur stuff that produces ... and acid rain — out ... the coal gas to sell it at ... profit But the day we were there a plume ... smoke snaked along ... valley from the direction of Evander, Secunda's gold-mining neighbour town.

So Secunda has more to recommend it than ... the eye now

The gardeners are still struggling and a lot of water will have to flow under the bridge (and through their garden hoses) before the town's 60 000 trees turn it into the oasis it is planned to be.

And while driving through the curving street, along houses virtually all north-facing by careful design, you notice this is a town James Clarke would CARE about all phone and light cables are buried underground.

The town which "exploded" on to the veld now allows a peep into what towns will be like next century safe, proud homely and with much finesse

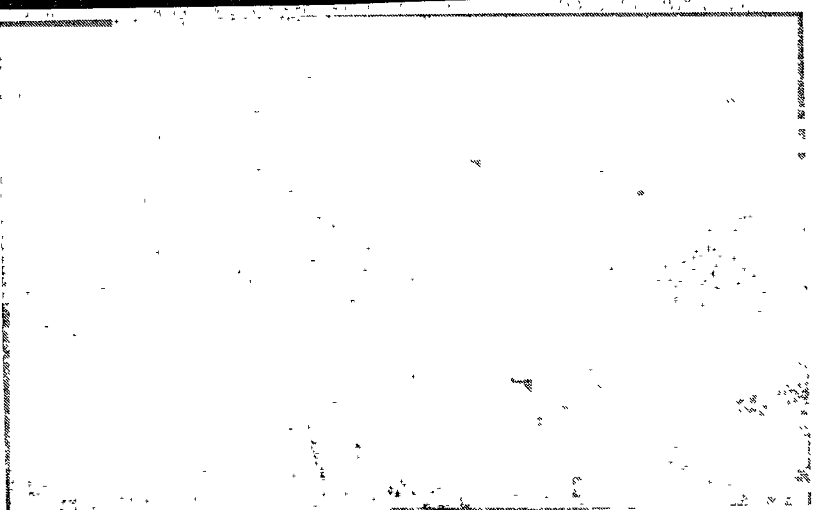
The only thing crude about it, I'd say, is the ... it'll turn out All three million yearly tons of it.

Big boxes and little boxes, but carefully designed with no greater distance than 600 m between home, schools or shops. All this will be covered by tree canopies, except the green lung running left to right.

10/6/80

We try harder, for we are only Sasol No 2. . . . It could be a true motto for the place in the news this week, Secunda, fastest growing town in the world. Somebody else tried harder as well when saboteurs wanted to blow up the biggest chemical plant on earth at Secuda last week. But the town collectively shrugs its shoulders; for in many spheres, as JAAP BOEKKOOI reports, this is the town where tomorrow has already begun.

SEC



The reason for it all, the two colossal Sasol plants — with Sasol 3 well on its way in the foreground — which makes Secunda into a town of futuristic facilities, wealth and at least 24 churches.

CAPE Times 12/6/80

260

Sasol was not insured

Own Correspondent

JOHANNESBURG — Sasol was not insured against last week's sabotage attacks which caused damage amounting to a massive R5,8-million, it was established this week

Contrary to a report in a Sunday newspaper at the weekend, it has been established that Sasol was not insured with the South African Special Risks Insurance Association (Sasria) — the only organization in South Africa providing cover against damage from politically-motivated acts

Sasol's chief public relations officer, Mr Clarence Keyter, could not disclose yesterday why Sasol, one of the most strategically vulnerable targets for sabotage in South Africa, had not been insured against attacks such as the limpet mine bombings at the Sasol 1, Natref and Secunda plants 11 days ago

Sasria, a registered insurance company administered by the SA Insurance Association (Saia), was established in April last year specifically to provide cover against such attacks, riots, terrorism or other politically-motivated acts, because no such cover was available

FLASHBACK Smoke billows from tanks after the Sasol sabotage attack last week

The entire amount of almost R6-million in damage to property and loss of fuel will be borne by Sasol Limited with the bulk probably in the form of capital write-offs and a huge R1,7-million bite out of the expected after-tax profits

Although this means shareholders may suffer a loss of potential dividends which might have arisen from profits had the attacks not taken place, Sasol guaranteed yesterday dividends would not be lower than was promised in the interim report in January this year

There was no possibility of the taxpayer having to bear any burden as a result of the lack of insurance, a Sasol statement said

The effect of the events on the expected after-tax profit for the financial year ending June 1980 will not be material in relation to the total expected profit, and is estimated at R1,7-million, the statement said

Even better

Present indications are that, because of other factors, profits during the second half of the financial year will be even better than envisaged in the interim report of 25 January, 1980, when it was stated that the after-tax profit in the second half of the year would be maintained at approximately the same level as the first half, the statement added

The Johannesburg Stock Exchange was immediately notified of the Sasol statement and the full text was sent to the JSE for their informaton and to allow them to inform stock brokers on the floor should it be considered necessary.

Earlier this week the insurance company acting as brokers for Sasol refused to comment on the fact that Sasol was not insured with Sasria

Procedure

It was established this week that even if the detailed assessments of damage had not been completed, it was standard procedure for the prospective claimant to inform Sasria of a pending claim and to tell them the documents would be following

This was usually done very soon after damage had been discovered, to allow Sasria to begin operations to meet the claim.

Mr Rodney Schneeberger, manager of Saia, said this week he had not received any intimation from Sasol that a claim was pending.

No cover — Sasol foots sabotage bill

55 ~~SAIT~~ (260) RDM 12/6/80.

By LLEWELLYN KRIEL

SASOL had no insurance to cover last week's sabotage attacks, which caused damage amounting to a massive R5 800 000

This was established this week when the Rand Daily Mail found out how Sasol would bear the huge costs of the sabotage damage

Contrary to a report in a Sunday newspaper at the weekend, it was found that Sasol was not insured with the South African Special Risks Insurance Association (Sasria) — the only organisation in the country providing cover against damage from politically-motivated acts

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Sasria, a registered insurance company administered by the SA Insurance Association (Saia), was established in April last year specifically to provide cover against such attacks and riots, terrorism or other politically-motivated acts

The entire damage bill will be borne by Sasol Limited, with the bulk probably in the form of capital write-offs and a R1 700 000 bite out of the expected after-tax profits

Although this means shareholders may suffer a loss of potential dividends which might have arisen from profits had the attacks not taken place, Sasol yesterday guaranteed dividends would not be lower than was promised in its interim report in January

There was no possibility of the taxpayer having to bear any burden as a result of the lack of insurance, the Sasol statement said

"The effect of the events on the expected after-tax profit for the financial year ending June 1980 will not be material in relation to the total expected profit and is estimated at R1 700 000

"Present indications are that, due to other factors, profits during the second half of the financial year will be even somewhat better than envisaged in the interim report of January 25, 1980

"On that occasion it was stated that the after-tax profit in the second half of the year would be maintained at approximately the same level as the first half," the statement said

The Johannesburg Stock Exchange was immediately notified of the Sasol statement and the full text was sent to the JSE for its information and to allow it to inform stockbrokers on the floor should it be considered necessary

Earlier this week the insurance company acting as brokers for Sasol refused to comment on the fact that Sasol was not insured with Sasria and referred the "Mail" to Sasol's public relations department

The "Mail" approached the company for comment shortly after the executive director in charge of the Sasol account had returned from a day's talks in Sasolburg

3/81

ARGUS

'Limpet mines' in Sasol terror

Argus Correspondent

JOHANNESBURG — Sophisticated limpet mines are now thought to have been used in the sabotage attack on the Sasol and Natref plants in Sasolburg.

Initially, it was thought that home-made bombs had caused the explosions which resulted in fires which raged for the rest part of the day and caused damage estimated at R6 million.

A police spokesman said that the number of bombs used would not be disclosed at this stage as this could hinder investigations.

Meanwhile, Sasol 1's huge flames have finally died and a white mist today shrouded the fuel-from-coal site as the huge manhunt continued for the saboteurs.

Workers had moved in to clear the debris around the eight tanks hit by the blaze and production at both plants was completely normal today.

PAID TRIBUTE

Newspapermen were yesterday shown the extent of the damage at the Sasol plant itself and the production manager, Mr Mike Tisdall, paid tribute to the men — at times as many as 250 of them in Sasol — who had fought the flames.

Sapa reports that there were apparently three sabotage blasts at Sasol 1 and Natref and four or five subsequent 'sympathetic' explosions set off in other tanks by the initial detonations.

Sources at the factories said the first blast at Sasol was at a butadine tank containing liquid and gas which exploded and was destroyed setting off one big and three smaller fuel tanks.

A leading figure in the South African Communist Party, Mr Joe Slovo has been pinpointed by the Minister of Police, Mr Louis le Grange as a mastermind behind the Sasol sabotage attacks.

Mr le Grange said the stationing of Mr Slovo in Maputo was part of a well thought out plan of the SAACP and the African National Congress (ANC) to place him as close as possible to South Africa.

Mr le Grange reiterated the Government's warning that countries which housed terrorists and allowed their territories to be used as springboards for attacks on South Africa should realise the risks they were running.

Mr le Grange said the Soviet Ambassador in Lusaka, Dr Solodovnikov, played an important role in the finer planning of ANC and communist strategy.

See Page 4

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Wrong readings from Escom

RDM 12/6/80.

Political Staff

HOUSE OF ASSEMBLY. — The Electricity Supply Commission has had to publish a second edition of its annual report because of inaccuracies in the original report tabled last month.

Escom found itself in the embarrassing position where regional electricity sales quoted by the outgoing chairman, Dr R L Straszacker, and the then general manager, Mr Jan Smith, were incorrect

The sales increases for both the Border and Cape Northern regions quoted the 1977-78 figure instead of that for 1978-79, and there were minor errors in stating the figures for the Cape Eastern, Eastern Transvaal, Orange River and Rand and OFS regions.

All figures were, however, correctly reflected in a table at the back of the report.

A spokesman for Escom head office in Sandton said the errors were minor, but had to be corrected He estimated the corrections and reprinting the 77-page report had cost a couple of thousand rands

INFLATION ACCOUNTING FM 20/6/80

Escom's seed-corn

260

Inflation accounting is becoming an increasingly important issue, and Escom's 1979 annual report includes an instructive exercise to illustrate the effects of inflation on one of SA's largest industrial operations

The exercise is performed with an eye to the present level of electricity tariffs, doubtless to rebut suspicions that tariffs are too high at present

Escom analyses the consequences of having to acquire its stock of assets (in their actual condition of being partly used) at present-day prices It is also assumed that Escom would have to finance the operation at the ruling rate of interest

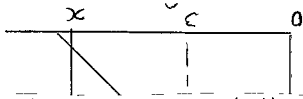
Certain other assumptions are made

- The average useful life of assets is 30 years, after which they have negligible residual value,
- The current (1979) total capital cost — generation, transmission and distribution — of installing one kilowatt of capacity is R650,
- The average cost of finance raised in 1979 was 9,6% It is assumed that the interest burden would therefore have been 9,6% of the replacement value of the assets in service in their present condition, and
- Straight line depreciation is a reasonable measure of the cost of using the assets in the production of electricity

Escom's income statement would then have reflected sales of electricity at R1 529m, less operating costs of R668m, leaving R861m Deduction of depreciation (R344m) and interest (R595m) leaves a loss for the year of R77,8m To have avoided this notional loss, Escom would have had to raise its tariffs to levels 5,1% above those actually charged

Escom's financial structure differs from that of an ordinary company There is no share capital and it does not depreciate its assets Instead, it has a family of three funds, each with a specific function

The Redemption Fund is operated as a sinking fund by means of which a portion of tariff income is retained for the pur-



pose of redeeming internal registered stock upon maturity. Then there is a Capital Development Fund which provides internal financing for capital expansion. There is also a Reserve Fund used, when required, for the replacement of obsolete machinery or plant and generally for the betterment of plant or instead of insurance for exceptional repairs or emergencies.

The Electricity Act contains clauses which limit Escom both in regard to the magnitude of the annual amounts which may be raised from tariffs for appropriation to its capital funds and in regard to the cumulative aggregate of retentions.

An important feature of Escom's finances is that the statutory funds are invested mainly in Escom's own stock. The total of local registered stock, bond issues and direct placings amounted to R5 538m at the end of 1979. Of this total an amount of R2 081m was held internally.

In fact, with allowance for other funds described as "other reserves and accumulated surplus", the book value of Escom's net assets at R7 562m exceeded total net debt of R4 984m by R2 578m. This amount could be regarded as Escom's "quasi-equity". This figure of course includes allowance for the large internal holdings of Escom stock. And to this amount should be added the excess of present-day asset value over book cost. On Escom's own figure of R650 per kilowatt of capacity, the depreciated value of the 16 000 kW of generating capacity available at the end of 1979 would be R10 400m. This asset value would make the total value of Escom's equity R5 116m.

Escom's net surplus for the 1979 year amounted to R17,8m. Adding back the total of R381m set aside to the Capital Development and Reserve Funds and the R129m internal interest earned on their investments gives an amount of R528m or 5,1% on the present-day value of assets, not an inordinately high rate of return for a non-commercial public utility.

It is also significant to note that internal finance comprised 34% of the 1979 total, while local external finance contributed 25%. Foreign-supplied project finance contributed a further 25% and other foreign borrowing the balance of 16%.

Escom's GM (Finance) Len te Groen explains that Escom was forced by its bankers into a much higher measure of self-financing than in the past. This was necessary to preserve Escom's credit worthiness in the difficult financial circumstances which prevailed over much of the 1970s.

Cutting through all these financial complexities is one ultimate certainty: one way or another SA will have to pay to ensure an adequate input of electrical power — indispensable for economic growth. And Escom's near monopoly position, coupled with unequivocal government backing, ensures its ability to raise tariffs from time to time in the future to the levels required to maintain the requisite percentage of self-financing.

In this context, it is comforting to note, in the 1979 accounts, the reassurance by Escom's then GM Jan Smith (now Chairman) that the sharp tariff increases required (in real terms) in 1976 and 1977 to reach an adequate level of internal financing should not have to be repeated. Future increases should be necessary "only to cover the unavoidable escalation in operating and capital-related costs while maintaining, but not increasing, the established adequate level of internal financing."

Smith confirms the view of outgoing Chairman Dr R L Straszacker in the 1978 accounts "that future tariff adjustments should not exceed the inflation rate".

Escom's latest round of increases (*FM* April 11) were, in fact, just over 7% nation-wide and just over 8% for the Rand and OFS region. These rates are of the order of 50% to 60% only of the current inflation rate, say 14% annually.

7(a). (i) price discrimination occurs when different buyers or groups of buyers are charged different prices for the same commodity for reasons not associated with a difference in cost.

The seller must be able to do the following if he is to perform either first or second degree price discrimination:
1) control the
2) prevent resale

for 3rd degree p. seller must be able to separate the elasticities of demand in the different mkt.

(ii) Price discrimination profitable

In this situation, where the seller discriminates

$550m credit raised for Escom

(260) RDM 21/6/80

By HOWARD PREECE
Financial Editor

ESCOM has raised more than $550-million (about R425-million) from a consortium of overseas banks, mostly British, in export credits and Eurofinance loan facilities for the planned Tutuka power station.

Although full details are not available, it is known that Hill Samuel was centrally involved

Both the export credits and the loan facilities directly relate to Tutuka.

They are essentially a quid pro quo — bridging finance directly related to export business

For that reason they cannot be directly compared, as a barometer of international confidence, with the lacklustre loan issue that is reported on this page today from London by Neil Behrmann.

Within that reservation, however, the various deals totalling $550-million are obviously highly satisfactory for Escom

It is clear, in fact, that Escom is highly delighted by the success of this huge financing operation

An Escom spokesman declined to say which overseas banks are involved, but one report from London mentioned the Midland Bank of Britain in one package totalling $144-million

It is known that the total credits and financing are related to the Tutuka power station and this certainly includes the R360-million contract that Escom awarded in April to General Electric (GEC) of Britain

Hence the heavy involvement of British banks

The GEC contract is for six 600-megawatt turbine generators

A statement released when the contract was announced said "GEC South Africa is pleased to announce that the Electricity Supply Commission has given a letter of intent to GEC Engineering (Pty) for the supply of six 600 MW turbine generator sets complete with feed-heating and condensing plant for a new power station to be known as Tutuka

"The contract is one of the largest single orders ever to have been placed for turbine generator plant and will be in excess of R360-million

"Financing for the project is being arranged by Hill Samuel"

It was also announced that orders for associated boilers for about R400-million would go to C Steinmeuller Africa (Pty)

It seems, however, that the $550-million relates primarily to the GEC contract, and that the boilers are not included

The GEC statement in April said of Tutuka "The power station will be located 150 km south-east of Johannesburg and will utilise coal from the Standerton area

"The first unit is scheduled to enter commercial operation in early 1985 and the remaining units at nine-month intervals

"The turbine generating units will be duplicates of the six 600 MW units which GEC is supplying to Escom for the Duvha Power Station

"The execution of the Duvha contract was obviously an important factor in GEC's winning of this important contract against fierce international competition"

Because of this fierce competition it is not surprising that Escom has been able to secure an accompanying financial deal

Monster R500m order for local company

22/6/80 260 Sun Times 8.7

By ANDREW McNULTY

A CONTRACT worth a staggering R500-million has been granted to L & C Steinmuller (Africa) by Escom

This is certainly the biggest boiler contract yet granted in Africa — and probably in the world

It is for Escom's 3 600 MW Tutuka power station to be constructed near Standerton

This news comes at a time when ESCOM is said to be arranging finance totalling more than R500-million in Europe

The contract is for six boilers and auxiliary plant, structural steelwork and high pressure pipework

This was revealed to Business Times by managing director, Lorthar Freidag.

Tutuka is a modified repeat of the Duvha power station in the Eastern Transvaal.

Each boiler — higher than Johannesburg's Carlton Hotel — will be 100 metres high, have a mass of more than 20 000 tons a unit and will consume some 250 tons of coal an hour

The R100-million Steinmuller group, held 51% by the West German Steinmuller parent and 49% by the Industrial Development Corporation, has previously been awarded main boiler contracts for the Grootvlei, Hendrina, Kriel and Duvha power stations

Work for Tutuka will be carried out with that for Duvha, whose boilers are for final delivery in December 1984.

The R760-million Tutuka project is being completed in six 600 MW sets, and the first boiler is to be in commercial operation by March 1985

The remainder will come on stream at nine-month intervals

On-site work for the boilers starts early in 1982

The local content of the work will be about 75% by value.

Most will be done at Steinmuller's factory at Chamdor, although sub-contracted structural steelwork will comprise about 20% of the total

Other work to be sub-contracted includes major milling plant, air heaters and fans

Major items to be imported are boiler tubing, high pressure tubing, control and intrumentation and some specialised engineering components

Steinmuller plans no additional fixed investment for the contract, although it has recently expanded its 74 000 m² works to 100 000 m² and is well placed for any necessary expansion.

22/6/80 SUN TRIB (EIN)

260

Jobs up . . . and pay bills rise

THE economic upturn is creating more jobs and higher wage bills, according to Department of Statistics' figures.

The number of people employed in mining, manufacturing and construction and by Escom, the Railways and the Post Office rose by 37 842 to a record 2 905 150 in the first two months of this year.

In the previous five months the employment figures for these sectors had increased by only 15 266

Since the beginning of this year employers have accepted that the economic upturn is likely to last a long time and have been prepared to enlarge their labour forces and their payrolls.

Manufacturing showed the biggest job increases in the first two months of this year. Its labour force rose by 18 600 to 1 396 000

Coloured people accounted for almost 40 percent of this increase, the number in manufacturing rising by 7 200 to 241 100 This is almost as many as the 9 800 who found work in the preceding five months.

The increases in employment in other sectors in January and February were Mining 8 017, construction 5 500, Escom 900, the Railway 2 249 and the Post Office 2 576

Altogether the six sectors paid out R929,7-million in salaries and wages in February This is almost R200-million, or 26 percent, more than the year-ago wage bill of R735,2-million.

From these figures it is clear that there has been a significant increase in real demand in recent months.

Meanwhile, reports from the construction and manufacturing industries indicate that the level of employment has risen since February

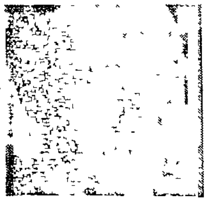
However, a shortage of skilled labour has apparently been inhibiting the increase. This has made employers limit expansion programmes and to cut back on recruiting unskilled workers.

: 1980 22/6/80 (260)

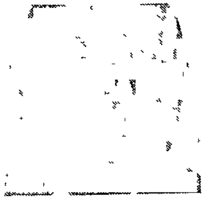
SUN TIM 22/6/80

Court awards R1,5m in fisheries legal tangle

260



MR JUSTICE MARGO



MR J MINY

By EUGENE HUGO

HE State-owned Fisheries ›evelopment Corporation FDC) has won a massive upreme Court claim gainst two former direc- rs of a Durban-based fish- g company it took over d tried to save from fi- ncial disaster

Mr Arthur William Jorgen- n and Mr Arthur Robert Jor- ensen have been ordered to y the FDC about R1,5-million ncluding interest and costs) terms of deeds of suretyship r loans to the International shing Corporation (Ifcor)

At the same time, in the eserved judgment handed own by Mr Justice Cecil Mar- o in the Rand Supreme Court, p FDC officials have been eared of allegations relating collusion, negligence and ckless trading

Complicated

The FDC action against the wo Jorgensens, their family rust company and two of their ther companies is the first to e resolved in a complicated twork of litigation flowing rom the liquidation of Ifcor in ecember 1976

Ifcor was liquidated a year fter the FDC tried to turn it nto a going concern by taking ver its issued share capital nd bringing it out of judicial management

Central to the financial quag- ire left by the 1976 Ifcor crash are allegations by the liquidator, Mr Charles Foot, that the company traded while insolvent in contravention of the Companies Act

It is understood the Natal Attorney-General is awaiting the outcome of the litigation before deciding on any prosecu- tions under the Companies Act or on charges of alleged fraud after an investigation by the Commercial Branch of the Po- lice in Durban

Involved in the civil litigation are the Minister of Economic Affairs, officials of the FDC, the Department of Industries, the French Bank and two Dur- ban businessmen

In related actions to be heard in Durban Cape Town and Jo- hannesburg during the next six months

● Mr Foot is attempting on behalf of Ifcor creditors to sue the Minister of Economic Af- fairs and 10 other defendants for R3 5-million

Mr Foot s right to take ac- tion is being contested by the FDC and the French Bank

● The French Bank is claim- ing R3,8-million plus interest of about another R1-million from the FDC and the FDC, alleging negligent or fraudulent concealment of Ifcor s true fi- nancial state is denying liabil- ity and claiming R250 000 from the French Bank

Guarantees

● The Department of Indus- tries is suing the French Bank for R500 000 plus interest and costs relating to financial guar- antees

● The FDC has a R1-million action against former Ifcor managing director Mr Bob Cor- bett relating to financial guar- antees

● Mr Corbett and his father, Mr Louis Corbett face another action by the liquidator con- cerning money allegedly owing on their loan accounts

The background to the suc- cessful FDC action against the Jorgensens is spelled out in Mr Justice Margo's judgment

It started in 1974 when Ifcor was still known as Corbett Fishing with two shareholding companies called A R J Invest- ments and Louis Corbett In- vestments

Directors of the company were the two Jorgensens and Mr Louis Corbett and his son, Bob

In 1974 Ifcor applied for and received a loan of R650 000 from the FDC to provide work- ing capital and finance equip- ment Ifcor had already ob- tained a loan from the Depart- ment of Industries to finance the building of eight new fish- ing vessels by Sandock Austral

Suretyships for the FDC loan were executed by the then di- rectors of Ifcor and Mr A W Jorgensen ceded to the FDC as collateral security his loan ac- counts in three companies.

In 1975 Ifcor applied for and received a further loan of R350 000 from the FDC to con- vert a number of its vessels for lobster fishing off the east coast because of the threat of the extension by the Mozam- bique Government of its terri- torial waters beyond the 19-km limit

Suretyship

The Jorgensens and the Cor- betts executed the suretyships in favour of the FDC for the repayment of the loan and Mr A W Jorgensen extended the cession of his loan accounts in the three companies as collat- eral security

At that stage Ifcor's total indebtedness to the FDC was R1-million exclusive of inter- est A third mortgage bond in favour of the FDC was passed over Ifcor's 13 fishing trawlers to secure the R1-million

A first bond had earlier been passed in favour of the Depart- ment of Industries to secure advances totalling R2,6-million and a second bond had been passed in favour of Ifcor s bankers the French Bank to secure R632 000 in overdraft fa- cilities

On December 9 1975 A W J Investments brought an urgent application for a judicial man- agement order against Ifcor al- leging that Ifcor's 13 trawlers and the mother ship were worth a total of R7,2-million

It was claimed that the com- pany had been trading profit- ably until its fleet had with- drawn from Mozambique wa- ters because of the threat of confiscation and that its assets exceeded its liabilities of R6 147 000 by about R2 5-mil- lion

It was also claimed that when the company returned to fishing it would earn about R480 000 a month, and with monthly expenses of R300 000 it would once again conduct prof- itable business

Judicial management did not suit any of the three big credi- tors — the FDC, the Depart- ment of Industries and the French Bank — and it was decided that the FDC should take over the company

Part of the deal was a facili- ty of R1 250 000 from the French Bank to Ifcor to enable it to pay its current creditors R650 000 owed and provide a further amount of R600 000 as working capital for two months

Confidence

Mr Bob Corbett, in whom both the FDC and the French Bank had great confidence was appointed managing director of Ifcor

It was agreed that the board of Ifcor would consist of Mr J Miny general manager of the French Bank Mr C du Plessis general manager of the FDC, Mr W Stoops financial man- ager and secretary of the FDC, Mr C J Kleu, of the Depart- ment of Industries Mr Bob Corbett (managing director) with Mr Louis Corbett and Mr C Bross as alternatives

Ifcor then resumed oper- ations under Mr Bob Corbett with none of the other directors as executives

At that first meeting docu- ments and information were impressive Evidence was that Mr Corbett was a 'persuasive and plausible' figure

Then followed a year in which Mr Corbett continually made bright forecasts about If- cor s future — often backed by French Bank reports — and the FDC repeatedly injected more capital into the company run- ning into millions

In February 1976 Mr Corbett presented to the directors a budget trading account for If- cor in which he forecast sales of more than R4,8-million and a net profit of more than R1,3- million for the year ending February 1977

The general manager of the French Bank, Mr Miny, at one stage informed his head office in Paris that he had every rea- son to believe that they would be bankers to a company with annual exports of R50-million

But the company continued to have cashflow problems — reflected in an October 1976 report by FDC accountant Mr Bross that there had been a nett cash generation since judi- cial management of zero

Questions

During the year queries about the company's account- ing were raised but these were apparently resolved to the audi- tors' satisfaction

At a later stage the FDC decided to appoint its own acountant to investigate and re port on the affairs of Ifcor and a Mr Jeffrey was given the task 'But there were no alarm signals from him until early November" said the judge

By early November Mr Jef fery was referring to the criti cal financial position' of the company and at the end of the month Mr Corbett resigned A provisional winding-up order was granted on December 1976 and it was later con firmed

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FDC men cleared of 'reckless' allegations

By EUGENE HUGO

MR Justice Cecil Margo has rejected allegations that the directors of a fishing company owned by the Fisheries Development Corporation (FDC) were reckless in the conduct of the company's affairs

He was giving judgment in a Rand Supreme Court action in which the FDC successfully claimed about R1,5-million from two former directors of the International Fishing Corporation (Ifcor), Mr A W Jorgensen, and Mr A R Jorgensen, in terms of suretyships for loans to the company, and from three companies controlled by them

Mr Justice Margo found that FDC nominees on the board of the liquidated Durban-based Ifcor — Mr C du Plessis and Mr W Stoops — were "reasonably entitled" to accept positive reports about its future

Experts

He said that Mr Ernest Wentzel, SC, had indicated in his opening address that the defendants would rely "in the main" on the evidence of two expert witnesses, Mr Jenks and Mr Collins of the auditors firm Coopers and Lybrand

The tenor of the evidence-in-chief of each of the two expert witnesses was that

- Directors of Ifcor should have known of the precarious state of the company's finances
- They were reckless in the conduct of the company's affairs
- They allowed the company to continue operating, incurring debts and losing money although it was insolvent and had no reasonable prospect of recovery
- They should have liquidated the company at the latest by mid-August 1976

But in cross-examination Mr Jenks conceded that the FDC's nominees on the board of Ifcor, being non-executive directors, were reasonably entitled to accept the frequent and regular reports of the managing director, Mr Bob Corbett

These reports related to the company's sales, large profits expected and Mr Corbett's "convincing explanations" of the shortages of working capital

Mr Jenks also conceded that they were also reasonably entitled to pursue a fishing deal with a French businessman on the basis that the company was in the course of becoming a highly successful venture

And he conceded that they were not at fault in failing to liquidate the company sooner

"Jenks's concessions in cross-examination were fundamental and no attempt was made to re-examine him," said Mr Justice Margo

He said that when Mr Collins testified in-chief it was clear that he was determined to undo, if he could, the damage to the defendants' case

Reckless

But in cross-examination he, too, was eventually constrained to make substantially the same concessions He too was not re-examined

In the defendants' case was a discrepancy of R338 000 in figures given for the amount owing to concurrent creditors when Ifcor was taken over by the FDC in 1975

An initial capital injection of R1,25-million was based on the figure of R650 000 to pay off current creditors, leaving R600 000 to cover the estimated expenses of two months operations

He also made the point that, although it was clear from the eventual results the FDC directors' confidence in Mr Corbett was misplaced, there was no evidence to show that they acted unreasonably in that regard

"Perhaps a more astute appreciation of the signs might have saved some of the ultimate losses, but the absence of astuteness or special business acumen is not the test of culpability," said Mr Justice Margo

He found that there was "no hint of collusion" in payments that were alleged by the defendants to have been made to the FDC to the detriment of creditors

Mr Justice Margo concluded that the conduct of directors, other than Mr Corbett, did not in law constitute a breach of their duty of care and skill to the company

It is understood that an appeal has been noted to the Appellate Division against the whole judgment and each of the orders for costs

It transpired later that the actual amount owing was R988 000

Mr Wentzel's contention was that Mr Du Plessis and Mr Stoops must have known that R1,25-million was insufficient working capital for Ifcor and this was a material part of their negligent and reckless conduct as directors

But Mr Du Plessis denied that he was informed of the figure of R988 000 at any time before Ifcor was put into liquidation

In other proceedings pending in another court, Mr Du Plessis had alleged that there was "fraudulent concealment" of the increased amount and that the FDC would not have agreed to take over Ifcor's shares if the true figure had been known

Mr Stoops had said during judicial interrogation that he had only learnt of the R988 000 in May 1976 before his departure overseas and because of commitments had forgotten to tell the other directors

He conceded he may have been "amiss" in that regard

Mr Justice Margo hesitated to make a finding on the veracity of other defence evidence that the figure of R988 000 had, in fact, been conveyed to the FDC

If this evidence was true it would provide some proof of neglect of duty on the part of Mr Du Plessis and Mr Stoops but by itself it was not necessarily sufficient to establish the defendant's case

Mr Justice Margo added that there was no basis of probability or of credibility upon which Mr Du Plessis and Mr Stoops were to be disbelieved on this aspect of the case

He said that on the whole Mr Du Plessis made a good impression on him Mr Stoops was not called as a witness

The substance of his evidence was a denial of the defendant's allegations against him and Mr Stoops — a denial of any knowledge of insolvency, an admission that the possibility of insolvency was appreciated early in November and a denial of allegations of collusion

Confidence

All evidence supported Mr Du Plessis's testimony on his and Mr Stoops's bona fide belief in the future of the company

Mr Justice Margo said it was the FDC's statutory duty to encourage and assist entrepreneurs in the fishing industry and there was nothing to show that at the time of loans made to Ifcor the FDC should have appreciated that the company was doomed

(260) FM 27/6/80

BOND MARKET

Escom joins in

A second SA borrower is preparing to tap the West German public bond market within the next few months after the success recently of the DM120m SA government loan which was about 25% oversubscribed

Escom is considering a DM100m public issue, but neither the amount nor the terms are anywhere near finalisation

The West German banks which normally attend to Escom's issuing activities in Europe are Dresdner and Commerzbank and market sources are assuming that they will manage the issue

The SA government loan was issued with a 9% coupon, at par, and is currently trading at a 1% to 1,5% discount, caused mainly by the marketing of parcels of stock by the participating banks to their customers

The political disturbances here do not appear to have had an adverse impact on the issue and they are not expected to increase the political risk premium that a borrower like Escom would, in any event, have to pay

In relation to local borrowing costs this premium is not really material, but an important factor in determining the effective cost of the Escom loan could be the cost of forward cover In previous years Escom has enjoyed cut-rate cover provided by the Reserve Bank for its foreign borrowings But that subsidy has subsequently been removed

Bankers make the point very strongly that when judging the success of the public bond issues, SA terms should not be compared with those of established industrialised nations especially those where there is no political risk, such as Denmark and Sweden

On the other hand, SA borrowers could be expected to pay the same or slightly less than such countries as Brazil and Turkey, which are economically weaker but carry less political stigma

Escom, like the SA government, is returning to the West German public bond market after an absence of some six years or more So to some degree the forthcoming issue will have about it also a degree of flag showing

The prices of Escom public bonds already quoted in West Germany have apparently been trading steadily in recent months, although some are still at a considerable discount, which varies from issue to issue

On the basis of these discounts, however, local bankers estimate that Escom's issuing terms will not be far off those of the governments' provided market conditions do not change radically

Secunda a cosmopolitan

SECUNDA — VERY MUCH ON THE GO — from left top tennis at the Sasol club; a child is vaccinated at the Secunda clinic; the shopping plaza, George Bayliss, principal of the Highveld Primary School takes a class, children in a ballet lesson and bowls at the Sasol club In the centre picture cooling towers form a backdrop to a new house.

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WOMEN'S PAGE

It is always abuzz with activity

The birthrate is booming

The stork is doing such fantastic business in Secunda, that new mothers are able to spend only one day in hospital in neighbouring Evander. Facilities can't keep pace with the number of births

And this is despite an active family planning section in the clinic, says the District Nurse Sue Wilson "We can't blame the Evander people for getting a bit annoyed at times when our new mothers take all the beds But at least we don't let them stay long.

"Part of the reason is we have so many young wives here — all the construction workers' wives are young At 19, some of them have four children. And a lot of the young girls coming in for contraceptives are only 14 and 15 years old"

NURSES

The clinic in Secunda has two full-time nurses with another two expected later this year. They handle up to 600 babies a month, visit new mothers and sick or elderly people. They carry out all the regular municipal health clinic duties

The clinic has to expand soon to accommodate the people of Secunda and the adjacent temporary construction town At the end of next year the population will be about 27 000, then it should drop to perhaps 25 000 when the construction phase is over

George Bayliss, a former Johannesburg teacher, expects to have about 1 000 children in his English-speaking primary school by the end of this year They represent 23 different nationalities, he said.

"The school is unique The children's attitudes, outlook, former syllabi and discipline all differ They have to forget their previous schooling and fit into one system The American youngsters find it the most difficult to adapt

"It's a tremendous challenge for the teachers, too New children arrive every day and are quite disruptive at first. Just when you think you've got everyone organised, more arrive and you have to start all over"

NURSERY

There are four primary schools in Secunda, each with a nursery school attached So far there is only one high school which is Afrikaans-medium Next year, there will also be an English-medium high school

The high school in Evander copes with the non-Afrikaans community, while a special American history class is held every Saturday morning to keep the American youngsters informed on their own country and to help them fit in easily when they return

THRIVING BIRTHRATE — District Nurse Sue Wilson checks the blood pressure of one of many pregnant patients

As French as onion soup

There's a part of Secunda, the Sasol 2 and 3 town, that has a decided lace-curtain atmosphere and a deserted, mysterious look.

Dogs don't appear to run about here. The gardeners talk quietly or not at all. And when we knocked on a door seeking help and information, we were made to feel intrusive.

This neat, orderly little cluster of houses is the French community's home. They are not interested in mixing with other nationalities, but have made themselves completely self-supporting, said Danielle Royer.

Yet Mrs Royer, wife of the construction site engineer, said that while the 65 single people and 35 couples in the community actually prefer to be on their own, it came about naturally.

"The French were actually the first people on the site in 1976," she said. "They were right in the middle of the farmland and made their little village for security reasons. When the other crews came, they developed the town that is now Secunda, downstream of the French settlement. It was just not practical to rebuild."

Now they cherish their culture and promote their French ways.

It is said to be the only French community of its kind in South Africa.

Entertainment is as sparse as anywhere else in this eastern Transvaal town, but the French are more introverted than most, as families stick close together at the weekend to make up for the long hours apart during the week.

Twice a week, movies are flown in from France. A restaurant which caters primarily for the large number of single men is also open for bookings by married couples and is a great source of pride. For its chef is from France and he cook's only French meals.

"When other people from different nationalities are invited to eat there, they always seem very happy," said Danielle with a decided twinkle.

And the children in the community are well looked after, too.

"We have our own school, with 20 children from ages six to 15," said Danielle. The French education department sent a teacher out, to look after the younger grades. But the older grades learn through a correspondence course and their papers are sent back to France for marking."

There are soms families, like Danielle's, that do make a point of meeting others in the community at large, and who swop the shared experiences that make construction sites similar no matter where they are in the world.

"But the big thing you discover is friends," said compatriot Sue Osterlind, a Californian. And it's not uncommon for women whose husbands are key people in major projects around the world to meet again unexpectedly in tiny little Middle East villages, or on sites in England, Germany or France.

"That's what makes it so exciting," said Danielle Royer, who went from her home in France, to four years in a tiny Syrian village, to England and then to Secunda.

The sites are international melting pots, where those who jump in usually leave the better for it. And it's particularly evident in the children, the women said.

They talk of their children picking up a world-wide education, a smattering of knowledge from every place they go to. They talk of a tolerence, and thoughtfulness learned early, and an ingenuity and creativity fostered by lack of ready-made entertainment.

But it was hard on the teenagers they said. For this is the age group that felt a need to be entertained, to meet together away from parents. And for movies and dances they must bus into Evander or further afield to Johannesburg, a 2½-hour ride away.

Parents of young girls have qualms about Evander's discos, though. Because they're also frequented by the young, single men in the temporary construction workers' town.

These men were mostly in their twenties, the women said, while their daughters were only 15 or 16, and vulnerably eager for life.

(189) (260) Fm 4/7/80

ISCOR

New phase begins

SA's state-owned steelmaker, Iscor, which drastically cut back its capital growth during the 1976-78 recession, is planning substantial investment in ancillary equipment in the next five years, although it is not contemplating additions to basic production facilities

Some of the amounts which will be involved are R90m for a new sinter plant, R50m for two coke briquette plants, and an undisclosed sum for the expansion of present facilities

These plans will lift molten steel capacity from the present 7m t to 8,5m t by 1986

New projects slated are

□ A new sinter plant at its Vanderbijl works at a cost of R90m The plant should almost double sinter production — bringing it to 13 000 t a day — and will increase the sinter content of raw material fed into blast furnaces from 39% to 80% Sinter is ore too fine to be fed into blast furnaces untreated Tenders will go out in October Construction is scheduled for June 1981, and commission in May 1984

□ The construction of coke briquette plants at Vanderbijl and Newcastle Tenders for the R50m contract (for the construction of both plants) are being adjudicated now The capacity of each will be approximately 4 000 t a day

□ Expansion to buildings, facilities and handling equipment at existing mills Iscor is not in a position to mention final costs yet

The new facilities are ancillary equipment which will make possible increased production from existing basic capacity

Divisional GM Willem van Wyk explains "From 1975 to 1980, we were in a phase in which we concentrated on the optimisation, rationalisation and improvement of all existing facilities — without spending vast sums of money

"In the phase into which we are rapidly moving now, we still do not intend building basic capacity — such as blast furnaces — but we believe it is necessary to do everything necessary for the improvement of production — and this means the construction of ancillary equipment "

Ore smaller than 8 mm cannot be used in a blast furnace, so a sinter plant enables steelmakers to avoid wastage Increased blast furnace production is another advantage

Another good reason for the building of a sinter plant is that SA's coking coal performs poorly in a blast furnace due to the presence of alkalis But the addition of calcium chloride to the fine ore being sintered drives off alkalis and reduces the quantity of alkalis fed into blast furnaces

Briquetting plants increase the block density of coking coal by adding pitch to crushed coal and compressing the coal into a briquette A larger tonnage is fed into the ovens, which results in a stronger product

Van Wyk says that when all the new phase projects planned by Iscor come on stream — that is, by 1986 — the corporation's capacity to produce molten steel should increase from 7m t to 8,5m t, an increase of some 20%

"An increase which we will have achieved," he adds, "without the addition of major basic production facilities "

The Vanderbijl sinter plant — which will measure about 150m by 300m — is aimed to push up production for local demand According to Iscor forecasts, the corporation's share of the local market will easily be able to absorb the increased production of flat products From 1986 mainly profile products will continue to be exported

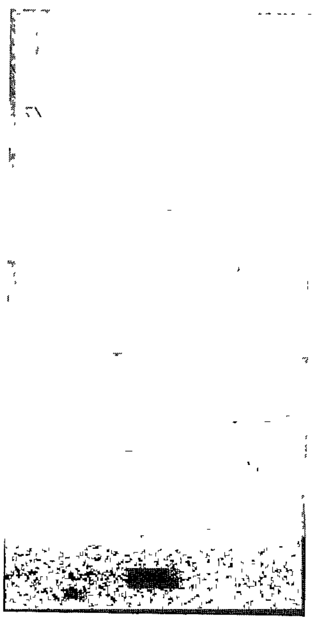
What about the financing of the new projects, given Iscor's past financial problems?

"We expect to generate the cash ourselves — from internal sources," Van Wyk says "Our debt ratio is down to 50% and we believe that by next year it will be down to below 45%

"We think we can spend this money and continue to reduce our debt ratio "

FOREX

while Armscor has raised its scheduled requirement by R10m to R100m, also by way of two loans This may reflect a gathering confidence on the part of the state armaments manufacturer, last year's R90m was originally to have been raised in three R30m issues, but the first issue in November 1979 was sufficiently successful to lead to a condensation of the rest of the annual requirement into just one other R50m issue This issue, however, limped home with the help of the Public Debt Commissioners, so the two R50m issues in the current year will have to be handled with circumspection



Escom . needs capital to light the nation

LOANS PROGRAMME FM 11/7/80 260

Reaping the boom

The total public sector borrowing requirement (excluding the Treasury) to the end of June next year amounts to R790m, slightly less than the R850m listed for the previous 12 months, according to the Treasury's official loans programme

The schedule is provisional. It is subject to inevitable cancellations and postponements and lists only those issues which are scheduled to be placed publicly If private placings are included, the public sector eventually raised over R1 000m during the year to June 1980, according to Senbank

Apart from the government, the largest single borrower will be Escom, which is scheduled to raise R170m through the primary capital market in two tranches This is R10m more than was scheduled last year, and R45m more than was actually raised, since difficult market conditions forced Escom to withdraw a R85m issue in March this year and return in April for R50m

But Escom finances itself to a large extent by issuing and purchasing its own paper and selling this into the secondary market It raised R400m by this method in 1978, and R200m last year, both amounts well in excess of its primary market funding operations This saves all financing costs like brokerage and commission, leaving the purchase price as the only gross cost It is also more flexible, given the high marketability of Escom stock, and closely dependent on secondary market conditions This year the amount budgeted for is considered "conservative."

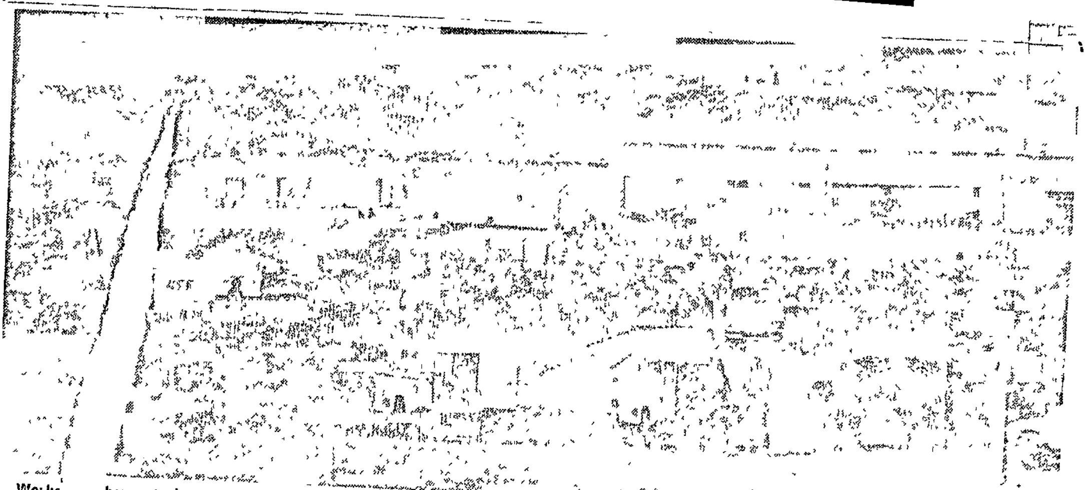
Iscor will be coming to the market for its usual annual R100m in two tranches, while Armscor has raised its scheduled requirement by R10m to R100m, also by way of two loans

The Uranium Corporation's projected issues, R50m in two loans, remains the same as last year, as does the IDC's with R20m also in two issues Neither the SABC, which raised R10m last year, nor Soweto, which borrowed R20m to finance the initial stages of its electrification programme, are listed on this year's programme But SWA/Namibia will be borrowing R25m, R5m more than previously, the Transkei R10m against last year's R35m, and the black administration boards R43m, about 50% more than previously

The borrowing requirements of the municipalities are also considerably higher than last year at R173m compared to R95m, largely due to the proliferation of smaller borrowers Cape Town's needs are unchanged at R40m, while Johannesburg is scheduled for R25m, R15m less than previously Land Bank loans amounting to R185m mature in the year ahead, compared to R154m last year, and it requires R115m in new money, a little more than the previous R96m

Some infrequent borrowers will be coming to the market in the current year, among them the Sasol-guaranteed Gaskor, and the Abattoir Board, neither of which have borrowed for over a year

Government loans maturing in the next twelve months amount to nearly R1 600m, the extent of reinvestment of which will depend upon revenue flows The March budget makes provision for the reinvestment of R850m in the current fiscal year, over a third of which was accomplished by the loan issue in May Over R134m in new money was attracted in May, leaving another R470m to be raised to meet budgeted requirements A further R525m matures next Tuesday, leaving another R150m to mature before March 31, 1980 According to Treasury sources, if a consistently high gold price and increased economic activity result in higher-than-anticipated tax revenues (as happened last year), this final maturity may be fully redeemed, a view supported by Standard Bank in its latest economic review



Worke ...her outside one of the main gates at Sasol's plants in Secunda while police in camouflage stand by to keep the uneasy peace.
© Picture by Mark Peters

W te workers cr ical of s urity at plant

Unhead

STAR 15/7/80

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By Mike Derry

hite workers have criti- ed security at the cons- uction works after a fel- w worker was stoned to th when a mob went the rampage last night.

A worker today describ- how he and two col- gues were stoned and bbed by a mob of black rkers and then watch- in horror as another rker was pulled out of overturned bakkie and ned

A spokesman for the SA lice said the man's ath had occurred when bakkie was stoned and shed into a ditch

The spokesman said a k man was knocked n and killed by the hicle and this could have t to the unrest

The man, who asked to be identified, la- d out at the plant's urity personnel who, said, made no move to tect the white workers m the mob

he man said he and other white workers at Sasol 3 were bitter about not being given protection.

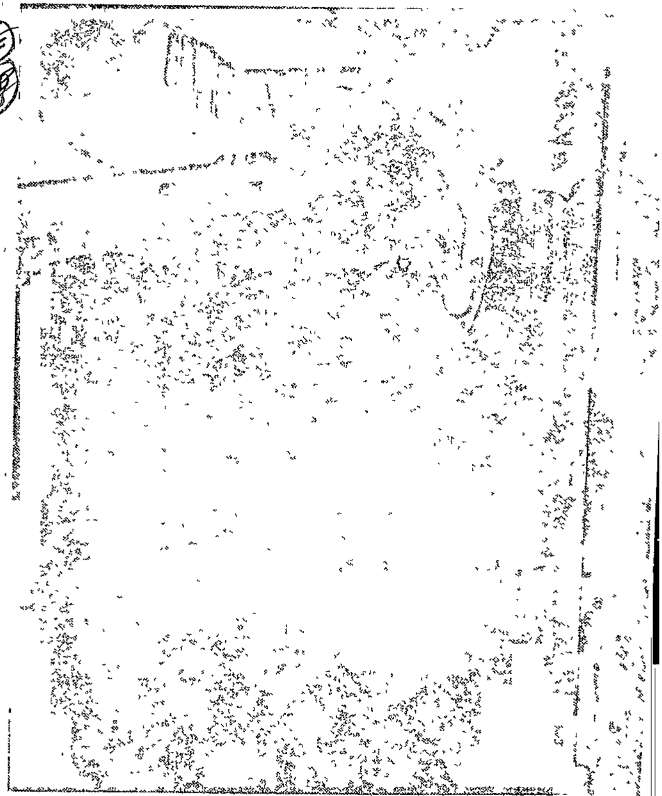
"What use are all the military personnel and the police and the security guards when not one of them was in sight when we needed them?"

"I'm not going to work today. I'm not mad," he said

"The blacks were allowed to leave an hour before we were, so when we tried to go home they were just standing outside the gate waiting for us," he said

"My two friends and I were sitting in the car trying to decide what to do when suddenly stones smashed through the windscreen, then the rear and side windows.

"As we jumped out of the car they ripped our watches off our arms, then as we ran back towards the fence they stoned us" he said



A construction worker met his death in this van after it was stoned by a [illegible] mob at Secunda yesterday.

Sasol 3 violence: 18 000 off work

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STAR 15/7/80

Staff Reporters

Secunda

Eighteen thousand construction workers at Sasol 2 and 3 were laid off for the day today after 300 workers went on the rampage yesterday stoning vehicles and leaving one man dead.

Sasol management held talks with the workers this afternoon to try to persuade them to return to work tomorrow.

The dead man's name will not be released until his next of kin have been notified. He worked for a sub-contracting firm in Vanderbijlpark.

Workers at the South Camp at Sasol 3 said today the man had been stopped on the road, dragged out of his van and stoned to death.

The rioters then attempted to set his van alight but failed.

Another vehicle was set alight and destroyed but its passengers were not hurt.

Police and security units are on stand-by to quell further unrest. Some workers said there were further stone-throwing incidents early today and several men were injured when police retaliated, but Sasol spokesmen have denied knowledge of this.

The riot is believed to have started yesterday following an announcement by management which restricted worker movement after nightfall.

Workers also claimed the strike started because of rumours that two men were allegedly shot by the security personnel protecting Sasol.

Not malicious

Sasol spokesmen have denied that there is any truth in the workers' claims that anybody was shot by security personnel or that the worker who died in his van was actually stoned to death.

The man died as a result of the accident, caused when his van crashed after it was stoned

15/7/80

18 000 off work

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From page 1

later today we will be talking to them to get the men back at work."

Mystery still surrounds the death of a construction worker Mr Elliot Mtetwa. According to official sources he was found lying on one of the roads in the Sasol 3 works during the weekend and was taken to his bed where he was found dead on Sunday morning.

Rumours were circulating among black workers at Sasol 2 and 3 that Mr Mtetwa had been run over by a vehicle or had been shot by security personnel. This has been denied by police and Sasol spokesmen.

Workers also claimed the strike started because of rumours that two men were allegedly shot by the security personnel protecting Sasol.

Not malicious

Sasol spokesmen have denied that there is any truth in the workers' claims that anybody was shot by security personnel or that the worker who died in his van was actually stoned to death.

The man died as a result of the accident, caused when his van crashed after it was stoned, and not because of a malicious intent to kill him, according to police and Sasol spokesmen.

"All construction workers turned up at the normal time for work today at the Sasol 3 construction site," Sasol spokesman said.

During the course of the morning there was a gathering of black construction workers and unrest developed.

"It was decided by construction personnel to send the workers home. They are at present in their living quarters and

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Before they left their homes in the United States, the American women were told "If your marriage isn't sound, if you have any problems at all, don't go"

It was a sound piece of advice, said Kay Liebel of North Carolina For the women were heading for Secunda, the South African town that houses families of Sasol personnel, and on any construction site the tensions and deprivations intensify problems, no matter how small

"They also make a good marriage even better," Kay said.

Kay is one of a large contingent of Americans whose husbands are on contract in South Africa They started arriving about two years ago Since then they have become part of an international community where creativity and enthusiasm are bounded only by the number of hours in the day.

The eastern Transvaal town of Secunda, with its treeless gardens and general shapelessness, is abuzz with activity from morning till night, as women paint and weave, throw pots and dance, play all kinds of sport, teach and learn, and swop recipes and experiences from around the world

Many of the women work in the Sasol plants or at the schools and shops at Secunda Doctors and nurses are waiting for the hospital to be built before they can begin work

PIONEERING

But even though the women come from 28 different nations, they all have one thing in common here — they are on a construction site They share common worries about schooling, shopping and medical care, as do all pioneers And pioneering is what Secunda is really all about

where you wanted to go When the supermarket was built there were nine different access roads."

"Then the town planners stepped in and decided they must tar the official roads according to the original town plans

"So where they didn't like the roads we'd made with our cars, they just put posts across When we came to the posts and needed to use our road, we just pulled up the posts and stacked them neatly at the side

"Eventually OUR roads got tarred"

Two years ago there was only one shop Today there's a fairly large shopping plaza with all the basic necessities and four or five corner stores throughout the town

The hospital is about to be built and so is a police station which at the moment is in a caravan And the clinic and library are a far cry from their original appearance

LIBRARY

Mind you, the "old days" of Secunda are only three years old — Secunda celebrated its third birthday as a town on June 22 And a get-together of the women lets loose a flood of reminiscences

"I was one of the first here," said Petra Wessel, sub-editor on the Sasol News "And oh, the rain! We were completely awash all round the houses There wasn't even a shop selling gumboots then, so we had to put supermarket bags over our shoes

"And if you forgot or didn't have any, you spent hours cleaning thick clay off your carpets and your shoes"

WELCOME

The warmth of the welcome to Secunda is something others will never forget, although, as Sasol has grown to its present 22 000 people, it's more difficult to greet all newcomers

"I didn't cook for three days when I moved in," said Beth Abrahams, "People came across continuously with food on trays"

"And as soon as we set foot inside our house there were people there to see if we needed light bulbs or wanted them to look after the kids," broke in another woman

"Remember the roads?" someone asked.

ACCESS ROADS

"The veld was anybody's land," she explained, "You just drove across it to

"The library was in a house" we were told "We had non-fiction in the bathroom and fiction in the kitchen The post office was in another room And the clinic shared a house with a lawyer and a bank"

Change seems to be the norm in Secunda, where women laugh and curse at the same time They need to be tough

UNWIND

"You must discipline yourself to Sasol and must make Secunda a place to unwind," one wife said "That's why we have every kind of sport We have the Sasol Club for meetings, recreation activities, dancing clubs, discos and meals

"We have a thriving dramatic society, a music centre, a bicycle club We're starting a Housewives' League and already have every kind of club from bridge to patchwork — which the American women started"

Moving around the world on major projects like Sasol means just moving jobs as far as the men are concerned But to women it's a very different kettle of fish, said Sue Wilson, the District Nurse

ROUTINE

"The women must change not just their homes, but their hairdressers, their butchers and bakers, their doctors and dentists and the children's schools they have to establish a whole new domestic routine"

"I cried for a month at first," said American Kay Liebel.

300 riot at Sasol III plant

Cape Times 15/7/80

Own Correspondent

JOHANNESBURG — Police were called in last night to quell rioting by about 300 workers from the Sasol III construction site in the Eastern Transvaal after they had set alight a bus and a truck, burning a man to death

Earlier, they stoned supervisory personnel who had tried to talk to them, a Sasol spokesman said One person was injured in the stoning

The trouble followed rumours about security measures taken at the site after the recent sabotage explosions at the Sasol I and Natref plants in Sasolburg

In a statement the Sasol spokesman said "A special meeting of the liaison committee was called at which a black spokesman alleged that a black construction worker had been shot by military personnel in the early hours of Sunday morning, that their freedom of movement within the construction site and living-quarters had been curtailed and that they were being harassed by

A To page 2

A From page 1

the military personnel present on the site

"The fact of the matter is that a black contruction worker, Mr Eliot Mtetwa was found by a black tractor driver at approximately 6 30 pm on Saturday evening lying in one of the construction roads on the Sasol III site

"He contacted the first-aid station by radio, and Mr Mtetwa was admitted for medical treatment Mr Mtetwa admitted to being drunk, no medical evidence being found of any injury He was discharged

"According to our information at this stage, Mr Mtetwa died at 4 am on Sunday in his bed in one of the construction camps A post-mortem is being conducted to ascertain the exact cause of his death These facts were explained at the liaison committee meeting this morning

"As far as the events of today are concerned, all construction workers went to work at the normal starting time of 6 30 am After the lunch break from 12 pm to 12 30 pm, approximately 2 000 black construction workers out of a total work force of 18 131 refused to start work They were addressed by the supervisory personnel, who requested them to go back to work

"Most of them did so, except for approximately 300 workers in one particular area They were again spoken to at 2 30 pm but still refused to listen, and they subsequently started throwing stones at the supervisory personnel trying to speak to them One person was injured during this incident

"At approximately 4 45 pm all construction staff were sent home an hour before normal closing time as a precautionary measure

"Our information at this stage is that some of the black construction workers remained restless after leaving the construction site

"A bus and a light truck were set alight by them and one white occupant of the light truck was burnt to death The police have been called in to control the situation An hour ago (8 pm) the situation was calm and under control "

Work stops again at Sasol 3

STAR 16/7/80

NSLG

260

Construction at the Sasol 3 site stopped again today — and possibly for the rest of the week — after large numbers of the black labour force left the plant this morning

This follows the injury of two men last night when coloured workers went on the rampage in their living quarters Police used teargas to disperse the crowd and then found the two injured men

The workers who left the site today were taking advantage of a management offer, to collect their wages for the previous two weeks from 11 am today instead of on Friday.

In a statement today Mr Clarence Keyter, head of public relations at Sasol, said arrangements had also been made to transport the workers to their homes, and back to work on Monday

"Sasol 3 construction workers reported for work in the normal manner this morning," he said "During the course of the morning some of the construction workers again displayed signs of unrest."

PAY OFFER

"Sasol management then made then pay offer. Workers were also told that Thursday and Friday would be normal working days for those who wished to work," Mr Keyter said.

"At this stage indications are that most of the construction workers are availing themselves of the opportunity to be paid today. Large numbers of them have already left the site and work will not be continued for the rest of the day"

Mr Keyter said all the workers are expected to report back for work on Monday

Sasol tense

Post 16/7/80

(33) 260 162 278

SASOL 3 was tense yesterday and thousands of construction workers were sent home after a night of unrest which left one worker dead and several vehicles burnt out.

Middelburg police were called in on Monday night to control rioters who stoned a man to death in his truck at the construction plant

Rioters also set a truck, car and bus alight and stoned staff who tried to pacify them

The man killed in the incident will not be identified until his next of kin have been notified.

He is believed to have been working for Dillinger Engineering Construction company (DEC), which has offices in Vanderbijlpark.

UNREST

Workers at the Sasol 3 construction site said they believed the unrest had started because of a managerial decision not to let the men move between camps after nightfall The men began to riot after being informed of this decision.

Police armed with shotguns and R1S stood guard outside the south camp all night and blocked all entrances to the camp.

A spokesman for Secunda, Mr Andries Swart, said yesterday that several incidents had taken place but everything was under control now

He said he could not elaborate on the "incidents."

Workers who had been laid off for the day said they believed the men responsible for the unrest had been paid off and sent home

The spokesman said that a special meeting of the liaison committee was called at which a black spokesman alleged the following:

- That a black construction worker had been shot by security personnel in the early hours of Sunday morning,
- That their freedom of movement within the construction site and living quarters had been curtailed and,
- that they were being harassed by military personnel on the site.

A black construction worker, Mr Elliot Mtetwa, was found lying in one of the construction roads in the Sasol 3 site on Saturday evening according to workers.

But according to a Secunda Press release Mr Mtetwa was found dead in his bed on Sunday morning in one of the construction camps

A post mortem is at present being conducted.

Sasol workers still not back

~~152~~ 260

Argus Correspondent

SECUNDA — The 18 000 construction workers at Sasol 2 and 3 were still not back on site today as they decided among themselves whether to stay off until Monday

The general scene at Sasol 2 and 3 was quiet following the rioting and tension of the past two days which left one man dead and several vehicles damaged by stone-throwing mobs

The dead man has been identified as a construction worker, Mr Clifford Hall

Mr Hall, 49, who was killed on Monday night during disturbances which broke at the Sasol 3 plant, came to South Africa from Britain about 15 years ago the office of the British Consulate in Johannesburg confirmed today

A spokesman for the consulate said British authorities were making efforts to contact his next-of-kin

SET ALIGHT

Yesterday two bungalows in the black workers' camp were set alight and today only the shells remained Several other incidents of stone-throwing were reported yesterday but nobody was injured

The black workers gathered in groups around the plant early today and discussed the situation.

No white workers were allowed into the site as negotiations about a date for a return to work continued between workers and management

One large group of workers moved off the plant and stationed themselves next to the main road leading to Sasol 3

Workers at the plant have been offered the chance to come back to work today or to be paid out as if it were Friday and return to work on Monday

Tense truce at Sasol III as police stand by

CAPE TIMES -16/7/80 260

Own Correspondent

JOHANNESBURG. — A tense truce reigned between police and the 18 000 black labour force of Sasol III late last night after a two-day series of stonings and arson that left one worker dead.

Two large bungalows at one of the compounds were destroyed by fire yesterday afternoon Firemen extinguished the blaze, but only the outer shells of the buildings remained

Police squads, out in force at the entrances to the three black Sasol compounds, kept their distance from the crowd gathered nearby

After Monday's violence at Sasol, in which a construction worker died in a bakkie, only a few cases of stonings were reported yesterday morning Later, the bungalows were burnt down

The black construction force of Sasol III was sent home yesterday morning after "showing signs of restlessness".

Cars were stoned on the main road next to the compounds

It is understood that the grievances the workers have are ...

- That they are being harassed by military personnel under the stricter security measures at the plant and at their compounds since the recent sabotage expolsions at the Sasol I and Natref plants.
- That they suspected that military personnel had shot a construction worker, Mr Eliot Mtetwa, on Sunday

A Sasol spokesman said yesterday that it had taken time for the black staff to get used to the new security measures

"Regarding the death of Mr Mtetwa, I understand that a number of black liaison committee members were shown the body and there were apparently no bullet holes in the body," the spokesman said

Sasol refused the press permission to interview members of the liaison committee

A police roadblock near the compounds allowed the press in, but kept newsmen from making contact with the black workers

Helicopters circled the area above the compound and riot policemen kept their distance from the gates

Late last night Sasol officials were hopeful that the construction force would be back at work today

CAPE TIMES 16/7/80

Police believe man was not stoned

260

PRETORIA — The police suspect that the death of the Sasol worker at Secunda in the Eastern Transvaal on Monday night was caused by the fact that he lost control over his vehicle and it overturned, a police spokesman said yesterday

Although a post-mortem had not yet been performed, police do not think that he was stoned or maliciously burned to death', the spokesman said

The dead man s identity has not been made known because his next-of-kin has not been informed

According to the police spokesman, rumours were spread at Secunda on Sunday that a man had been shot by a Defence Force contingent

The management of Sasol yesterday briefed its workers and informed them that the rumours were false The management emphasized that the soldiers were there for their protection only

About 5 30 pm yesterday the black workers went off duty and moved from the plant to their place of residence, where approximately 2 000 of them began stoning vehicles A car and bus were set alight but no one was injured

Shortly afterwards a bakkie was stoned The driver lost control and the vehicle left the road and landed in a ditch

The police suspect that his death was caused by the accident It was not known at this stage when the post-mortem would be held — Sapa

Work stops again at Sasol 3

STAR 16/7/80

~~186~~ 260 ~~270~~

Construction at the Sasol 3 site stopped again today — and possibly for the rest of the week — after large numbers of the black labour force left the plant this morning.

This follows the injury of two men last night when coloured workers went on the rampage in their living quarters Police used teargas to disperse the crowd and then found the two injured men.

The workers who left the site today were taking advantage of a management offer, to collect their wages for the previous two weeks from 11 am today instead of on Friday

In a statement today Mr Clarence Keyter, head of public relations at Sasol, said arrangements had also been made to transport the workers to their homes and back to work on Monday

"Sasol 3 construction workers reported for work in the normal manner this morning," he said "During the course of the morning some of the construction workers again displayed signs of unrest."

PAY OFFER

"Sasol management then made their pay offer. Workers were also told that Thursday and Friday would be normal working days for those who wished to work," Mr Keyter said.

"At this stage indications are that most of the construction workers are availing themselves of the opportunity to be paid today. Large numbers of them have already left the site and work will not be continued for the rest of the day"

Mr Keyter said all the workers are expected to report back for work on Monday.

CAPE TIMES 17/7/80

(260)

Pay-off option for Sasol III workers

JOHANNESBURG — Construction workers at Sasol III were yesterday given the option of being paid off or reporting for duty today and tomorrow after there were further signs of unrest at the site yesterday

The head of public relations for Sasol, Mr Clarence Keyter, said in a statement that the construction workers reported for work in the normal manner yesterday morning, though during the course of the morning some of them "again displayed signs of unrest"

They were then told that those who wanted to, could collect their wages for the previous two weeks as from 11am yesterday, instead of tomorrow, the normal pay-day

They were also informed that today and tomorrow would be normal working days for those who wished to report for work

Mr Keyter said indications were that most would collect their wages early

Large numbers of workers had already left the construction site and construction activities were suspended for the rest of the day

Transport arrangements were made for those workers who wanted to return to their homes and to return to work on Monday

All the construction workers are expected to report for work on Monday

The coloured construction workers also left the site after collecting their wages

The statement said that during the night there was unrest among coloured construction workers in their living quarters and a kitchen had been damaged by a fire

Police brought the situation under control

Sasol is quiet as workers go home

CONSTRUCTION work at Sasol 3 may have come to an end for the week as most of the 18 000 workers collected their pay and took a long weekend off yesterday.

By last night it was not certain if any of the workers would turn up for work today, but a Sasol spokesman said most had collected their pay and left for home

The black and white workers were allowed to collect their pay for the past fortnight from 11 a m yesterday, instead of Friday, and allowed to go home They were told to return on Monday

But those who wanted to work will be allowed to do so, as today and Friday will be taken as normal working days

The quiet that returned to Sasol last night followed a week of violence during which a man was killed and several injured.

Spokesmen for Sasol say the week's violence followed a rumour that a worker had been shot dead by security men at Sasol.

POLICE

The liaison committee was shown the body and assured that the man had not been shot The police are still investigating the cause of the man's death, but it is believed he had internal injuries.

Despite Sasol's assurance to the liaison committee, the workers have been restless

On Tuesday night, two men were injured and police had to use tear smoke to disperse a crowd of workers

After the crowd had dispersed police found the two injured men.

The men were taken to hospital where one was treated and discharged and the other one admitted

The injuries to both men were minor, but the incident is still being investigated and the nature of the injuries is not clear at present.

A spokesman for Sasol 3 said a kitchen was damaged by fire in the unrest among coloured workers on Tuesday night.

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Sasol 3 blacks go back to work

152

260

Argus Correspondent

SECUNDA — Construction work restarted at Sasol 3 today when a section of the black labour force returned to work after three days' unrest and tension which left a man dead.

The plant was 'quiet' today, according to a Sasol spokesman, and a 'large number' — but less than half the 18 000 strong workforce — arrived early today.

Yesterday representatives of the 18 000 workers met with Sasol management and it was decided to pay off workers who wanted it until Monday.

FLARED

This decision followed unrest which flared last Monday night in which a construction worker from overseas, Mr I Hall, died when his bakkie was stoned by a mob which attacked the vehicles of several Sasol staff as they left the plant.

The unrest was sparked by rumours that several black workmen had been shot by security personnel — refuted by Sasol Management which explained to workers that the rumours had no base.

SECURITY

The spokesman said that the workers' main grievance appeared to be the tightening of security measures at the plant.

He said grievances had been aired at meetings with the workers and officials were now looking into the situation.

Police are investigating circumstances in which two men were injured when a mob of workers went on the rampage in their living quarters on Tuesday night.

Two buildings burned down during the unrest.

The department of mines has not released the results of the postmortem examination performed on Sasol worker Mr Alfred Mtetwa, found dead on Sunday evening.

Workers drift back at Sasol 3

STAR 17/7/80

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Staff Reporter

SECUNDA — Construction work was restarted at the Sasol 3 plant today when part of the black labour force returned to work after three days of unrest and tension in which a man was killed

The situation at the plant was quiet today, according to a Sasol spokesman, and a large number — but less than half — of the 18 000 workers arrived at the plant for work today

Yesterday representatives of the workers met Sasol management and it was decided to pay off until Monday any workers who wished to be paid off

This decision followed Monday's unrest at the plant when a construction worker from overseas, Mr S I Hall, died when his bakkie was stoned by a mob which attacked the vehicles of Sasol staff as they left the plant

The trouble was started by rumours that several black workmen had been shot by security personnel

This was denied strongly by Sasol management who explained that the rumours were untrue.

The spokesman said that the workers' main grievance appeared to be the tightening of security measures at the plant

Police are investigating the circumstances in which two coloured men were injured when unrest broke out among coloured workers on Tuesday night and two dormitories were burnt down

The Department of Mines has not released the results of the post portem performed on Sasol worker Mr Alfred Mtetwa, who was found dead on Sunday evening

Some workers claimed he was killed by a vehicle or was shot by security personnel and this incident, added to other rumours, helped start the violence

FOOTNOTE: Because events at Sasol involve industrial unrest and not sabotage, The Star has refrained all week from submitting any report for censorship in terms of the National Key Points Act. All available information has been published

Cape farmers consider cheap bulk electricity

260 5/5 G General
RDM 18/7/80

CAPE TOWN — Co-operatives could buy electricity in bulk from Escom, but before doing so, must ensure that everyone in the district would be prepared to buy from them, an Escom spokesman said yesterday

He told delegates at the Western Cape Agricultural Congress in Cape Town that Escom's experience with small communities was that provision was seldom made for future maintenance and capital expenditure to keep costs down

"When they get into trouble, they call on Escom to take over the system for them"

He was referring to a motion in which the congress was asked to discuss the possibilities of electricity being bought from Escom by co-operatives and resold, to members at a possibly lower cost

The motion also asked that farmers be allowed to build their own power lines to Escom specifications

Speaking to another motion several speakers said that it was impossible for young farmers, who were alone, to leave their farms for three months at a time for border duty — Sapa

FM 18/7/82 SASOL III (260)

Sasol III, SA's multi-million rand fuel-from-coal project, has been effectively closed for the week. It is hoped construction will be normal on Monday.

On Wednesday most of the plant's 18 000 construction workers took advantage of management's offer to collect their wages and return home.

This followed two days of violence which claimed the life of one white worker. On Tuesday and Wednesday workers were dispersed by police using teargas after vehicles were stoned and hostels set alight.

The closure is not expected to disrupt Sasol III's construction schedule, and Fluor, the American contracting firm in charge of the project, is expected to absorb the lost time.

Clarence Keyter, Sasol's public relations officer, says the company is aware of only two worker grievances - that they are being harassed by military personnel under the stricter security measures introduced since the Sasol sabotage attack and that they suspected Eliot Mtetwa, a contruction worker on the site, was shot by military personnel on Sunday morning.

Worker sources add that security measures introduced at the plant since the Sasol blast have caused grave discontent. They say workers "are leaving in droves" as result of the new measures which they regard as unnecesary harassment.

A Sasol spokesman says the security complaints are being investigated but the company denies Mtetwa was shot by military personnel.

The company has not dismissed striking workers this week and has not formualted a policy should the mass stayaway continue on Monday, although workers will not be paid for days missed this week.

A company spokesman says it is "hopeful" construction will return to normal on Monday.

Normality returning to Sasol

STAR 18/7/80

260

Black construction workers at the Sasol 3 site are beginning to drift back to work and the situation is slowly returning to normal after this week's unrest, a Sasol spokesman said today

The spokesman said more workers had come to work today than yesterday

Sasol officials hope most of the 18 000-strong workforce will be back at work on Monday.

Police said the situation in the workers' compounds last night was quiet and no incidents were reported

Police confirmed that two workers injured in unrest in the coloured workers' compound on Tuesday night were treated for gunshot wounds

One man was admitted to hospital and another was treated for buckshot wounds and discharged

Brigadier A Jordaan, Divisional Commissioner of Police for the Eastern Transvaal, said earlier that the men were found injured after teargas had been used to disperse a crowd in the coloured workers' compounds He said police did not fire any shots during the incident

● Page 13. Just who is right in Secunda troubles.

The workers a egec ıat one man was killed ı Saturday and that the ·her two died as a result shootings on Sunday

According to the orkers, they all gathered the plant on Monday orning, refusing to work ntil they were given an planation about the nths

"We have come here to ork, and not to be lled," an angry worker ıd

Workers said they had een harassed and intidated by police and security personnel during the tep-up in security ıeasures after the Sasol botage incidents.

They felt that security fficials were blaming hem for the bomb attacks hen a 6 30 pm curfew tep-up in security ompounds a few weeks go

After 6 30 pm, comound dwellers were subcted to police intimidaon, pushed back behind curity fences, and were ften chased into the comounds by police vans

The workers said they eared to return to their ostels after dusk, after isiting friends in neighouring areas

They said that on Monlay most workers returied to their compounds when they were not given an explanation of the weekend deaths

Instead of explanations, police and security personnel were called in

There were more than 30 patrol vans, the workers said

"We found this position unbearable," said one worker.

Vehicles stoned

The real trouble started on Tuesday afternoon, workers said.

Several vehicles were stoned, and at least four set alight

During the rioting, several people were killed, and others injured, they said

The trouble erupted at the coloured hostels as well

"It was the presence of security personnel which caused all this trouble

"We were working in peace before they came," said a worker.

All workers received their full pay on Wednesday and thousands left for home

Workers who remained behind said that about 50 buses had ferried people away

Many more left yesterday, leaving the Sasol 3 plant and compounds deserted

Workers interviewed last night warned of more violence if there was continued police and security personnel presence wen the workers returned next week

In a statement issued by Sasol public relations officers on Monday evening, allegations about weekend shootings were flatly denied

Medical treatment

The official Sasol statement said that a black construction worker, Mr Elliot Mtetwa, was found by a black tractor driver about 6 30 pm on Saturday lying in one of the constuction roads in the Sasol 3 site.

Mr Mtetwa was taken for medical treatment, and admitted to being drunk

No medical evidence was found of any injuries, and he was discharged.

The officials said Mr Mtetwa died early on Sunday morning in his bed in one of the construction camps

They say now it appears Mr Mtetwa died of internal injuries

The cause of his death is being nvestigated by police

Liaison committees met workers on Monday morning and gave the official version of how Mr Mtetwa died

After lunch, about 2 000 workers refused to work

They were again addressed by supervisory personnel and asked to go back to work

Most of them did, except for about 300 workers in one area.

These people started throwing stones at the supervisory personnel.

After this incident, construction workers were sent home early as a precautionary measure

Workers restless

Officials said workers remained restless after leaving the construction site

A bus and light truck were set alight, and the white occupant of the light truck had been killed.

He was later identified as Mr Cliff Hall (49), who had apparently been stoned to death

Police were called in to control the situation

Discussions between supervisory personnel and workers were held again on Tuesday No incidents were reported.

On Wednesday morning, according to the statements, workers again displayed signs of unrest

They were told they could collect their wages that morning, instead of today, which would have been the normal payday

They were also informed that Thursday and Friday would be normal working days for those who wanted to report to work.

Most of the 18 000 workers at Secunda left the construction sites

Officials said they had made available transport for workers who wanted to return home, and come back to work on Monday

During the night, there was further unrest and arson.

Officials said that operations at the Sasol 2 plant had not been affected and were proceeding normally

Allegations denied

The workers' allegations that three people had been shot were today again denied by a Sasol spokesman were "completely untrue," were "completely ustrue," and that there had been no shootings

He also denied that there was a 6 30 pm curfew in the compounds

It applied only to the construction sites

The curfew was introduced after the sabotage incidents

Sasol officials and police carefully controlled the flow of information during the unrest.

The only information made available to journalists came from carefully worded Press statements from the Sasol public relations department

Sasol officials also denied that deaths had occurred in the compound, and did not mention that two men had been shot during rioting in the coloured compound.

Police later confirmed that two men had received gunshot wounds during the rioting

Interviews banned

Sasol officials would not allow reporters from The Star to interview members of the workers' liaison committees

Te Star asked the following questions of Sasol officials.

- How many workers were paid off?
- Why were they paid off so quickly?
- What efforts were made to get them back to work?
- Were they paid up to Friday?
- If not, for what days this week were they paid?
- What was the total cost of damage caused during unrest?
- What has the one-week work stoppage at Sasol 3 cost?
- Have workers indicated they will return on Monday, or do officials expect a large stayaway?

The oficials said they would return later with answers

White workers at Sasol have expressed dismay at the lack of security afforded to them during the rioting.

One British contract worker said women office workers had hidden under their desks after the rioting, and that no one had been told by officials what was going on.

"We had to rush around telling our own men to get out. The authorities weren't interested"

Strict control of information has left several questions unanswerec.

Staff Reporters

In the sprawling compounds of Secunda, black and coloured workers tell one story of how the trouble started there this week. In the modern offices of Sasol 2, officials tell another.

A strict control on information has left a number of questions unanswered

The following is a summary of the troubled week at Secunda

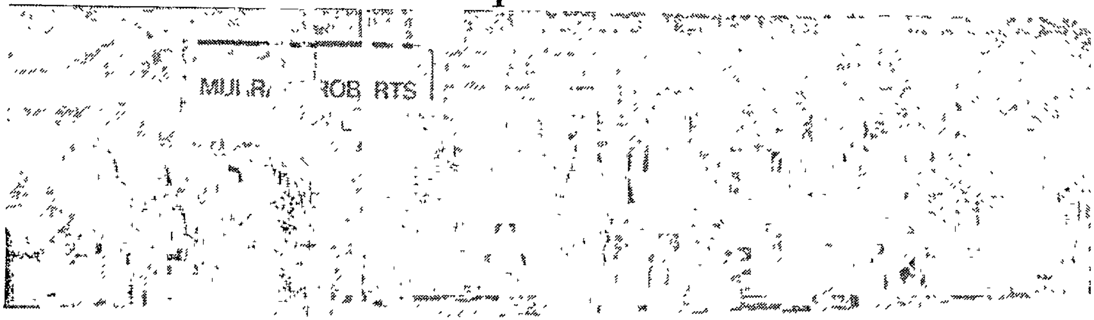
Workers claim that the trouble started because of 'he shooting of three people last weekend, and harassment and intimidation by police and security personnel iforcing strict security measures in the wake of the cent bombings at Sasol plants

Officials say the rioting started because of rumours mong black construction workers about certain security easures introduced after the attacks on Sasol installa- ons

They say these rumours were unfounded and that obody had been shot as a result of security measures

Black and coloured rkers interviewed in e compounds last night d that disquiet in the mpounds came to a ad on Monday after ree workers had been ot on Saturday and Sun-

They identified two of e dead as Mr Alfred 'etwa and Mr Robert mbule, a clerk at Sasol



Sasol construction workers patiently line up as they wait for the buses laid on to take them home from the plant site. The workers were sent home until Monday after the unrest at the Sasol plant.

Just who is right in the Secunda troubles?

STAR 18/7/80

260.

(57) (260)

Escom signed to spend R800m

RDM 13/7/80

ESCOM signed contracts yesterday worth more than R800-million with three overseas engineering companies for the supply and installation of six boiler and turbo-generator units for its proposed Lethabo Power Station

In a statement, Escom announced the boiler contract was worth nearly R500-million and the contract for the turbo-generators worth more than R300-million

Each of the six turbo-generators will have a generating capacity of 600mW

Lethabo one of several large coal-fired power stations to be erected by Escom during this decade, is to be built south of Vereeniging, between Sasolburg and Deneysville in the Orange Free State

The turbo-generators and boilers will be similar to the units, already in operation at Escom's Matla Power Station near Witbank

Although the contracts were awarded to overseas companies, a substantial part of the R800-million would be spent in South Africa, the Escom statement said — Sapa

Sasol 3 at 25% strength

260

RDM 19/7/82

By LLEWELLYN KRIEL

ONLY about 25% of the 18 000-strong black work force at the Sasol 3 construction site in Secunda returned to work yesterday, after this week's mass walkout

Mr Clarence Keyter, chief public relations officer for Sasol, said yesterday that only about a quarter of the construction site was operating

He said, however, that Sasol expected the majority of workers to return by Monday and that construction would then swing back into top gear

"At present there are a few thousand workers on site and construction is going ahead — although somewhat patchily," he said

More workers returned to the site yesterday than did on Thursday, after Wednesday's walkout when most of the workers left the site

Police in Secunda said the situation in the huge workers' compound was quiet and that normality had returned to the site where a white worker was killed and two black strikers shot by police during this week's unrest

Workers queue to return to Sasol 3

STAR 21/7/80

(260) (270)

Staff Reporter

SECUNDA — Thousands of black construction workers returned to work at Sasol 3 today as the situation began to return to normal after a week of unrest.

Long lines of workers queued up outside the Sasol 3 offices to sign on after the weekend and spokesmen at Sasol 3 said most of the workers should have returned to work by this afternoon.

Construction stopped last week when 300 workers went on a rampage, stoning cars and killing one white worker.

The unrest was sparked by rumours that a black worker, Mr Alfred Mletwa, had been shot by security staff, and by alleged harrassment of workers by security men.

The 18 000 workers at Sasol 3 were paid off on Wednesday and given the rest of the week off.

Returning men will go straight to work and will only be back in their living quarters this evening.

Workers queue to return to Sasol 3

STAR 21/7/80

(260) (278)

Staff Reporter

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STAR 22/7/82 (228) (260) (132)

80 pc back at Sasol

More than four in five of the construction workers on the Sasol sites in Secunda are back at work and the situation is back to normal, says a Sasol spokesman.

After a week of unrest in which two men died, the construction programme has been resumed

"The interruption was so brief that it has not affected our schedule," said a Sasol spokesman

"We were slightly ahead of schedule and we're still slightly ahead Most of the men have returned, and looking around you would never say there had been any trouble," he said.

Last week all 18 000 construction workers were booked off after a riot in which a man was stoned to death

260

22/7/80

Sasol workers stream back

THOUSANDS of construction workers returned to work at Sasol 3 yesterday as the situation began to return to normal after a week when unrest on the site stopped work

Long lines of workers queued up outside the Sasol 3 offices to sign on after the weekend and spokesmen at Sasol 3 said most of the workers should have returned to work by yesterday afternoon

~~53~~ ~~152~~ Post
260 22/7/80

Sasol 3 sacks 111 men

CAPE TIMES 25/7/80 (260) ~~152~~ ~~278~~

Own Correspondent

JOHANNESBURG — Sasol 3 has sacked more than 100 black and white workers after last week's riots at the site which resulted in more than R240 000 worth of damage to buildings and equipment

A Sasol spokesman yesterday said that 111 "trouble-makers" had been retrenched Asked to elaborate, he said the retrenchments were for "obvious reasons"

It is believed that most of the workers were employed by the giant American construction firm, Fluor, but this could not be confirmed

260

Sasol 3 sacks hundred workers

RDM 25/7/80

~~278~~ ~~1522~~

By ROB TAYLOR

SASOL 3 has sacked more than 100 workers — blacks and whites — after last week's riots at the site which resulted in damage estimated at R240 000 to buildings and equipment

A Sasol spokesman yesterday said that 111 "troublemakers" had been retrenched by management resulting from the unrest situation.

Most of those sacked are black workers, but several Indians, coloureds and whites are also included

When asked to elaborate on the sackings, the spokesman said they were for "obvious reasons"

"I can't give you an exact reason, there could be 111 reasons Obviously, they would be people regarded as troublemakers," he said

Asked if there had been any further sackings, the spokesman said it was impossible to say as Sasol 3 was a large site and it was sometimes difficult to get exact figures as far as workers were concerned

It is believed that most of the workers were employed by the giant American construction firm, Fluor

Meanwhile, a statement issued by Sasol says construction workers at the site have been informed that those who reported for work on Wednesday, Thursday and Friday last week will be paid for those days

The construction workers were also informed of the purpose and extent of the stricter security measures introduced at Secunda after the attack on Sasol installations on June 1

A Sasol spokesman said "This relates to security measures and we do not spell out any security measures If we spell out those steps we start to explain things about the security measures"

• The post mortem conducted by the District Surgeon at Evander on Mr Eliot Mtetwa, the Sasol worker whose death sparked off the riots, has revealed that he died of internal injuries

JO'BURG FEELS STRAIN OF STRIKE

27/7/80 SUN TRIB

260

Tribune Reporter

MORE THAN 1700 black Johannesburg municipal workers are out on strike, putting a severe strain on services and the city faces a threat of a further 9000 workers joining the strikers tomorrow.

Mr Joseph Mavi, president of the Black Municipality Workers' Union, said yesterday, because of the attitude of the city council to the Orlando power station strike many departments in the municipality may strike in sympathy tomorrow.

"If they don't meet the workers' demands tomorrow many departments will follow suit But we don't want ambulance, fire and other essential services to suffer ' he said

Referring to the dismissal of about 1300 Johannesburg municipal workers following strike action and the anger which, he says, is gripping those who are left behind, Mr Mavi said

"The cleansing department will not be coming in tomorrow, buses will have to stop and office workers will have to stop

"As long as they are not re-instated they are prepared to go on for six months with a total stay-away"

The strike started on Thursday and on Friday it was reported there were 1700 striking council workers

"Tomorrow will be worse," said a union spokesman "The workers are very unhappy and they are well organised so they will keep up their demands"

They want

- The minimum wage of R33 a week for unskilled labourers increased to R58 a week
- Their union to be recognised because it is the only body to speak for them
- Their wages weekly, not fortnightly.
- A review of conditions of service.

The union spokesman

Mr Wessel Barnard, city electrical engineer, said the loss of labour had not forced him to buy extra power from Escom. It was unlikely that the power stations would be closed

Workers' demands were rejected by the town clerk, Mr A P. Burger, and at a special meeting on Friday the management committee endorsed his decision

Mr Burger said the 40 electricians who joined the strike at Orlando power station on Thursday had just been put on the white rate of pay All workers had received an increase plus a 13th cheque this month.

The union will seek a court interdict tomorrow restraining the council from ejecting the more than 600 sacked labourers who lived at the Orlando power station compound

Mr Mavi said the labourers spent Friday night in the veld and still had their belongings and money in the compound rooms The labourers were entitled to collect these items as the month was not yet over

Some of the labourers were now staying at the homes of friends, relatives and colleagues until they were paid off and left for home He said it was disgusting that officials had put new recruits in the rooms

1/8/80

Farmers unhappy with Escom

PORT ELIZABETH — Resolutions passed at the East Cape Agricultural Union congress here yesterday, reflected farmers' dissatisfaction with tariffs and services rendered by Escom in rural areas

The congress asked the national union to try to get the government to hasten rural electrification and to provide farmers with financial aid

Delegates said rural electrification was a priority because of the fuel crisis, but stressed that Escom's extension line and availability charges were far too high

Mr J D Human, of Paterson, said he paid Escom R222 a month in availability charges, besides the unit tariff for power

Mr F. W. Pettit, of Queenstown said Escom was unsympathetic towards farmers

Farmers had approached Escom to allow them to build their own extension lines to Escom links but this had been refused, he said

Mr W. D Mayer, of Humansdorp said farmers in Vredefort had built their own line at half the cost quoted by Escom

Mr G F Bekker suggested that farmers build lines on their properties and then sell them to Escom at 75 per cent of Escom's estimated cost

The congress will also ask the government to investigate the three-month army call-ups for farmers and how exemptions are granted.

Mr J H Hattingh, of Lady Grey, said that while all farmers accepted their military responsibilities, it was an impossible financial sacrifice for a farmer to do three months' border duty yearly — DDC

THE Johannesburg City Council and the Government worked in concert to crush this week's municipal strike with saturation use of police power and the toughest of negotiating attitudes — amounting to the ultimatum "Return to work or be sent back to your homelands"

Yet this remains the week in which 10 000 of the poorest and most vulnerable workers shook the country's largest city to its foundations and demonstrated the growing power of the emerging black unions

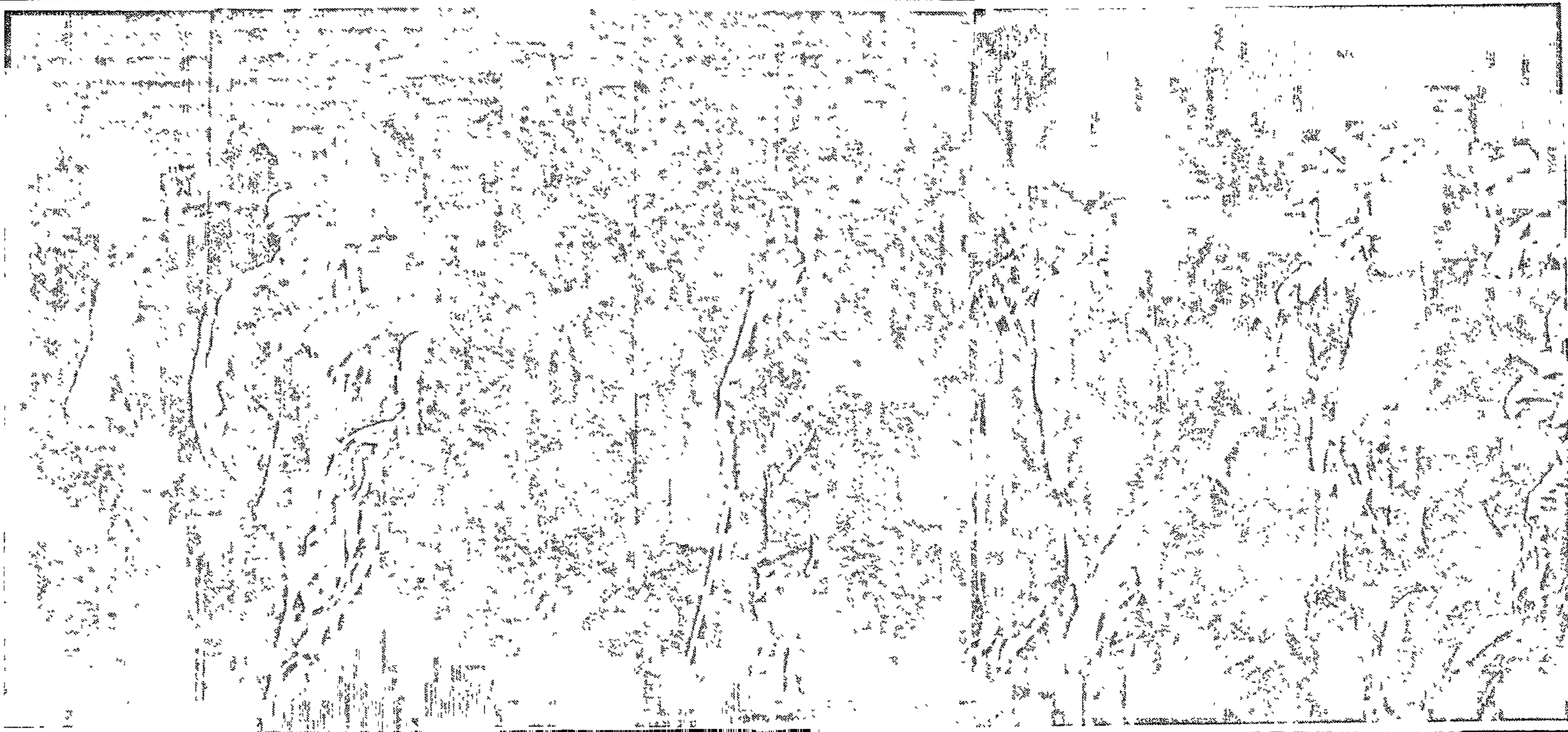
In the end, however, as a prominent black leader told the Sunday Times this week

"The Black Municipal Workers' Union, which organised the strike, was unable to control either the drift back to work or the drift towards violence

"But," he added, "it was a triumph to get migrants, the most vulnerable of all workers because they can be sent home, to strike at all That a thousand of them preferred going home to breaking the strike was significant Next time could be a different story"

Rapidly crumbling

By Wednesday night Mr Joseph Mavi, leader of the unregistered Black Municipal Workers' Union, knew his strike was in trouble — and he told associates so



discussed the strike crisis with the Minister of Manpower Utilisation, Mr Fanie Botha — he subsequently attacked what he said was the "irresponsible conduct" of the strikers — before deciding its final attitude not to conclude a joint strategy was decided upon.

Riot police sealed the municipal compounds and also entered them in great strength

Only residents were allowed to enter and, in many cases, were prevented from leaving unless they could produce bus tickets to show they were leaving the vicinity of the compounds.

This effectively prevented any outside union organisers from making contact with the mass of the workers and also prevented strike meetings being held in the compounds.

Police also tried to prevent workers from other areas entering the Selby compound but backed down after a crowd started throwing stones.

Senior council officials addressed a mass meeting of workers at the Selby compound and, in an effort to undermine the BMWU, asked them to elect four representatives from each compound to negotiate with the council.

Stood by the union

The proposal was shouted down and the strikers seemed to stand by the

3/8/80 SUN TIM

260

How the strike was broken

A SPECIAL REPORT ON THE TURMOIL IN JOHANNESBURG BY KEVIN STOCKS

Riot police stand by outside the Selby compound during the municipal workers' strike this week

On Thursday night, with strike rapidly crumbling, Mr Mavi was detained by the security ice

What effect Mr Mavi's est will have remains to seen, but by Friday the irman of the city coun s management commit-

Mr J F Oberholzer, was le to tell the Sunday mes that about 1 000 ikers had been returned their homelands and all others were back at rk

With the strike seemingly r the nagging questions nain Why did it happen? is it justified? Could it open again?

The answers to these estions depend on whether one sees the strike from viewpoint of the authori s or from that of the ikers

Mr Oberholzer denied there had been as many as 10 000 workers on strike

"Ten thousand were off work on Wednesday," he said, "only because they had been told to stay home so that municipal officials could address them

"At the most there were 5 000 strikers, Mr Oberholzer said, "and then only because there was an enormous amount of intimidation Police have told us this and they have arrested some of the agitators "

Mr Oberholzer's view was backed by a spokesman for the town clerk, who said agitators had been travelling round in vehicles intimidating people at work, This indicated organisation, he said

Strikers and black political leaders agree violence did take place, but saw this as inevitable in the circumstances One black leader told the Sunday Times he had heard of "scabs" being attacked in Soweto

The strike took the city council by surprise Mr Oberholzer said pay increases of 20,3 per cent (amounting to R16-million a year, with some workers receiving more than 20,3 per cent and some less) had just been granted and this was all Johannesburg could afford

And a spokesman for the city engineer's department said that at no stage had workers said they were dissatisfied with their increases

As no negotiations took place, due to the council's refusal to meet the BMWU and the workers' refusal to appoint compound representatives, no formal demand for particular increases was put to the council

Mr Mavi has been quoted as saying he wanted "equal pay", but did not elaborate

However, it is understood that had negotiations taken place the BMWU would have tabled the demands first made by the 600 workers at the Orlando power station whose strike last week triggered the unrest

This was for a minimum pay rise of R25 a week for unskilled workers — that is from R33 a week to R58 — and equal pay for all skilled workers (The council says skilled workers already receive the same pay as whites but the vast majority of the strikers were unskilled)

The truth seems to be that the strike was not solely about pay or living conditions although there were genuine grievances about both — and the strike has served to focus attention on these grievances

Black leaders regard the municipal authorities as naive in their complaints that political organisation was behind the strikes as they do not think politics can be divorced from any form of black organisation in South Africa

Also involved was rivalry between Mr Mavi's unregistered Black Municipal Workers' Union and the council-supported Johannesburg Municipal Employees' Union, which applied for registration and which was received this week

Mr Obelhozer told the Sunday Times the council would negotiate with the registered union but would have nothing to do with Mr Mavi s union unless it applied for and obtained registration

It would also agree to the registered union having a seat on the Industrial Council

To negotiate with the BMWU would be to undermine the registered union, he said, and the council was not prepared to do this

He agreed there was no law to prevent the council negotiating with the BMWU but said its refusal was in the cause of "good government"

Asked whether the strike did not demonstrate that Mr Mavi's union had the support of many council employees, Mr Oberholzer denied this, saying intimidation had been used to promote the strike

Demonstrate strength

One reason for the strike was the desire of the BMWU to demonstrate its strength in an effort to get council recognition

Blacks connected to the BMWU tend to see the Johannesburg Municipal Employees' Union as being in the council's pocket and they point to Mr Oberholzer's support of it as evidence of this

They also attack the idea of a municipal union being restricted to employees of a single municipality which, they say, is simply the old idea of a tame "company union" that can be manipulated by an employer

Nonetheless, they point out that the strike was precipitated by a genuine stoppage in support of higher pay by 600 workers at the Orlando power station and by the council's harsh reaction in firing the men involved

"If it had not been for resentment at the council's action, the overall strike might never have got off the ground," the Sunday Times was told

On Tuesday the council

However, the drift back to work was already under way and was heavily reinforced on Thursday when council officials, with police standing by, questioned workers on whether they wanted to return home or go back to work.

Police then separated those who refused to return to work from the rest and these people were sent home by bus.

The strike was effectively over although the BMWU made an effort to obtain a court interdict preventing the council from evicting its members from the compounds

The application was postponed to September 16, but an agreement was apparently reached between the attorneys for the two sides.

Mr Oberholzer refused to comment on the agreement as he said the matter was sub judice, although BMWU sources said it included an undertaking that nobody would be removed from the hostels

It is not known whether the agreement was intended to cover about 1 000 people sent home by the council

It was at the Supreme Court that Mr Mavi was arrested

Mr Oberholzer said he could not comment on this either because it involved the actions of "a higher tier of government"

3/8/80 SON TRIB

260

My leap for freedom

A DESPERATE leap from a bus saved Vivian Mdutshana from being driven under armed guard to Transkei, a place the Johannesburg-born-and-bred Xhosa has never seen or considered visiting.

He was ordered to leave the city within 72 hours after he went on strike with 10 000 other municipal workers. But his home is in Johannesburg, where the Urban Areas Act entitles him to permanent residence He has a stamp in his reference book to prove it.

Now he has another stamp, on the same page, ordering him to "leave the prescribed area of Johannesburg within 72 hours"

He says many other men who found themselves on that bus on Friday morning have families waiting at home in Johannesburg. They weren't given a chance to explain before armed riot squads bundled them into two rough groups. Those who agreed to return to work and those who would be transported to the homelands because they refused.

Mr Mdutshana, 25, was one of the estimated 1 000 who refused. A plumber at the Orlando power station, he was among the group of nearly 600 workers there who began the strike that eventually [illegible] Afr[illegible]

were sorted into two groups by armed riot police. They herded our group into their heavy trucks and drove us to the City Deep compound where we had to spend the night sleeping on a cold cement floor. We were not fed or given blankets.

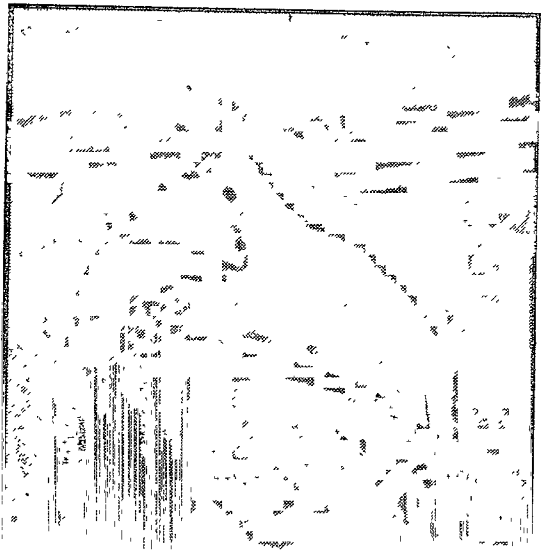
"On Friday morning we were forced on to buses and told we were going to Transkei. I jumped off the bus when it stopped at an intersection and while the police escort wasn't looking

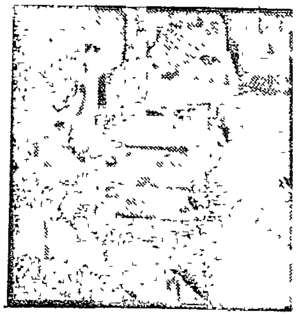
"Many men on that bus are not Transkei citizens, but they will be dumped there"

Mr Francois Oberholzer, chairman of the council's management committee, confirmed on Friday the municipality had provided transport to the homelands for about 1 000 strikers, but said they were all migrant workers from Transkei, Bophuthatswana and Venda, "who wanted to go home"

Officials of the unregistered Black Municipal Workers union — which claims to have a membership of about 9 000 among the workers — on Friday asked the **Sunday Tribune** to publish a union request to everybody who had not yet returned to work to do so immediately.

This request follows the arrest on Thursday night of the union's president, Joe Mavi, in a corridor of the Rand Supreme Court minutes before [illegible]





FIRED workers outside the

Public Sector – Govt. – State Enterprise

2 January 1981 — 11 December 1981

ESCOM FINANCE FM 2/1/81

A flexible package

260

Standard and Barclays have combined to offer Escom a massive and novel financing facility which, spread over seven years, could amount to as much as R900m, according to bank sources

The facility, the bulk of which will be on rand-finance overdraft funded equally by the two banks, is for the financing of the boiler project at Escom's proposed Lethabo power station, due for commissioning in 1988 The contract, recently signed by the two banks and Escom, provides for an initial amount of R400m, which can escalate in terms of a formula to R650m The R250m balance will, if it is required, be raised in currencies other than the rand on the European capital markets

In terms of the agreement, special accounts will be opened for Escom by the two banks, from which must be drawn R10m within a month of the finalisation of the contract This amount is also the minimum at which the accounts can jointly stand during the life of the contract Repayment will commence in 1988 and end before 1997

The agreement is regarded by the participating bankers as very flexible Should it prove to be cheaper, Escom can use finance raised by discounting bills on the local money market to reduce its OD commitments This will be done in consultation with the banks, which specifically recommended it due to the low short-term interest rates that prevailed when the contract was drawn up

Escom can also re-draw thereafter in minimum amounts of R250 000 up to the limit of the facility And the banks, if they wish to re-finance themselves, can call on Escom to lodge with them paper assets which they will then sell into the local money market on a basis entirely separate from the original facility Escom also has the right of early repayment

The facility is of course subject to management fees, (0,05% per annum) and the minimum commitment fee of 0,5% pa Drawn up when credit ceilings were still in force, the contract also states that the banks have received permission to exempt R300m from ceiling stipulations, with the remainder subject to Reserve Bank authorisation This, bankers say, is something which the Reserve Bank has used selectively in the past to sidestep hindrances that monetary regulations may have placed on strategic investments

FM 2/1/81

LOANS PROGRAMME

The total public sector borrowing requirement (excluding central government) for 1981 amounts to R1 106m, a 14% increase on the previous year s list, according to the Treasury's official loans programme, but this increase does no more than discount inflation

In addition, the government will be attempting to roll over R2 059m in maturing loans, a figure more than double last year's, and heavy in itself Depending on its own funding needs and monetary policy dictates it will also try to attract new money during the year in three open-ended loan issues

Apart from the government, the largest single borrower remains Escom, which is scheduled to raise R160m, slightly less than in 1980 The lack of success of Escom's issues during the course of last year, entailing withdrawals and postponements, may have been instrumental in this reduction, especially considering that 1981 promises a reduced supply of loanable funds

But Escom finances itself to a greater extent by issuing and purchasing its own paper, and then selling into the secondary market It raised R400m by this method in 1978, and R200m in 1979, both amounts well in excess of its primary market funding operations This method also saves primary issue financing costs, like brokerage and commissions, leaving the purchase price as the only gross cost

Iscor and Armscor will be coming to the market for their usual R100m apiece, in both cases to be raised in two R50m tranches But the Land Bank's borrowing requirement, at R100m, will be marginally lower than in 1980 It will also be rolling over a little more than in 1980, R280m against R275m

The municipalities, despite the proliferation of small borrowers among them, have also reduced their total needs significantly to about R131m, compared to R173m in 1980 And the black administration boards will also be coming in for less, R24m against nearly R30m in the last 12 months

One feature of the borrowing list is the activities of the homelands, independent or otherwise Although there is little change in the projected loan needs of the "regulars", Transkei, Ciskei and BophuthaTswana, the total homeland requirement is 36% higher at R53m as a result of the arrival of Venda, Lebowa and Gazankulu

R20m housing

RDM 16/7/81 960

ESCOM has awarded two contracts totalling R20-million to LTA Building (Transvaal) for housing at Standerton, where the R1 500-million coal fired Tutuka power station will be established

LTA Building (Tvl), the Pretoria-based company in LTA Construction, will build 408 houses — 138 in Stanfield Hill for Escom personnel and 270 in Standerton Extension 3 for Amcoal employees — says the managing director, Mr Melvin Versler

This is one of the largest housing operations undertaken in the Transvaal, and 18 500 000 stock bricks and about 1-million face bricks will be used LTA will have a work force of 350 at the peak of the operation

Work is to start within weeks and will be completed in 25 months

The first 20 houses will be ready before the end of July after which two houses a day will be completed — Sapa

Nedbank to raise R720m for Escom

RDM 16/1/81

260

By HOWARD PREECE
Financial Editor

THE Nedbank group has agreed to arrange a R720-million financing package for Escom for the boilers for the Tutuka power station in the Eastern Transvaal.

This is said to be the largest project financing package yet arranged in South Africa.

The R720-million may extend over 16 years in that the drawings will be between 1981 and 1989 and repayments made from 1985 to a maximum 1996

Vast though the deal is, it has to be seen in the context of Escom's total capital spending plans for the 1980s — R12 600-million at 1980 prices

Mr Rob Abrahamsen, executive director of Nedbank group, says the R720-million will be provided through a wide mix of fund sources — Escom stock, bridging bonds, capital project bills, bank acceptances, foreign loans and others that might seem suitable at any time

The crucial point is that Escom is assured of the funds with the Nedbank group as the ultimate guarantor.

Interest rates will depend on market conditions at any relevant time

It will, of course, mean handsome commissions and margins for the Nedbank group

The huge contract for the boilers at Tutuka has been awarded to L & C Steinmuller Africa (pty).

Escom says "With a local content of about 70% this contract will give the South African economy, particularly the secondary industry, a considerable boost"

Tutuka is 25 km north of Standerton and will have an initial capacity 1 800 MW which could be increased to 3 600 MW.

Escom says "The enormous expansion phase of our economy makes high demands on the capital market

"As Escom is to a large extent in competition with the State, other public corporations and the private sector in this field it proposes to arrange the financing of its projects simultaneously with the placing of the different contracts to ensure complete financing for its projects in advance

"In the past Escom obtained credit facilities mainly for financing the imported portion of the contract for its power stations

"The unfinanced portion was pooled and generally financed through local and direct foreign loans

"Planning for a large proportion of the financing requirements of a project took place on a short-term basis

"The requirements were financed through Escom's general cash flow and whenever a shortfall developed in the cash flow budget the shortfall was met from local and foreign loans"

S. Tribune 18/1/81

260

Sasol's stake in new oil field

Finance Reporter

SASOL must be the front runner to own and manage any viable oil or gas field discovered by Soekor.

The latest encouraging find off Mossel Bay sent up the Sasol share price but it soon settled back after cautious Soekor statements Soekor, which is moving the rig to a new zone and seems in no hurry to develop the find, has successfully kept a low profile. Indeed the organisation wanted minimum publicity when it announced more details of the discovery last week

No doubt conditions in the world market will dictate the time when the new field will be exploited. After all why use up the present limited known reserves if oil can be bought elsewhere?

Sasol's potential stake in the operation is outlined in its 1979 prospectus. Sasol owns 50 percent of the Soekor equity.

The oil search is financed by State funds and any further Sasol stake in a Soekor discovery must be negotiated with the Government

CHEMICAL

FACULTY OF ENGINEERING

Corporation Medals

For the best student in each of the 2nd, 3rd and final years.

Second Year (Bronze Medal)

Miss G C Littlewort

Third Year (Silver Medal)

Miss N C Davidson

Fourth Year (Gold Medal)

P M Salmon
T J Cumming
D P Weeks
J H Rens
B F McClelland

Professor George Menzies Prize

Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

J H Rens

Sammy Sacks Memorial Prize

Awarded to the student with the best classwork in Engineering Drawing.

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize
For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize
For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize
For the best woman student in third year.

Miss C Tredgold

David Haddon Prize
For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H Pryce Lewis

General J B M Hertzog Prize
For the best final year student.

S A Read

Osbourn Prize
For the best work in fourth year.

D H Pryce Lewis

RDM 19/1/81 (185) (260)

Waste coal for power plan

By JOHN MULCAHY

TRANSVAAL coal producers and Escom have started discussions on the possibility of using coal discards — waste left behind from coal washing plants — to fuel power stations

According to the Chamber of Mines newsletter the coal discards accumulate at a rate of about 800 000 tons a month and are expected to increase to 1-million tons a month when South Africa's coal export programme reaches 44-million tons a year four to five years from now

It has been estimated that if the coal could be channelled to a central point it would provide more than enough fuel to fire a power station with the capacity to meet the needs of a city the size of Johannesburg — which at peak periods uses at least 1 000 megawatts of electricity

Most discards are placed on dumps, which represent a potential environmental hazard as spontaneous combustion could result in their smouldering and giving off pollutants

Escom has expressed interest in the proposals and has confirmed that it is prepared to examine the use of discards for electricity generation Its main criteria would, however, be reliability and cost of supply

Mr R A Lee, chairman of the Transvaal Coal Owners Association, said it was encouraging that Escom and the coal producers had got together to discuss the possibility of using the discards

He said initial studies carried out by the TCOA indicated that more than enough discard was generated by collieries in the Witbank area to provide energy to run a power station of at least 1 800 megawatts

From the producers' point of view, Mr Lee said the feasibility of using the discard depended on the capital required to collect the material, upgrade it, deliver it to Escom — and the price Escom would be prepared to pay for the material to ensure a reasonable rate of return on the investment

"My belief is that something must be done about the discard and that this will come about in time I think we are entering a position where it will be economic to use this material However, we must recognise that it is a long-term project"

Quasi-State bodies to borrow less

RDM 22/11/81

(260)

By ALEC HOGG

ACCORDING to the official loans programme, quasi-Government bodies are to borrow less this year in real terms than in 1980

These bodies are down to borrow R834-million in 1981, which is 11% more than in 1980's R751-million, but well below the current inflation rate of 14%

The Government will roll over R2 059-million of maturing stock, and the Landbank is scheduled to borrow R380-million

Barring these two, the biggest public sector borrower is Escom, which will raiser R160-million on the domestic capital market It is expected to raise most of the money for capital projects through international markets

Other big borrowers will be Iscor (R100-million), Armscor (R100-million) and Ucor (R60-million)

The water and administration boards will come to the market for R96 250 000. In all, R55-million of which will be raised by the Rand Water Board

The black states (independent and dependent) will also use the capital market to fund infrastructural development.

They will be looking for R52 500 000, including R16-million by BophuthaTswana, R14 000 000 by Ciskei and R11-million by Transkei

Gazankulu (R4-million) and Lebowa (R6-million) are new borrowers in this category

South West Africa which will again be a major borrower, and is scheduled to raise R100-million

Prime municipal borrowers will also be in the market

Johannesburg will be looking for R45-million, Cape Town for R20-million and Port Elizabeth for R29-million

The smaller municipalities will be looking for R68 600 000, with Kuruman (R1 500 000), Nigel (R1-million) and Louis Trichard (R1 500 000) among them.

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize

For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize

For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize

For the best woman student in third year.

Miss C Tredgold

David Haddon Prize

For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H Pryce Lewis

General J B M Hertzog Prize

For the best final year student.

S A Read

Osbourn Prize

For the best work in fourth

ESCOM (260) FM 23/1/81

New-fangled finance

Escom's negotiation of a R720m financing facility with Nedbank, together with that concluded last year with Barclays and Standard, represents a significant departure from the electricity supplier's previous financing methods

The Nedbank facility is for the financing of boilers (the bulk of the local portion) at Escom's newest thermal power station, Tutuka "In the past," explains finance GM Len te Groen, "only the imported portion of a contract would be financed in advance, usually by way of a foreign credit. About 15% of this credit would then be allocated to local expenditures, and the shortfall on the imported side covered by project-related foreign loans The remainder of the contract would then be financed from Escom's cash flow — a mixture of internal revenue, and foreign and local capital "

This method, he continues, often meant difficulties in matching receipts with expenditures Idle and expensive capital overhangs could develop in the time periods involved between raising funds and paying for the work done

"We now want to fix our local finance needs well in advance," adds te Groen "And the flexibility of the type of project financing arranged with these banks means a closer relationship between draws and payments "

The differences between the two facilities reflects to some extent the differing banking styles of the institutions involved. The Barclays/Standard arrangement (for the boilers at Letaba) is basically an overdraft facility at 0,5% above prime to be drawn equally on the two banks. Added to this is a management fee of 0,5% of the total facility, which can escalate to R650m. Escom can reduce the amount drawn by selling paper through the banks into the money market, for which the banks can take a 0,5% agent's fee, and charge a 0,5% commitment fee on the amounts by which the OD has been reduced

Nedbank, on the other hand, favours a facility based largely on financing through acceptance credit, an area in which it has undisputed market dominance. It will accept Escom paper and sell it into the market at the official discounting rate plus its own profit margin

Other credit

Should it prove cheaper, however, Escom can utilise a variety of other credit instruments like bridging bonds, capital project bills, fixed interest stock and foreign loans These will be handled by Nedbank at the market rate of discount plus a pre-determined handling fee

"Nedbank will thus be acting as the ultimate guarantor of a steady supply of funds," says a Nedbank source "We have never before financed to this extent in this manner "

In both cases, repayment will commence after commissioning, and be completed by the end of 1996. "Sixteen years is a long time," says Escom's chief financial officer Francois Botha, "and Escom's capital needs are higher than they have been in the past. With five or six projects on the go, compared with two or three, and faced with a more uncertain world, we can no longer rely solely on the financing methods we've used before "

And this claim is borne out by the fact that Escom will double its installed capacity in the next decade at a capital cost (at 1980 prices) of nearly R13 000m

By winning the Escom contract, Nedbank has embarked on a long relationship with a large and profitable borrower This demonstrates the group's aggressive growth policy.

Escom [illegible]

New-fangled finance

Escom's negotiation of a R?90m financing facility with Nedbank together with that concluded last year with Barclays and Standard represents a significant departure from the electricity supplier's previous financing methods.

The Nedbank facility is for the financing of Koeberg (the bulk of the local portion of Escom's power [illegible] station [illegible]). In the past, explains finance GM [illegible], the imported portion of a contract would be financed in advance, usually by way of a foreign credit. About [illegible] of this credit would then be allocated to local expenditures, and the shortfall on the imported side covered by project-related foreign loans. The remainder of the contract would then be financed from Escom's cash flow — a mixture of internal revenue, and foreign and local capital."

This method, he continues, often meant difficulties in matching receipts with expenditures. Idle and expensive capital overhangs could develop in the time periods involved between raising funds and paying for the work done.

"We now want to fix our local finance needs well in advance," adds [illegible]. And the flexibility of the type of project financing [illegible] with these [illegible], [illegible] relationship between draws and payments.

[illegible] between the two facilities [illegible] extent the differing [illegible] Barclays/Standard arrangement (for the Koeberg [illegible]) is basically an overdraft facility [illegible] to be drawn equally on the two banks. Added to this [illegible] management fee of [illegible] of the total facility, which can escalate to [illegible]. [illegible] the [illegible], [illegible] and [illegible] fee, and charge [illegible] commitment fee on the amounts [illegible] the OD has been [illegible].

Nedbank, on the other hand, favours a facility based largely on financing through [illegible] which it [illegible] market dominance. It will accept Escom paper and sell it into the market at the official discounting rate plus its own profit margin.

Other credit

Should it prove cheaper, however, Escom can utilise a variety of other credit instruments, like bridging bonds, capital project bills, fixed-rate stock and foreign loans. These will be handled by Nedbank at the market rate of discount plus a predetermined handling fee.

Nedbank will thus be acting as the ultimate guarantor of a steady supply of funds. [illegible] Nedbank source: "We have never before financed to this extent in this manner."

In both cases, repayment will commence after [illegible] and be completed by the end of 199[illegible]. "Sixteen years is a long time," says Escom's chief financial [illegible]. [illegible] Escom's capital needs [illegible] than they have been in the past. With five or six projects on the go, [illegible] with two or three, and faced with [illegible] world, we can no longer rely solely on the financing method [illegible]."

And this [illegible] is borne out by the fact that [illegible] its installed capacity in the next decade at a capital cost (at [illegible] prices) of nearly R13 00[illegible]m.

In winning the Escom contract, Nedbank has embarked on a long relationship with a large and profitable borrower. This demonstrates the group's aggressive growth policy.

Steinmuller wins R750-m contract

S. Times 25/1/81

~~#89~~ 260

One of the world's biggest of its kind

By John Spira

THE largest contract of its kind to have been awarded in South Africa — it is worth about R750-million at current prices — has gone to L & C Steinmuller Africa for the construction of the boiler plant at Escom's new Tutuka power station

The contract is believed to be one of the world's biggest to have been awarded for the supply of a boiler plant for a coal-fired power station

It is the largest single component of the R1 900-million (at current prices) which is expected to be sunk into the Tutuka station over the next eight years

Tutuka is part of Escom's planned R12 600-million expenditure (at basic 1980 prices) for this decade — expenditure which will double its installed capacity

The Steinmuller boiler-plant contract, which has a local content of about 70%, comprises the manufacture and supply of various items of machinery The boilers themselves are enormous structures exceeding 100 m in height

Every boiler at Tutuka will consume about 250 tons of low-grade coal per hour when fully in commission

The high local-content component means that this contract will give the South African economy — and in particular secondary industry — a considerable boost

Steinmuller, which has been constructing boilers for Escom for the past 10 years, is to provide Escom with part of the finance required for the boiler plant

Escom recently negotiated its biggest ever local financing facility when agreement was reached with Nedbank/UAL on R720-million as local financing for the boiler plant and associated works at Tutuka

Half the Steinmuller equity is held by its family-controlled German parent, with the balance being owned by the IDC

A relatively little-known company, Steinmuller is believed to have completed work for Escom worth thousands of millions of rands and to have like amounts of orders on its books

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize

For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize

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Gohl Memorial Prize

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Tredgold

Haddon Prize

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J B M Hertzog Prize

best final year student.

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DESPERATE JOBLESS SQUATTING AT SECUNDA

S. Tribune 25/1/81 (260)

By CHRIS VICK

Desperate young men waiting outside the gates of Secunda lured by advertisements telling of the "great life" in the growing town

HORDES of desperate construction workers have set up home in the bush around Sasol 2 where they wait, penniless, until they can find a job on the world's largest construction site.

Like 20th Century Dick Whittingtons, young construction workers from all over South Africa have flocked to Secunda, home of the country's ambitious oil-from-coal project, in search of their fortune

For them, home is a hollowed-out haven in the middle of the bush A rock is their pillow and a nearby stream their bathroom

Most of the young men are qualified construction workers who gave up steady jobs in the Cape and Natal because of the money they heard could be earned at Sasol 2 and 3

Evert Smith, a 24-year-old matriculant from George, is typical of the kind of man who gave up security to find his fortune.

He left his parents' home just after New Year, using his thumb to hitch an endless number of lifts to Secunda Now, after three weeks of bush life, he's a changed man

His clothes are damp, his fair is filthy and he's very, very angry

By day he stands in the heat of the Eastern Transvaal sun, along with more than a hundred fellow job-seekers At the end of the day he crawls into a hole in the ground for some sleep hoping that tonight, just for once, the Sasol security staff will leave him alone

"It's a disgrace," sais Brian Jacobs, a sheet-metal worker from Cape Town. "They're treating us like dirt."

FINE ART & ARCHITECTURE

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Helen Gardner Travel Prize

staff will leave him alone.

"It's a disgrace," sais Brian Jacobs, a sheet-metal worker from Cape Town. "They're treating us like dirt."

"Everybody stands around, next to their cars or with friends, waiting for the personnel guy to come out," Brian explains.

"When the man appears, he asks if anyone can do welding. If you've got papers, you stand a chance. If you do some other trade, you wait until they need someone else."

"The wit ous" got the red carpet, they said. If a young white man stood at the fence, they said, he was invited inside. But the rest of them — mainly coloureds and Indians — had to stand outside.

One man claimed the personnel staff took bribes. Another complained because there was no water for them to drink. "We have to beg for water from the security staff," he said.

"We're just looking for work—all we want is to be treated like people," said Robert Cornelius, another Cape Town man.

Mr Cornelius claimed their bush-homes were often raided by the gun-toting security staff, even when they slept far way from the Sasol site. Others said they had friends who had been hauled in for "squatting" while they slept under a nearby bridg. The penalty — R30 or 30 days, according to the "squatters".

The people I met outside the hiring office were far from happy. They were desperate. They had spent their last cent to get to Secunda, lured by advertisements telling of the "great life" in the growing town.

But what can they do? Where can they go? They can't afford to stay there any longer, yet none of them has the money to get home again.

There's also fair room for a bit of free enterprise. The city-slickers from Jo'burg have muscled in on the desperados, bringing in car-loads of women for some night-time diversion. And even the penniless manage to scrape something together when the "lovemobiles" come around.

However, when the fun is over it's back to your hole in the ground. Tomorrow? Who knows? Perhaps a job offer or even a lift home.

If they had a choice, most of them would probably take the lift home.

25/1/81

260

Sasol contract

RDM 27/1/81

(260)

RAYLITE Batteries has been awarded a R750 0000 contract to supply industrial batteries for the stand-by power systems at Sasol Two and Sasol Three The contract was awarded by Specialised Power Systems, suppliers of uninterrupted power systems (UPS) at the new Sasol installations

The UPS units ensure an even and continuous flow of power to Sasol's complex computerised production system

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Hansard Q Col. 1 260

Sasol: shares

28/1/81

*2 Mr N B WOOD asked the Minister of Mineral and Energy Affairs

(1) Whether a further issue of shares in Sasol is being planned,

(2) whether he will make a statement on the matter?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS

I wish to refer the Honourable member to a decisive reply given to him by the Honourable the Minister of Industries to a similar question on 27 February 1980 in this House. (Hansard, 1980, Column 205) Further particulars are set out in the prospectus of Sasol Limited dated 15 August 1979.

Mr. N. B WOOD: Mr. Speaker, arising out of the reply given by the hon. the Minister, would he concede that raising capital in this way would be one means of reducing the load on the motorists by reducing the price of petrol?

†The MINISTER Mr Speaker, I will gladly discuss the matter of the price of petrol when my Vote comes up for discussion. In the meantime I believe there is a measure of disrespect on the part of the hon member when he puts exactly the same question that was asked last year, on the Question Paper again, while no new factors have been added since then. [Interjections.]

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John Perry Prize
For the best work in

Talk of Sasol 4

STAR 29/1/81

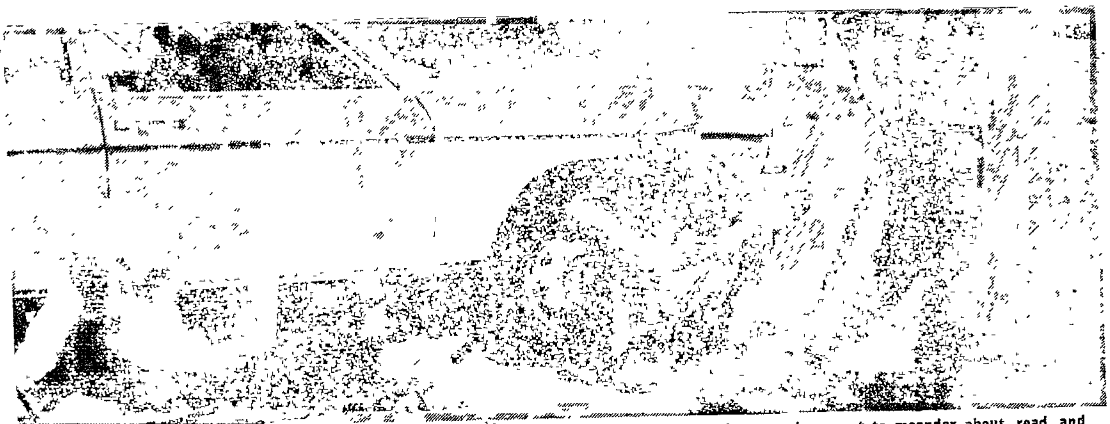
260

Sasol managing director Mr Joe Stegman said planning of the construction of another Sasol oil-from-coal plant on the scale of Sasol 2 and 3 can be started by 1985

He told the Sigma "Strategy 80 Conference" he would like to see other South African companies starting production of oil-from-coal and sharing the heavy capital burden before Sasol

At present, at least four South African companies — AECI, Sentrachem, Anglovaal, and Gencor in co-operation with Trans Natal — are pursuing research into alternate liquid fuels.

He noted that planning for a new Sasol plant will only get underway when specialised manpower is released from the Sasol 2 and 3 projects.



With no work vacancies, coloured job-seekers from Cape Town and Port Elizabeth have nothing to do except to meander about, read, and sleep — and hope tomorrow may bring employment. ● Pictures by Alf Kumalo

place to stay, no toilets, and they plead with hiring staff to give them water during the day.

SECURITY

Because the Sasol 2 installation is security-conscious, guards will pick up the unemployed men from time-to-time for trespassing and hand them over to the Secunda police where they receive a R30 fine or 30 days ultimatum.

"I was caught again last Sunday," one man says, and produced his fine slip from appearing before a magistrate.

"We have come here to look for jobs and we end up in jail Many are already in jail serving out the term.

"We wouldn't have come here if jobs weren't advertised, and we don't want to go to jail, we just want to work," he says

FREE LODGING

Several complain that white job-seekers are allowed to have free lodging for a short period and they also complain about overseas workers taking their jobs.

"Many do go back home to their families, but return to try their luck," one young man says

There are several fence-enclosed coloured communities for workers in the Sasol 2 area and they sometimes help the men out with some food

"But the security guys there tell the people they can't take us food and they take it away from them

"Many of us have trade papers, so why can't we have jobs?"

SIGN

And they sit there in their cars, all lined up by the hiring office, some stand around and talk, others just look at the ground or the "no vacancies" sign and wonder where they will sleep that night

● A spokesman for Sasol said they had a very low turnover

Contractors and sub-contractors accounted for most of the employment at the sites and there were vacancies only for skilled workers

Sasol did not advertise employment for construction, the spokesman stressed

There were sometimes jobs for permanent staff — engineers, plant operators, electricians, and so on

About 10 000 unskilled workers had been trained since Sasol 2 opened in March 1976, and thousands more had been trained as semi-skilled workers, he said.

TRADE PAPERS

There was a training centre for staff, although several of the unemployed men complained that people with trade papers were taught other skills instead.

There was even talk from workers inside the plant about drawing up a petition against wages being paid to overseas staff

The Sasol spokesman pointed out that by 1983 they would have spent an estimated R63-million on training at Sasol 2 and 3.

STAR 31/1/81

Sasol jobs: PM asked to bar outsiders

By Tony Davis
Labour Reporter

Workers at the Sasol I and II projects near Secunda have written to the Prime Minister protesting the employment of overseas personnel

The written protest was sent to Mr Botha by engineers and supervisors at the projects, who complain that millions of rands were being wasted on both Sasols by importing skilled workers from overseas countries such as England

Young South Africans were walking the streets with no work while money and jobs were being channeled to these foreigners, the letter states

Other grievances included

- Overseas workers at Sasol earned substantially more than local employees
- Overseas workers were entitled to free accommodation, medicine and transport
- And many of these imported workers were "incompetent" and had to be sent back overseas

They called on the Prime Minister to meet them because management did not appreciate their problems and the Government was the body that gave approval for recruiting

FUNDAMENTAL

Mr J E Faure, head of the Confederation of Metal and Building Unions, said if the allegations were correct the workers were right to approach the Government

He said local people should be trained for all jobs as 'charity begins at home

Mr Grobbelaar, general secretary of Tucsa, said it was fundamental that the local labour scene was utilised and said highly skilled overseas workers should be taken only on short-term, contractual bases

"We have stressed to the National Manpower Commission that overseas workers must be repatriated after they have filled an immediate need," Mr Grobbelaar said

However, this week Sasol denied some of the workers' allegations, and said that as construction work could not be delayed at Secunda, "certain highly skilled and specialised workers" were sometimes employed where there were not sufficient skilled South African workers

CATEGORIES

Sasol also stressed that there were two categories of employees — those employed as permanent workers on the project and those taken on by the construction consortium on a contractual basis

Thousands of workers were being trained at all levels at a cost of millions of rands annually, a Sasol spokesman said.

The total cost of training programmes for Sasol 2 and 3 up to 1983 would be R63-million, he said

Out of 25 000 construction workers at Sasol 2, about 850 were overseas workers and these were all for skilled jobs As far as wages and other benefits for overseas workers were concerned, these were matters between the companies and the workers except where Sasol paid an amount to the consortium for travel, medical aid, insurance and supervision

It was denied that a large number of overseas personnel were incompetent and had had to be sent home Only 12 percent had left before their contracts had expired, and only four percent of these were sent back because of "unacceptable work performance."

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SASOL PROTEST

Argus 31/1/81

260

Weekend Argus Bureau

JOHANNESBURG. — Workers at the Sasol I and II projects near Secunda have written to the Prime Minister protesting about the employment of over- personnel.

The written protest was sent to Mr Botha by engineers and supervisors at the projects.

They complain that millions of rands were being wasted on both Sasols by importing skilled workers from countries such as England.

Young South Africans were walking the streets workless while money and jobs were being channeled to foreigners.

Grievances include:

- Overseas workers at Sasol earn more than local employees
- Overseas workers were entitled to free accommodation, medicine and transport
- Many imported workers were 'incompetent' and had to be repatriated

They asked the Prime Minister to meet them because management did not appreciate their problems.

The head of the Confederation of Metal and Building Unions, Mr J E Faure, said if the allegations were correct the workers were right to approach Government.

Mr Arthur Grobbelaar, general-secretary of the Trade Union Council of South Africa (Tucsa), said it was fundamental that local labour be utilised.

'We have emphasised this to the National Manpower Commission — overseas workers must be repatriated after they have filled an immediate need,' Mr Grobbelaar said.

This week Sasol denied the allegations and said that as construction work could not be delayed at Secunda 'certain highly skilled and specialised workers' were sometimes employed when there were insufficient skilled South Africans.

Thousands of workers annually were being trained at all levels at a cost of millions of rands, a Sasol spokesman said.

The total training cost for Sasol 2 and 3 up to 1983 would be R63-million, he said.

Out of 25 000 construction workers at Sasol 2, about 850 were overseas workers — all for skilled jobs.

FINE ART & ARCHITECTURE

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P A Rappoport

Molly Gohl Memorial Prize
For the best woman student in third year.
Miss C Tredgold

David Hudson Prize

FACULTY OF ENGINEERING

Corporation Medals
For the best student in each of the 2nd, 3rd and final years.

Second Year (Bronze Medal)

Miss G C Littlewort

Third Year (Silver Medal)

Miss N C Davidson

Fourth Year (Gold Medal)

P H Salmon
T J Cumming
D P Weeks
J H Rens
B F McCleland

Professor George Menzies Prize
Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

J H Rens

Sammy Sacks Memorial Prize
Awarded to the student with the best classwork in Engineering Drawing.

L Menegaldo

A E & C I Prize
For the first year student obtaining the highest average mark.

G L Cragg

Man dies in Sasol blast

SASOLBURG — An explosion ripped through Sasol I yesterday, killing one man and injuring another.

The deafening blast — which was heard throughout Sasolburg — took place during lunch hour, sparing many Sasol workers from injury.

Sources in Sasolburg said pieces of steel were flung through the air and the area was flooded with water. Buildings shook and windows rattled.

The blast took place in "an experimental gasification unit", according to a statement released by Sasol.

A newly married man, Mr P R Wiese, 24, was killed. It is understood he was close to the scene of the explosion and died instantly.

An investigation has been launched into the cause of the explosion. The Sasol statement attributed it to "an operations incident".

Gas production was affected, but indications were that it would be resumed overnight. — DDC/SAPA

SYNFUEL 260 ~~215~~ FM 6/2/81

Sasol shows 'em how

Sasol's plans to export its oil-from-coal know-how to the world have got off to a good start The company is acting as consultant to three planned coal gasification or liquefaction projects in the United States and one in Australia This work could lead to technology licensing agreements.

In addition, says general manager Jan Hoogendoorn, the company has a "fair" chance of negotiating similar deals with "at least three more" schemes in other parts of the world

Sasol has a joint agreement with the US-based Fluor Corporation, the managing contractor for Sasol 2 and 3, to market and license its technology abroad, and the most significant outcome of this arrangement so far involves a full-scale oil-from-coal plant planned by Texas Eastern utility company with Fluor as the main contractor

Sasol . . . sharing its know-how with the world

Though a final decision to proceed has not been taken, this scheme, costing between $3 billion and $5 billion, will be on a similar scale to Sasol 2, and will use Lurgi-Sasol gasification technology and the Sasol Synthol process developed from the German Fischer-Tropsch process

Sasol has also been appointed overall consultant for a synthetic natural gas project planned in North Dakota by a consortium led by another power utility, American Natural Resources. This will use Lurgi-Sasol gasification technology and the gas output will eventually be about two-thirds of Sasol 2's

A similar plant is also planned by a utility, Panhandle, in Wyoming, again using Lurgi-Sasol gasification, and Sasol has just completed tests on the coal there

These projects were set in motion under President Carter's energy programme, which originally planned to pump $80 billion into synthetic fuel and alternative energy development This figure was severely trimmed before Carter left office and it is not yet clear what direction the Reagan administration will take Nor has President Reagan appointed a new head of the Synthetic Fuels Corporation

But the view at Sasol is that the more hard-nosed Reagan approach will be good for the industry, because the energy programme is expected to concentrate on realistic possibilities and ignore the more fanciful schemes An encouraging pointer has been the move to decontrol oil prices, which will make synthetic fuels relatively more economically attractive

Equally interesting is Sasol's role in a Japanese project in Australia which will use the solvent refined coal (SRC) process The Sasol process is an indirect method whereby coal is first reduced to gas and then re-formed into liquid fuels

SRC is a direct process in which coal is reduced directly to liquid fuels without going through gasification. SRC is widely believed to offer the prospect of better thermal efficiency and thus to be cheaper than the Sasol process, but so far it has not yet been proved in commercial scale production

Nevertheless, Sasol has been experimenting with SRC and has developed its own variation of the process, called catalytic SRC, in a pilot plant. This technology has proved suitable for use in the Australian brown coal project

In 1977, Sasol signed a contract with the Japanese Kominic consortium (Kobe Steel, Mitsubishi Chemicals and Nissho-Iwai) to work on the project Now the consortium, plus two additional members (Idemitsu-Kosan and Asian Oil) have formally set up a company, Nippon Brown Coal Liquefaction, to build a demonstration plant in Australia A demonstration plant is a half-way stage between a pilot plant and a full-scale commercial plant.

It will be financed under the Japanese government's Sunshine Project, with some Australian government participation, and will combine the Sasol SRC technology with other technology available within the consortium

Sasol is also negotiating with the Australian Coal Corporation to test 15 000 t of coal from the Milmerran coalfield in Queensland

SUNDAY TRIBUNE, FEBRUARY 8, 1981

MAGNUM CLAIMS SERVICE IS ILLEGAL

SAA 'limits' private firms

260

269

S Tribune 8/2/81

Tribune Reporter

SOUTH African Airways has been slammed for frustrating the growth of private enterprises in its Natal domestic operations

Mr L F Weyer, SC, told a National Transport Commission hearing in Pretoria this week that the SAA Richards Bay-Johannesburg service was illegal, and the private Magnum Airlines was entitled to claim the Richards Bay - Durban route

Mr Weyers was appearing at the hearing on behalf of the South African Airlines Association, Com mercial Aviation Associa-ion and Magnum Airlines n an application for icences in traditionally AA-dominated routes

He claimed that in rms of the Air Services ct Magnum Airlines was titled to claim the chards Bay-Durban route cause until December 80 it had operated is in conjunction with AA

From that date SAA had tched to a different b-contractor

In addition SAA hastily mpiled an "inadequate" rvice on the Johannes-rg-Richards Bay route, aid Mr Weyers

Mr Weyers said these vere "blocking devices" used by the SAA to keep Magnum Airlines off the routes after a break in relations between the two airlines.

He also claimed the Johannesburg - Richards Bay service was illegal since SAA had been granted a licence in 1967 on condition it was made operable within 100 days. The route was only opened 13 years after the granting of the licence, and a few days before the start of the hearing

Experts giving evidence at the hearing said Northern Natal warranted a full time air service of the type Magnum Airlines offered

United States aviation expert Miss Shirley Ybarra said the SAA sub contractor service at present available was inefficient and inadequate

Mr M G Willemse for SAA denied that the Richards Bay-Johannesburg service was a blocking device and he was convinced that the SAA system in Northern Natal was adequate.

Mr Willemse said the SAA had stated in 1967 that the Johannesburg-Richards Bay route could not be started immediately and there was no valid limit on when it had to start the operation.

Mr Weyers said SAA's operation in Natal had frustrated the development of private enterprise in the flying industry

Report ready on rationalisation of State corporations

11/2/81 S/NM 960

THE ASSEMBLY — Announcements were expected shortly on recommendations by a Government-appointed panel which studied subjects raised at the 1979 Carlton conference, the Industrial Development Corporation said in its annual report, tabled in Parliament yesterday.

The Prime Minister had said at the conference, between the Government and representatives of commerce, that the State development corporations had to be reviewed in depth to rationalise their operations in the light of constitutional and economic developments.

Mr Botha also mentioned the need for support of small businesses and a development bank for southern Africa.

"These matters were referred for study to the panel for economic co-operation and strategy," the report said:

"The panel has completed its task and submitted recommendations."

Announcements were expected shortly on how the corporations would operate.

The IDC report said much remained to be done to eliminate factors in the economy which inhibited the growth of the private sector and to stimulate industrial development.

"In this field the IDC can play a very necessary part and enhance the scope of its services."

In the year under review, activities of the corporation concentrated mainly on the metals industry, textiles and clothing, chemicals and food-processing.

SOWETO

The IDC had initiated planning of mini-factory complexes in greater Soweto.

"It is the intention to complete during the current year three industrial parks of 40 mini-factories each to which it is hoped to draw some of the numerous backyard industries in the area."

If the experiment proved successful, similar projects would be undertaken in black urban areas outside Soweto, the report said — Sapa.

Hans 3 Ques 61 98 260

Sasol: fourth plant

11/2/81

*9 Mr N B WOOD asked the Minister of Mineral and Energy Affairs

Whether a decision has been taken in principle to build a fourth Sasol plant?

†The MINISTER OF POSTS AND TELECOMMUNICATIONS (for the Minister of Mineral and Energy Affairs):

No

Sasol II/Sasol III

Hans 3 Ques 61 98 260

*10 Mr N B. WOOD asked the Minister of Mineral and Energy Affairs

11/2/81

(1) What amount has been expended to date on construction at Sasol II and Sasol III;

(2) whether this amount is higher or lower than the amount budgeted for?

The MINISTER OF POSTS AND TELECOMMUNICATIONS (for the Minister of Mineral and Energy Affairs)

(1) Sasol II

The final cost of construction of the project is still estimated at R2 503 million i e the original estimated figure set up in October 1975

The actual expenditure up to the end of January 1981 amounts to R2 345 million

Sasol III

The final cost of construction of the project is still estimated at R3 276 million i e the original estimated figure set up in January 1979

The actual expenditure up to the end of January 1981 amounts to R1 672 million

(2) Falls away

FACULTY OF ENGINEERING

Corporation Medals
For the best student i
of the 2nd, 3rd and fi

Second Year (Bronze

Miss G C Littlewort

Third Year (Silver M

Miss N C Davidson

Fourth Year (Gold Me

P M Salmon
T J Cumming
D P Weeks
J H Rens
B F McCleland

Professor George Menzie
Awarded on results of f
examinations to the bes
student in Land Surveyi
Civil Engineering.

J H Rens

Sammy Sacks Memorial P
Awarded to the student
best classwork in Engi
Drawing.

L Menegaldo

CHEMICAL

A E & C I Prize
For the first year stu
obtaining the highest
mark.

G L Cragg

Worker killed in Sasol blast

RDM 12/2/81

(268) (3)

By ROB MEINTJES

AN EXPLOSION ripped through Sasol I yesterday, killing one man and injuring another.

The deafening blast — which was heard throughout Sasolburg — took place during lunch hour, sparing many other workers from injury.

Sources in Sasolburg said pieces of steel were flung through the air and the area was flooded with water.

The blast took place in an experimental gasification unit, according to a statement released by Sasol.

An ambulance spokesman said roads were sealed off in the vicinity following the explosion.

Mr P R Wiese, 24, died instantly in the blast. He was married, but had no children.

Mr W L D Forster, a bachelor, was "slightly injured". Both men worked as process operators.

Sasolburg was abuzz following the blast. Initially workers and locals suspected sabotage but a statement by Sasol attributed the blast to "an operations incident". An investigation has been launched into the cause.

Sapa reports that gas production was affected by the blast, but indications were that it would be resumed shortly.

Sasol blast kills just-wed youth

SASOLBURG — A young worker married only two months ago was killed and another slightly injured when an explosion ripped through the Sasol plant in Sasolburg yesterday

Killed was Mr P R Wiese, believed to be about 19, who joined Sasol about a year ago His family has not been traced, but inquiries revealed that he had been married for two months

The injured worker, Mr W L D Vorster, is a bachelor Sasol described him as slightly injured

The deafening blast, during the lunch-hour, occurred in an experimental gasification unit and was described as an 'operations incident' by a Sasol spokesman

Immediately after the explosion stunned Sasol workers were told to leave in case there were more explosions Roads were sealed off — Sapa

ARMSCOR DEAL 210

How everyone won?

FM 13/2/81

The confusion surrounding Armscor's controversial R4.6m purchase of Pretoria's Chambord flats grew this week with just about everyone concerned claiming they were the gainers and others the losers

All outsiders can be certain of is that Bester Beleggings made a hefty profit — probably about R1m — for a minimal risk Bester, of course bought the 187-unit block from the Iscor Pension Fund (IPF) and promptly resold it to Armscor's housing subsidiary, Bonaero Park (Pty) Ltd

Last week (*Current Affairs*, February 6) IPF sources told the *FM* they had been flabbergasted to learn Bonaero Park had paid Bester R4,6m for the property They could only assume Armscor was desperate for somewhere to house its staff

This week Armscor chairman, Commandant Pieter Marais, disputed suggestions that Bonaero Park paid too much for the flats In fact, he said, the block was obtained cheaply and it seemed that the IPF had sold to Bester for considerably less than the property was worth

Marais pointed out that Chambord had never been on the open market or Bonaero Park would have bought it direct at the going price

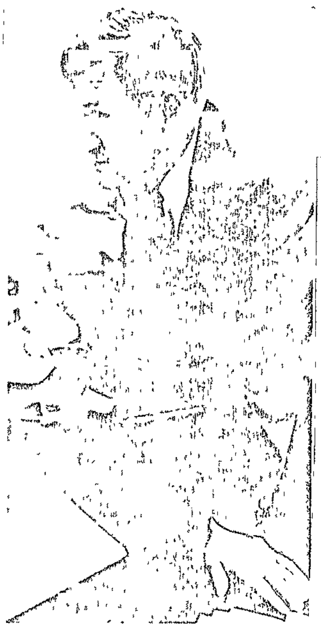
According to Marais, Bester, knowing that Bonaero Park was looking for a block of flats to house skilled immigrants hired from overseas, bought the block from the IPF and then offered it to the Armscor subsidiary

In defence of his contention that the price was cheap, Marais said that a major building society (which he declined to name but which the *FM* understands was the United Building Society) had valued the block at R800 000 more than Bonaero Park paid

In addition he said, charges that Armscor had spent taxpayers' money on the purchase were wrong as the deal had been financed by a 100% building society bond, repayments would be financed from rents

Armscor studies also showed that if Bonaero Park were to build its own flats from scratch the cost would be about R35 000 a unit, whereas the Chambord flats had cost about R25 000 a unit (This arithmetic suggests Armscor saved about R1 8m by buying Chambord instead of building)

Marais added that the fact the flats were available immediately had been a strong incentive for Bonaero Park to buy as the accommodatioon was needed immediately for immigrants



Theunis Bester the undoubted winner

The deal, as the *FM* commented last week, still has its odd characteristics

Sources within the IPF (who asked not to be named) claimed to be happy with the price they received from Bester and said Bonaero Park paid Bester far too much for the property

Marais, on the other hand, says Bonaero Park got a good deal and that the IPF sold far too cheaply Both Armscor and Bonaero Park claim to know the market — but in this case both cannot be right What no-one disputes is that Bester made an excellent profit

Questions

In view of Parliamentary questions in the Seventies about Bester land deals in areas where Iscor developments were subsequently announced (and the fact that the IPF originally obtained Chambord in a compromise settlement of its bond claims against a company of which Bester chairman Theunis Bester was a director), the whole deal seems to need further probing

The IPF says it never really wanted Chambord as it did not meet its investment criteria or fit its property portfolio Yet according to Marais, the block was not on the market

Bester, however, knew Bonaero Park was looking for flats and that the IPF would sell

Either the IPF sold too cheaply (with a consequent loss to all members of the fund) or Armscor paid too much Which would seem to mean that either skilled immigrants imported by Armscor will have to pay higher rents than would otherwise have been necessary, or Armscor will have to subsidise their rents out of the public purse

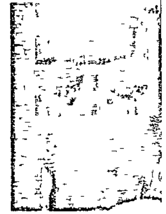
Former State President had share in controversial firm

Dr D LINK IN STEEL SCANDAL

(260 (~~189~~ ~~250~~

S. Times 15/2/81

Dr NICO DIEDERICHS



DR J G VAN DER

By MARTIN WELZ and GEOFFREY ALLEN

A LONG-HIDDEN scandal — which led to the resignation of a top Afrikaans businessman from the boards of Iscor and Union Steel — has surfaced following an investigation into the financial affairs of the former State-President, Dr Nico Diederichs.

Dr J G "Kaalkop" van der Merwe, who was elected vice-chairman of Iscor as a result of direct intervention by Dr Diederichs, resigned from the chairmanship of the giant Union Steel Corporation, an Iscor affiliate, after officials discovered that he had failed to disclose his personal financial interest in a business which supplied fnace sand to the foundaries.

'Sand scandal'

Yesterday, Dr van der Merwe claimed in an interview that Dr Diederichs had been a partner in the sand business at the time of the scandal — while he was Minister of Economic Affairs and responsible for Iscor

Dr Diederichs' shareholding in the company is part of a portfolio that will be auctioned on Thursday by the executor of his estate

Details of the "sand scandal" — a closely kept secret in high government circles — emerged following inquiries by the Sunday Times into how Dr Diederichs came to acquire his shareholding in Oewer Sandplase (Pty)

Close friend

Dr van der Merwe, a wealthy farmer and a close friend and adviser to former Prime Minister Dr Hendrik Verwoerd, resigned from both giant State-controlled corporations in 1967

The official minutes of the critical Iscor board meeting simply records that he was quitting the chairmanship of Union Steel because of "gossip about the sand contract"

However, this week the Sunday Times learnt that his resignation followed the discovery by an official that he nad recommended that the corporation buy sand from a company in which he held a third share

Because he had failed to disclose his interest in the company — Oewer Sandplase — the Iscor board met to demand an explanation, and accepted his immediate resignation from Union Steel

Later, at a secret board meeting, it was decided that Dr van der Merwe would also relinquish his position as deputy chairman and director of Iscor

The minutes of the first meeting, held on June 26 1967 also reflect that another Iscor director, Mr J Vermooten, "again disclosed" that he too had an interest in the same sand-supply company and that he had "mentioned that he wished to dispose of his interests as soon as possible"

Dr van der Merwe told the Sunday Times that, when the company was

To Page 2

Job bars scrapped so some apply to join all-white union

S/me 17/2/81

About 18 000 Escom and Iscor employees are expected to join the all-white Mineworkers' Union because their jobs are open to all races.

Mr Arrie Paulus general secretary of the Mineworkers' Union, said yesterday the Industrial Registrar of Trade Unions had given permission for the MWU to receive members who were not miners.

White workers from the Grootvlei, Arnot, Hendrina, Komati, Highveld, Taaibos and Vaal power stations and from Iscor, Vanderbijlpark, had approached the MWU for membership after their own unions had agreed with employers in the engineering industry to scrap race differentiation in apprentice training.

Permission for Iscor workers to join the union had not yet been granted, but Mr Paulus expected soon to be able to announce the authorities had given consent.

Mr Paulus said "no comment" when asked whether his union would try to have job reservation restored in the engineering industry.

"We now have official permission to extend the scope of our union which means all white workers in Balfour, Sasolburg and Middelburg, Transvaal can now join the MWU."

Requests had also been received from other power stations.

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Second Year (Bronze Medal)

Miss C C Littlewort

Third Year (Silver Medal)

Miss N C Davidson

Fourth Year (Gold Medal)

P M Salmon
I J Cumming
D P Weeks
J H Rens
B F McCleland

Professor George Menzies Prize
Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

J H Rens

Sammy Sacks Memorial Prize
Awarded to the student with the best classwork in Engineering Drawing.

L Menegaldo

CHEMICAL

ge

Sasol One blast kills man

Mercury Correspondent

JOHANNESBURG — An explosion ripped through Sasol One yesterday, killing one man and injuring another.

The deafening blast — which was heard throughout Sasolburg — took place during lunch hour, sparing many Sasol workers from injury.

Sources in Sasolburg said pieces of steel were flung through the air and the area was flooded with water.

The blast, described as an operations incident, took place in an experimental gasification unit, according to a statement released by Sasol.

A married man, Mr P R Wiese, 24, was killed. It is understood he was close to the scene of the explosion and died instantly.

Mr W L D Forster, a bachelor, was slightly injured. Both men worked at the plant as process operators.

An investigation has been launched into the cause of the explosion.

260

Poisonous gas fumes hospitalise 21 at Escom

By Mike Cohen

Twenty-one people were today admitted to hospital after inhaling poisonous gas fumes used in the water purification plant for the fountains at Megawatt Park, headquarters of Escom.

A gas bottle was found to be leaking but it could not be repaired before 21 people were affected.

A spokesman for Escom said no one was in a serious condition and 10 were treated and discharged.

PARKING

The gas bottles were situated in the covered parking enclosure of the building and the employees were affected when they arrived for work.

Chlorine gas has a property which sits at the bottom of the lungs causing discomfort. It is not fatal if inhaled.

The names of those admitted to hospital are Miss Jaeckel, M B Whasman, Mr C Penman, Mr G Wienand, Mrs C Stoltz, Mr Barlin, Mr F Potter, Mr P Venter, Mr Largo, Mrs A Vanande, Miss Thomlin, Mr Townsend, Mr S Alexander, Mr Springfellow, Mr S Coepo, Miss Glaeser, Miss Lock, Mr Rehl, Mr Rheede, Mr P A Oosthuizen, and Mr Davenport.

The leak has been repaired. Those people still in hospital should be discharged later today.

Sandton site owners slam service delay

RDH 19/2/81

260

By ALEC HOGG and REG RUMNEY

OWNERS of commercial and industrial sites in Marlboro claim unfulfilled promises by Escom and the Sandton Town Council are costing them thousands in potential revenue

The owners of small sites in the township claim Escom has been promising electricity for the area, but failing to provide it, since shortly after the township — proclaimed in June 1903 — was rezoned into 330 industrial and commercial sites in 1978.

Escom, however, says the site owners are victims of a misunderstanding and that a limited supply of electricity — sufficient for the 330 sites and the new Indian area next door — will be provided by the middle of July.

Sandton Town Council, the site owners say, promised to provide the infrastructure, but so far has only put in sewerage and water pipes. There are no roads or streetlights.

The owners are even more upset because the council has been charging them an average of R50 a month in rates on the sites.

It is claimed the council has been collecting over R200 000 a year in rates in the area but has not given the site owners full services in return.

The owners of the 180 commercial sites have had to pay a "betterment" fee of R833 per site, which has brought in another R150 000 for the Sandton Town Council.

Surely this is enough, the site owners argue, to justify development of the area

Moreover, the industrial site owners pay R27 000 for each 1 000sq/m site — which cannot be developed.

Invested elsewhere, such an amount would earn at least R2 700 a year, they point out

The acute shortage of industrial sites near Johannesburg makes the council's inaction inexcusable, the site owners say.

And they argue that the adjoining Indian housing sector is being developed at a rapid rate

The industrial and commercial sites between First and Fifth Streets, Marlboro, are bordered by Alexandria township and the new Indian housing area

This is ideally placed for labour, and the 330 unused sites should be providing employment opportunities for at least 600 blacks

One irate purchaser, Mr J R R Stonitsch, told the Rand Daily Mail he had invested R200 000 in land in the area

As he cannot build, he is losing roughly R1 800 a month in interest on his capital.

Mr Raymond Lewis, the property marketing agent for the sites, says he asks each prospective buyer to phone Escom to find out when electricity will be provided.

Escom had given deadline dates for installation which it had postponed each time they came up, Mr Lewis said

A senior Escom spokesman said the problem was that the consumers had approached junior staff members who had misled them because they did not have a systematic idea of Escom's plans for the area

Because of the increase in loads in the Marlboro area, Escom had arranged to install a limited capacity supply by the middle of July. This should be sufficient for the 330 sites and the new Indian residential area.

A major point of input is to be installed in 1982.

No authoritative comment on the Sandton Town Council position could be obtained yesterday. The "Mail" was told all senior officials were attending a management committee meeting until late last night

Sandton has recently awarded a contract of R3 500 000 to Aquacrete construction company, and infrastructural developments are being carried out rapidly in the Indian residential area bordering the industrial township

Industrial property experts confirm there is a shortage of industrial land in and around Johannesburg,

Mr Tony Watcham, of Curries-LK Jacobs, said demand was firm and expected to stay that way this year, though in the Sandton area, Kramerville and Wynberg were more popular than Marlboro, partly because of the latter's lack of services

Powerful bloc demands new speed limit

By JEREMY BROOKS

DEMANDS by industry, trade, commerce, and motoring bodies that the Government scrap the 90km/h speed limit were renewed yesterday after an earlier call by the Motor Industries Federation.

A powerful lobby — including Assocom, the Afrikaanse Handelsinstituut, the Institute of Traffic Officers, the Automobile Association, Rondalia

The AA had been told their request would be considered when the limit was reviewed.

Mr Jerry Botha, vice-chairman of the Southern Transvaal region of the National Automobile Dealers' Association, said the limit was forcing businessmen to waste time travelling at unproductive speeds.

"We don't believe that the increased level would have any effect on the accident rate

CIVIL

(Continued)

CHEMICAL

and the National Automobile Dealers' Association — all repeated earlier pleas that the present limit was unproductive and should be dropped.

The head of the Johannesburg Traffic Department, Mr John Pearce, said he personally would welcome the raising of the limit.

The National Road Safety Council indicated that it was not opposed to a 120km/h speed limit in principle, although it warned that, contrary to other claims, the higher limit could lead to an increase in both the number and severity of motor accidents.

The secretary of the Institute of Traffic Officers, Mr T R Grimsbeek, said his organisation would welcome any "realistic raising" of the speed limit as far as scientific traffic control was concerned.

The calls followed a statement this week by Mr Theo Swart of the Motor Industries' Federation that the organisation's continued efforts to have the speed limit lifted to 120km/h would be high on their priority list.

He felt that the higher limit would not only increase productivity, but, in so doing, would also improve the inflation rate

The public relations officer for the Automobile Association, Mr Hennie Kleynhans, said an earlier request to the Government to drop the limit had been turned down.

"Most accidents are caused by the human element rather than the speed factor Most cars today are designed to travel with the optimum safety at higher speeds," he said.

The chairman of the Motorkamer of the Afrikaanse Handelsinstituut, Mr Sarel Steyn, said "We believe a higher speed limit would alleviate a major problem which faces South Africa's problem at present — that of the rapidly increasing diesel consumption.

"If cars were able to move faster on freeways, owners would cease looking at diesel as a cheap and readily available alternative to petrol."

Rondalia's public relations officer, Mr Gert van der Walt, said scientific tests had shown that a car travelling at 120km/h used 19% less fuel than a car travelling at much slower speeds in city traffic.

A spokesman for Assocom said the body had been told by the Government that its call for the scrapping of the present limit would be considered at a later date.

Mr Jack Webster, chairman of the Professional Hauliers' Association, said the 90km/h speed limit did not apply to heavy trucks which were restricted to 80km/h — a fact of which the public was generally unaware

The association was happy with the present situation, he said

FACULTY OF ENGINEERING

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For the best student in each of the 2nd, 3rd and final year

Second Year (Bronze Medal)

Miss G C Littlewort

Third Year (Silver Medal)

Miss N C Davidson

Fourth Year (Gold Medal)

P M Salmon
T J Cumming
D P Weeks
J H Rens
B F McCleland

Professor George Menzies Prize

Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

J H Rens

Sammy Sacks Memorial Prize

Awarded to the student with the best classwork in Engineering Drawing.

L Menegaldo

CHEMICAL

A E & C I Prize

For the first year student obtaining the highest average mark.

G L Cragg

DM 20/2/81

Workers recover

260 ~~43~~

Staff Reporter

THE 29 Escom employees admitted to hospital this week after inhaling poisonous gas are all reported to have recovered fully.

Mr Jan Roux, Escom's public relations officer, said the two people who had remained in hospital on Wednesday night were discharged yesterday.

He said: "It was nothing serious."

Apparently one of the gas cylinders used in the water purification plant at Escom's headquarters at Megawatt Park developed a leak.

The offer of gifts, holidays and other inducements are made by detailmen and this practice has been frowned upon. (15)

The fact that detailmen represent only one company has been criticised. The idea of using drug-brokers in place of representatives has not been considered in the past. It seems that if knowledgeable people become brokers, they will be able to advise doctors in a better manner, not being confined to promoting sales of only one company. This point is one which has found favour in the insurance industry. (16) So far, however, drug firms have

Detailmen serve a usefu
received attention. The
behaviour because of the
market. Certainly, no fi
but there is room for pro
slightly inferior) qualit
it carefully.

(5.3.2) Other promotion p

The other forms of promotion also serve some useful purposes and are also subject to criticism.

The literature mailed to doctors has been criticised because of its volume as well as its contents. Doctors often do find the mail useful, but at times the sheer volume is overwhelming. The claims made in the drug firm literature are expected to be based on the package insert which has been approved by the Medicines Control Council. However, many claims which cannot be substantiated are made and side-effects of drugs are played down. (18)

In relation to adverts, the criticism is made that claims are often excessive. In general, however the claims in adverts are more moderate than those made in direct mail because adverts are subject to additional control by the Advertising Standards Authority.

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Sasol looks to a growth of 35%

26/2/81
S/Wm

Business Reporter

Sasol looks ahead to a 35 percent growth in earnings in the year ended June 28 following a 61 percent rise in taxed profits in the first half.

However, in view of the group's performance in the past 18 months this outlook seems to take a conservative view of prospects

In the past six months net profit before tax has risen by 63,6 percent to R141,10-million compared with the half-year ended June 28 1979. This figure had risen by almost 16 percent compared with previous half-year's R121,93-million.

Net profit after tax had shown a similar continued rise in the past 18 months from R51,01-million in the six months ended December 29 1979 to R70,66-million in the six months ended June 28 1980 and R82,10-million in the past half-year.

An interim of 9,5c has been declared.

Sasol II had already shown its first profit in December 1980 — within nine months after producing the first unrefined oil — though it is not expected to contribute to Sasol's profits in the current financial year

Construction of Sasol III is going to plan, says the interim report

The fourth and last amount of R98-million for 49-million shares was received in full on January 2 These shares will be issued on April 16 and listed on the JSE, pushing the total number of listed shares to 375-million.

Comparing the current interim with the previous interim, the board points out if the previous interim payment of 4,5c was annualised, it would have amounted to 7c. The total for the full financial year of 13c a share was, if annualised, 15,5c a year.

The use of motivation research in the drug industry shows that doctors are fearful that the vast range of drugs will turn them into mere pill dispensers. (19) The result is that adverts and direct mail concentrate on reassuring the doctor and cut down on the amount of scientific information given.

It is in relation to free gifts, samples and bonuses that a controversy has recently developed. (20) Gifts are given to doctors to encourage them to prescribe a particular brand of drugs. Doctors may also be given a bonus for prescribing

tices that have been criticised. Pri
for the firm are not aligned with the
Because of the lack of information in
a given action has occurred, "antisoc
discovered in the market. Clearly, s
this is necessary.

(5.4) The Reasons for extensive prom

Given the description of the promot
possible to invoke the logic of the discussion in section 4 to show that the lack of information allows excessive expenditure on promotion.

The drug market is characterised by low price elasticity of demand, but by relatively high substitute elasticity. Therefore there is a positive return to the manufacturer in promoting

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Sasol II

(260)

240 Mr T ARONSON asked ~~the Minis-~~ ter of Mineral and Energy 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 housing for Sasol II?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) (a) R2 503 million

(b) During 1982

(2) R163 million for Sasol II and III together The collective figure is given since the development is common to both Sasols

Police probe into NFI

260 Argus 26/2/81

Parliamentary Staff

NATIONAL FUND INVESTMENTS, the huge public growth company that crashed in 1970, costing 200 000 shareholders about R40-million, is to be investigated by the police

This was announced yesterday by Mr Louis le Grange, Minister of Police, in reply to a question asked in the Assembly by Mr George Bartlett (NRP, Amanzimtoti).

Mr Bartlett raised the issue initially in Parliament last week on the basis of a civil case in the Cape Supreme Court held in connection with the collapse

Mr Bartlett, who had quoted extensively from a letter related to the court, said it was maintained that the judgment showed that the NFI prospectus had issued false statements to shareholders and its listing had been obtained by giving misleading information to the Johannesburg Stock Exchange.

Mr le Grange said in making the announcement that the results of a police investigation would be handed to the Attorney General

THE ARGUS, MONDAY MARCH 2 1981

Argus 2/3/81

~~180~~ 260

Power station to 'aid Escom'

By Audrey d'Angelo

TABLE BAY power station will have to be kept on standby for use in emergencies until Koeberg nuclear power station is commissioned in two years' time, the Town Clerk of Cape Town, Mr H G Heugh, said today.

He said the alternative would be a risk of power cuts at peak periods, because of the increased national demand for electricity and difficulties Escom was experiencing with the supply from Cabora Bassa.

Complaints flooded in from the public when the oil fired power station, which was shut down seven years ago, was brought into use last month and dense black smoke poured from one of its chimneys.

The city's Medical Officer of Health, Dr R J Coogan, said the decision to use the power station again was 'an environmental disaster' and rendered the city's clean air legislation null and void.

In a statement today Mr Heugh said the City Council would like to demolish the power station and dispose of the site.

REQUEST

But as a result of a request from Escom the council had, after full and careful consideration, decided to make the power station available to Escom to meet emergencies 'subject to no undue pollution being cause'.

Mr Heugh said the council would monitor the situation carefully and shut down the power station if too much pollution being caused'.

Although the council has not yet taken any decision on when the Table Bay power station will finally be closed down and demolished it has, on different occasions over a number of years, debated the future of this power station,' said Mr Heugh.

'During these debates it has been mentioned that until Escom's Koeberg nuclear power station is commissioned in about two years' time and the electricity supply position in the Western Cape thereby rendered more secure, the Table Bay power station must be preserved for use in an emergency.'

POLLUTION

Mr Heugh said it was readily admitted that, in conditions of still air, the power station contributed to the pollution 'sometimes visible over the centre of the city.

He said motor vehicle exhausts, which emitted nitrogen oxides and were 'chiefly responsible for the light grey haze one sees over the city' were a far greater pollution problem.

March 3, 1981

S.A. INDUSTRIAL WEEK

Escom a catalyst for greater production

S.A. Indus Wk 3/3/81 (260)

Fairy godmother

By Lynn Carlisle

FACED with the awesome task of at least trebling South Africa's electricity supply by the year 2000, Escom seems bound to provide ongoing opportunities which will significantly boost production in the general construction, electrical engineering, mechanical engineering, servicing and coal mining industries

"Escom must double its present generating capacity before 1990 and some R12 000 million will have to be spent to achieve this," says Escom public relations officer Boet Uys

With electricity now gaining very rapidly on other forms of energy, the need to increase from the present 17 400 MW to about 60 000 MW by then will seriously influence developments in the fields of capital investment, forward planning and manpower

South Africa already finds itself following the same pattern of electricity demand which post-war United States, Germany and Britain had to contend with, say top officials in Escom

But there is no shortage crisis looming on the horizon

"We will still be fairly safe if the high 1980 growth rate continues in the future " says Uys

Escom has planned to be independent of supply from outside its borders — in spite of receiving 1 450 MW from Cabora Bassa hydro-electric scheme — and has under construction five coal-fired power stations, one pump storage scheme and one nuclear power station

"While there appears to be more feasibility for hydro-electric schemes, which will possibly incorporate pump storage projects, I can safely speculate that at the current growth and demand rate one more coal-fired power station will be called for," says Uys

Contracts for the giant Matimba coal-fired power station are expected to be announced within three months It might ultimately have an output of 3 600 MW, like Duvha, Matla and possibly Tutuka and Lethabo, and cost about R1 800-million to construct

"Escom will have to expand ahead of the national economy if it is to provide sufficient supplies of electricity, but does not foresee having to burden the consumer additionally to finance its expansion, says Uys

Because Escom incurs about 70% of its capital expenditure — R1 375—million in 1979 — locally, it acts as a constant stimulus to the economy and provides work directly or indirectly to more than 140 000 people

"Even throughout the lean years Escom has awarded some of the biggest contracts and given construction and other industries quite a boost while they have acquired the skills to meet our high standards " says Uys

Escom now burns more than 44-million t of coal annually making it the biggest coal consumer locally

"This includes a lot of low grade coal for which very few uses could be found before we began improving our coal burning technology over the years,' Uys adds

RDM 12/3/81 (55/260)

Soekor order two new oil rigs for coastal search

TWO large offshore oil rigs, able to operate in depths in excess of 500m, are to be built for Soekor's oil search off the South African coast

A spokesman for Soekor said in Johannesburg yesterday that a worldwide shortage of offshore drilling units had resulted in escalating hire charges and a reluctance on the part of rig owners to enter into long-term agreements

"In order to ensure continuity in the search for oil off South Africa, after considering various alternatives, Soekor has negotiated a contract with an international drilling contractor for the long-term hire of two drilling units which will be built for delivery late in 1982 or early 1983," the spokesman said

Although he would not say where the rigs would be built, it is understood that the two units will be assembled in a Japanese shipyard

"Both units will be of the most modern design and capable of operating in water depths of up to, and with minor additions, in excess of 500m in very severe water and sea conditions," the spokesman said

He added that the rigs would be adapted to suit South African conditions "and this will lead to great operational advantages"

Mr Nigel Wood, the NRP spokesman on energy said the news was most welcome

"The latest drilling results announced earlier this year indicate highly promising signs, which are worh pursuing further even at high costs

"There seems to be very likelihood of a significant oil strike in the Mossel Bay area This would revolutionise the economy of the Eastern Cape and the Republic as a whole, and make every rand spent to date very worth while," Mr Wood said

Meanwhile, it is believed that a third rig, the Sedco J, was to have arrived in South African waters later this year, but is at present on hire off the Ivory Coast — Sapa

CT 12/3/81

Soekor to hire new rigs

260

Industrial Reporter

SOEKOR, the State-backed oil-exploration undertaking, has negotiated a contract for the long-term hire of two new off-shore drilling rigs specifically designed for South African conditions.

The company said in a statement yesterday that the move had been necessitated by a world-wide shortage of rigs, which had in turn caused rapidly escalating hire charges and reluctance on the part of owners to enter into long-term agreements

Soekor had decided to negotiate a contract for the rigs with an international drilling group and the units would be built for delivery late next year or early 1983

"Both units will be of the most modern design and capable of operating in water depths of up to, and with minor additions, in excess of 500 metres in very severe weather and sea conditions"

A Soekor spokesman said there was speculation that the rigs, costing about R80 million' were to be built in Japan.

CT 13/3/81

Rioting in Kriel compound

(260)

JOHANNESBURG — Buildings were damaged, cars set alight and a bar plundered when 300 workers at the Kriel power station in the Eastern Transvaal went on the rampage on Wednesday night

Scores of riot police were called to the compound and teargas was used to disperse the angry mob No shots were fired

Brigadier J Smith, Divisional CI officer for the Eastern Transvaal, said yesterday that rioting began in the compound on Wednesday night and the mob stoned buildings and broke windows

Expensive equipment was smashed The bar that serves the employees in the compound was plundered and liquor was stolen Other buildings were set on fire and two cars belonging to power station employees were set alight and destroyed

The sleeping quarters in the compound were wrecked and damage estimated at R15 000 was caused to the premises

A spokesman for Escom said the rioting began about 8 15pm He could not say what the cause was but said it was being investigated

Brigadier Smith said no one was injured and that everything was quiet by morning — Sapa

SUNDAY TRIBUNE, MARCH 22, 1981

S Tribune 22/3/81

260

Oil from coal is here to stay

Basic technology won't change in near future

By JACK BRICKHILL Finance Editor

OIL from coal at Sasol is here to stay at least for this decade.

Caught on the wrong foot are large chemical and mining groups in South Africa which are dragging their feet on the oil from coal issue because they believe a more economical and more efficient American technology will replace Sasol technology. Sasol still offers the only commercially viable production in the world.

The companies have not responded to an invitation recently from Sasol managing director Joe Stegmann to start producing oil from coal and share in the heavy capital burden — and no doubt profits. Sasol's pretax profit for the half year ended December rose by 63 percent to R141-million.

Stegmann says the basic technology is unlikely to change before planning for the next plant in South Africa — Sasol 4 — starts, probably in 1985.

However big adaptations to the process are possible depending on the range of products required.

Stegmann says "Like the Americans we are all hopeful that in the future improvements in efficiency and economy of oil from coal processes will be achieved.

Stegmann . . . an invitation

However all indications are that improvements, though very welcome of course, will not be dramatic and will not have a large impact on the oil from coal industry."

So much for the huge sums being cashed out for research overseas. Indeed the United States will spend R4b million, the lion's share of its energy research money, on buying Sasol know-how. The Australians are also deeply involved in the Sasol technology.

Stegmann says comparisons are made with reports of cheaper processes but the general experience is that, with increased research effort and the spending of money on more detailed engineering, unforeseen problems arise. This leads to more effort and capital which decreases efficiency and increases cost.

"We do not want to comment on the plans of other South African companies contemplating coalbased synthetic fuel projects.

"We are clearly on record that we would like to see other groups enter this field preferably even before we can start with the planning of our next project, regardless of the technology they may want to use," he says.

There are several possibilities for the siting of Sasol 4. Coal availability and water resources are the main factors involved in the siting of these large projects.

The third and last major criticism that I wish to borrow from Illich is that health care workers tend to expropriate the power and the responsibility of the individual to heal himself. As health care workers they insist that people become patients and come to them for every illness and that

...ent competition from amateurs such
...the road, and they are horrified
...cs being available for sale in
...ost turned mutual self help and
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DD 26/3/81 (260)

Koeberg stages big emergency exercise

CAPE TOWN — Escom carried out its first full-scale emergency exercise on the site of the Koeberg nuclear power station near Cape Town early yesterday.

The exercise, lasting several hours, involved local authorities, police, army units and helicopters.

A spokesman for Escom said that communication and liaison with the supporting emergency services had been "fine."

Among the simulated disasters on the site were fires and a release of radio activity, he said.

The exercise was the "first of many" to be undertaken on and around the nuclear power station site, about 30 km from here.

An official Escom statement read "The training exercise forms part of the development of Koeberg's emergency plans for the power station which will ultimately have to be demonstrated to the satisfaction of, and approved by, the Atomic Energy Board." — SAPA

<u>What do we need to do?</u>

There is no simple easy solution to the health problems of South Africa. Perhaps, despite all that I have said, what we really need to do in this country is to double the numbers of doctors and nurses. But before we do this I think we need to look again at our health problems and to learn what we can both from our visible failures and from Illich's criticisms.

What are the major health problems in South Africa? What is their incidence or prevalence? How serious are they in terms of morbidity and mortality? Are they either preventable or amenable to treatment? How expensive will this prevention or treatment be? How concerned is the community about them? As David Morley points out[12] the answers to these last five questions can be used to determine priorities.

If we look at our society as a whole we might come up with a list of medical priorities such as:

Gastroenteritis
Pneumonia
Measles
Malnutrition
Tuberculosis
Hypertension and strokes
Heart attacks
Obesity

All of these visible failures of our health care system are common and if we are to deal with them we must make much more efficient use of <u>all</u> our health care workers. <u>All</u> of those working in or for or under the health care system are seen within their local communities as having some medical knowledge, and we must build on this. <u>All</u> our health care workers must be taught more about the prevention and treatment of our major health problems, and their knowledge and skills must be continually updated by means of regular refresher courses. The first four priorities on the list above are all major killers in our society and yet they are easy to either

DD 26/3/81

(260)

9C

Search for nuclear plant site in E Cape

PORT ELIZABETH — The Electricity Supply Commission (Escom) is looking at the possibility of siting a nuclear power station in the Eastern Cape But investigations are at an early stage

Speaking from Johannesburg, the Escom public relations officer, Mr Boet Uys, said he could neither confirm or deny that South Africa's second nuclear power station would be built in the Eastern Cape

That a possible site was being considered, emerged from yesterday's annual meeting of the Co-ordinating Council for Nature Conservation in the Eastern Cape

Escom has asked the council to comment on environmental considerations of the siting

The area being considered stretches from Port Alfred to the Tsitsikamma River

In a memorandum submitted to Escom and tabled at the council's meeting here, the area from Seal Point to the Tsitsikamma River is described as "probably the least sensitive area" along the Eastern Cape coast

From Johannesburg, Mr Uys said Escom was always investigating sites for nuclear as well as coal power stations and bodies concerned with conservation as well as local authorities were consulted

A coastal site was important because water was needed to cool the nuclear power stations A nuclear power station took between 10 to 12 years from the planning stage to completion

Matters considered when looking at sites were the suitability of the ground for the massive structure, the location of lines linked to the national grid and possible environmental effects

The nature conservation council's chairman, Dr Anton McLachlan, said Escom was looking for a site of about two square kilometres. The transmission lines would need a piece of ground with a width of 1½ km For about 300 m out to sea the temperature would rise by

"There is only one area that is not super-sensitive That is between Seal Point and the Tsitsikamma River which is not an ideal site "

Dr McLachlan emphasised the preliminary nature of the memorandum and said Escom had not yet responded to it

The memorandum said that among the aspects to be borne in mind were estuaries, of which the Kowie, Kariega, Bushmans, Sundays, Swartkops, Gamtoos and Kromme were the most important and sensitive to disturbance — DDC

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KANTOOR VAN DIE EERSTE MINISTER

No 621 27 Maart 1981

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word —

No 42 van 1981 Wysigingswet op die Suid-Afrikaanse Yster en Staal Industriele Korporasie, Beperk, 1981

OFFICE OF THE PRIME MINISTER

No 621 27 March 1981

It is hereby notified that the State President has assented to the following Act which is hereby published for general information —

No 42 of 1981. South African Iron and Steel Industrial Corporation, Limited, Amendment Act, 1981

RDM 27/3/81 260

Escom may move to low grade coal

By ADAM PAYNE

A MOVE in coal usage by Escom that could increase South Africa's reserves by hundreds of million of tons — and so allay some of the fears of many who doubt the wisdom of increasing the level of exports — is being considered by Escom with the great approval of the coal mining industry.

The next generation of power stations, to succeed those now being built, and possibly the expansion of one of the new stations now being built, may use low-grade coal with more than 30% ash, with modifications to boilers and plans to dispose of greater quantities of ash

The significance of this move is apparent when the figures of the Petrick Report on coal reserves are studied They show 92 000-million tons of mineable in situ reserves of which by far the greatest percentage is low-quality, high- ash coal.

About 46,5% of South Africa's reserves at the time of the report in 1976 were of low-grade coal containing 30% to 35% ash This coal is at present lying underground unexploited

The breakdown of the remaining coal of higher grade was 10%-15% ash formed only 1,5% of reserves, 15%-20% ash formed 10,4% of reserves, 20%-25% ash formed 18,6% of reserves; and 25%-30% ash formed 23% of reserves

Anglo American Coal Corporation disclosed in its annual report last week that Escom might double the size of the Lethabo power station, now scheduled to be 1 800 MW

This 1 800 MW power station will be served by Amcoal's New Vaal colliery

Escom has since the contract was awarded asked Amcoal to submit an extended offer to cover the coal supply for an additional 1 800 MW

I am told that it is possible the second 1 800 MW could be generated with low-grade coal, including 30% ash coal

This will be a first step in an important change in South African coal usage At the moment there is neglible use of coal containing 30%-35% ash The main exploitation of coal has been from reserves of better-quality coal, even for power generation

The Department of Minerals and Energy Affairs is finishing its report on coal reserves on which recommendations will be made for or against increasing exports

This new report is expected to show much greater reserves than those listed in the Pettrick Report These greater reserves would be available by modern mining methods and the report is expected to give more details of different categories of coal and their availability

The possibility of using lower-grade coals and the problems of doing so are now being investigated by Escom

A further possibility is the creaming off of high-grade coals and using the discard material for power generation

According to Engineering Week, Escom is expected to lower its quality specifications for coal in power stations

The power stations are those that will be built after the completion to full capacity of Matla, Duvha, Tutuka, Lethabo and Matimba

Escom last year used 46 800 000 tons of coal with a calorific value of 22,34 megajoules/kg It pays, according to Engineering Week, R8,14 a ton for its coal contracts tied to the expected 40-year lifespan of a power station, while foreign buyers are now paying $42 a ton for higher-grade coal fob Richards Bay

Apart from the move to use lower-grade coal in next generation power stations, talks are continuing between the TCOA and Escom on the possibility of coal discards being used for power generation

South African coal mines are at present discarding an estimated 10-million tons a year of coal that is often left to smoulder in heaps, polluting the atmosphere and causing a potential fire hazard.

But to use such discards for generation would call for the building of a special power station and entail costly transport arrangements which might make the scheme uneconomic

Sasol Four ahoy!

S.Times 29/3/81

260

By John Spira

CAPITAL spending topping R4 000-million will see the first three Sasols contributing up to 60% of South Africa's oil and petroleum needs by 1985 And plans for Sasol Four are moving ahead

This is among the comments contained in London's New Standard after an interview by the newspaper with Finance Minister Owen Horwood

Mr Horwood is quoted as saying "When Sasol 2 comes to full production by the end of 1981, we'll be 30% self-sufficient"

Which is good news for trade balances, he says

The New Standard adds "South Africa won't disclose production figures, but word is that something like 75 000 of the 250 000 barrels of liquid fuel the country is consuming each day could come from Sasol by the year end

"Security on Sasol is tight Costs of production are under wraps in case the secret sources of the oil the country has to buy overseas should use them as a bargaining tool in fixing prices"

The newspaper also reports that Sasol has been snapping up farms near Sasol 1, and only lack of technicians to run it now inhibits a start on "yet another of those huge sci-fi-like complexes" which are rapidly bridging the country's liquid fuels energy gap"

According to the New Standard, Sasol hopes to have enough South Africans by 1987 to offset the current critical shortage of skilled personnel

"So while advanced planning for Sasol 4 is already taking place — the plant is almost certainly going to be at Sasolburg rather than Secunda — production won't start for several years yet

"Sasol officials say that "with any luck, we'll have a Sasol 4 within the decade' Meanwhile, they're 50% finished on Sasol 3 and will be in full production in 1984"

Escom R80m heralds rise in rates

RDM 30/3/81

By ALEC HOGG

LONG-dated interest rates have taken a breather over the past fortnight, but one can expect sharp rises in the next two weeks ahead of the R80-million Escom issue.

The market has been talking of a 13,25% rate for the long tranche of the Escom issue — which comes to the market in the second half of April —, but recent nibbling by institutions has pushed the Escom rate down from a peak of 13,30% to 13,05/10%

Investors will want to receive 13,25% on the Escom issue, but secondary-market rates will have to be at least 20 points higher than the current levels to justify this rate

Expectations proved too strong for fundamentals last year — when the system was awash with liquidity, but rates still rose — and one can expect rates to be pushed to the level where institutions want them

Whereas attention is focused on the Escom and RSA issues, capital-market observers appear to have forgotten that there is a R150-million Land Bank loan coming to the market this week

Sources tell me the Land Bank is looking at a two-year and a three-year loan, and as the stock qualifies as a liquid asset, the rate on the three-year issue should be closed to 10%

This reflects how strongly rates have risen in the past six months as in September last year the Land Bank drew R150-million at 6,25% for three years

One can only speculate what rate the Land Bank will have to pay for the other R150-million issue, scheduled for August

In spite of the seemingly growing number of bulls, one must expect the rate to be at least 1,5% higher by then.

The stimulus for further upward movements will be the growth in money supply (still far from healthy) and corresponding fears about inflation followed by strong monetarist action by the authorities

Most observers believe Pretoria's determination to control the money supply will pay dividends, but this should increase the competition for funds among financial institutions — itself a major stimulant for rising interest rates

In addition, there has been a lot of talk lately that negative interest rates (below the inflation rate) are not conducive to healthy monetary discipline

This view is being listened to by Pretoria and the Minister of Finance, Mr Horwood, has long been a protagonist of real interest-rate returns to lessen the pensioner's burden

Some will argue that even at 13%, prime semi-gilts offer the best investment avenue for institutions, but the recent institutional buying in the equity market has given industrial shares a much firmer undertone and the outlook for the industrial property market is decidedly bullish

Taking all this into account, the long RSA rate should at least rise 1,25% to above 14% in the next 12 months

Secondary municipals, currently 13,8%, could be above 15,5%, and unless marketable securities tax is abolished, debentures could be above 16%.

* * *

THE MONEY market was quiet last week, with most of the action confined to the battle between banks and building societies for one-year money.

The societies, which face their crunch period over the next two months, are offering 14% plus on one-year fixed deposits of more than R250 000, and the recent rise in retail deposit rates will put them under more pressure

An interesting development was Trust Bank's announcement that rates on fixed deposits of over R20 000 are negotiable.

This enables retail depositers to shop around for rates on amounts of more than R20 000, and heralds a new deal for the man in the street

The discount houses raised their call rate by 25-points to 8% last week and the Treasury bill rate rose eight points to 7,68%

The TB tender has been raised by R40-million to R60-million, which suggests that Pretoria wants to push short-term rates higher

Although the bankers' acceptance rate was steady at 9,75%, it should rise this week as the houses expect a monthend shortage of between R500-million and R600-million

AS 260

Armscor gets its R50m

By HAROLD FRIDJHON

UNION Acceptances has placed a R50-million loan with two legs for Armscor There was a 15-year at 13,25% and a seven-year at 13%, both all-in

UAL said the loan was well received in the market and more money was forthcoming from the issue than the amount accepted

The rate was well pitched and the longer-term leg can be used as a pointer to the forthcoming Escom issue Escom is the prime semi-gilt in the market and it would appear that there should be no difficulty in getting 20-year money at 13,25% at the outside

A strong factor which might influence Escom to shave the rate is that many would-be borrowers have withdrawn from the market because they consider rates have risen too high

Armscor was scheduled to come to the market later in the year, but advanced its requirements because of the gaps in the borrowing programme

In February there should have been eight borrowers, but five withdrew and one reduced its requirements A similar pattern was repeated in March

This month the IDC was supposed to have had an issue, but the corporation has withdrawn from the lists. I believe Johannesburg and Witbank have withdrawn

This means that the application list is now blank until August when Iscor and South-West Africa will come to market

With the shortage of issues, it is reasonable to assume that the institutions will go for Escom like bees for nectar Escom might be in a strong bargaining position venereal diseases to name but a few. The poor lack nothing in so far as disease processes are concerned. Health problems of the poor in general are severe but those with the most grave problems are coloured and the aged. Particularly dehabilitating is the tendency for several illnesses to occur simultaneously — the so called cluster principle. Multiple physical disorders — neglected or poorly cared for — create a complex of degenerative diseases which strike at about the age of 45. This has been described as the avalanche phenomenon. ... chronic health problems.

13,1% pointer to Escom R85m issue

RDM 6/4/81

Q60

By HAROLD FRIDJHON

THE CAPITAL market gave the impression last week that it was setting the stage for the R85-million Escom issue, the rates for which will be unveiled tomorrow. There was a mood of anticipation, heightened by the success of the Armscor issue.

Armscor came to the primary market for R50-million with a short leg, seven years at 13%, and a 15-year long at 13,25% The issue was handled by UAL and Volkskas Merchant and the ease of placing suggests that the market is backed by willing investors

One source said that if the issue had been a public offer it would have been considerably oversubscribed This means that the rate was right, particularly the long leg which, I believe, attracted about 70% of the money

This is a complete switch of sentiment from the mood of last year when the shorts stole the thunder of the long dates Few investors were then prepared to go long But the 13,25% shows that rates in this area are now more realistic

Which brings one to Escom Last week in a thin secondary market Escoms traded at 13,10/11%, and it would seem that this trading was a clear indication of what the rate on the new issue is likely to be. The market consensus appears to pitch the rate for the R85-million — all long? — at 13,10%, which would not be out of step with Armscor

The Escom rate will be a scene-setter for the Government issue due in May — not that we have not had some early warning signals in the shape of a tap issue from the Reserve Bank last week

To mop up liquidity, the bank invited tenders for RSA stock 2003 with a 12,5% coupon Market sources say R40-million of stock was taken by institutions at tender prices of 12,73% to 12,75% This looks like where the new issue will rest on its long-term leg

Maturing stocks due for redemption on May 15 and June 1 amount to R958-million, of which R836-million are shorts issued in 1978 Most of both stocks are held by the private sector

It is expected that about R650-million will be rolled over, but in the current situation the roll-overs, important as they are, are not the critical factors It is new money which the Treasury is looking for so that hyper-liquidity can be sponged up

As we get closer to May, and with Escom out of the way, a clearer indication of what the Treasury is prepared to pay for money will begin to emerge

* * *

WITH the monthend shortage not nearly as severe as many had feared, the money market is not as relaxed as it should be The houses were out of the bank on April 1, but they were back again by the weekend

The reasons for this see-saw movement of funds into and out of the market are that at the end of March the Land Bank drew R100-million from the Reserve Bank and the commercial banks appeared to have come into money It is said in the market that they raised cash from overseas

But the end-of-week shortage arose from the Reserve Bank's decision to allow the banks to buy back ahead of time the securities which had been sold to the central bank in February — to ease the end of February position This drained the market of liquidity, but only temporarily It is expected that this week the positions will be squared

Rates are still firm in the money market, with three-month bankers' acceptances steady at 9,65% and discount house call money at 8%

These rates look out of line with Treasury bills At Friday's tender the Treasury bill rate rose by eight points to 7,76% in a R60-million tender which attracted R70-million The NFC call rate rose eight points to 7,51%.

In cutting the head off the tender it would seem as if the authorities were trying to hold down the bill rate because it is looking out of line, not only with BAs, but with bank rate

The signals are loud and clear when we have done with politicking, the bank rate will surely move up a full point

It is expected that the Reserve Bank will move into the market this week to mop up liquidity again with issues of a tax tap bill maturing in August, with other bills and with its own debentures

There is little doubt that the authorities are determined to get control of the money supply and the large sums available for the Treasury bill tender are an indication that this action is necessary

Health education is not only the removal of ignorance but involves 4 things —

(a) Supplies new and correct knowledge so as to make preventative measures required seem reasonable;

(b) Makes a person feel sufficiently keen about the importance of his own health to make him alter his behaviour and adopt preventative measures,

(c) Makes a person concerned for health of others in family and community;

(d)/...

(d) Makes a person feel so strong about the previous 3 that he supports and even initiates preventative action by the community.

The Day Hospital staff, especially those in the Health Education section, realise all the aforesaid and welcome the assistance that the auxiliaries will be giving them. The main reason for the emergence of the scheme is that however much needed, trained staff are not available to cover everyone and everything even amongst the Day Hospital patients. Once the auxiliaries have been trained to give correct ...

pyramid. The palace workers must understand the ... of ... resources at the lowest level as well as appreciate their advantages and opportunities.

In the educational field there has been a marked shift of interest to pre-primary education or nursery schools. More and more emphasis is being put on it and the advantages to the child are well known. In the health sphere interest should be shifted to the pre-primary care/...

Escom goes for a fine 13,07%

RDM 8/4/81 (060)

By HAROLD FRIDJHON

ESCOM is coming to the market with a finely tuned rate of 13,07% all-in. This is several points below market expectations, particularly as the loan will have a life of 25 years instead of the more usual 20 years.

There will be two legs to the issue of R80-million of stock

●The long, 25 years with a coupon of 12,95%, that is 13% with commission and brokerage, and 13,07% all-in

●The short, 12 years with a coupon of 12,8%, that is 12,86% with commission and brokerage and 12,94% all-in

Market sources said yesterday that although the rate was lower than had been expected, there was no doubt that the Electricity Supply Commission would get its money — possibly more

Escom and the two issuing houses, Senbank and UAL, were praised for their fine judgment

Escom will not be overpaying for its money and although some investors will be unhappy, they will accept the position

The market mood has been well interpreted. Fine-tuning was applied because there is a huge pent-up demand for stock It is believed that the institutions are sitting on a mountain of money, estimated at more than R2 000-million.

They have been dipping into the shorter end of the market where they have been getting fairly good rates, but these do not compensate for what they can earn on longs.

What is particularly interesting about this Escom issue is that it has aroused considerable public interest I believe that the issuing houses have had a steady stream of inquiries from private investors and that the print order for prospectuses has had to be increased for the public's subscription list which will open on Friday.

Propectuses will be available from banks, brokers and some financial institutions.

The belief is that the recent climb in rates has been overdone and that longs have now reached a plateau which should be held for a reasonable time

One commentator said yesterday that comparing long-term fixed interest rates with the inflation rate was a fallacy. One could not assume an inflation rate of 16% over the life of a loan, if that were the case, society would not be able to bear the strain.

The institutions could keep out of the market for a time, but they had to come back because their funds were enclosed within the economy. They could not invest abroad and the position in this country was that demand for investible paper exceded demand now

This appears to confirm the view that long-term rates have reached a plateau

If this is indeed the case, the next question now that the Escom rate has been determined is what the rate will be for next month's Government issue It would seem that 12,75% could be the going rate, but the market mood during the next three or four weeks will be the deter-

PRIL 12, 1981

g power cuts

Power from the Berg

260 S. Tribune 12/4/81

. . . and Escom might build more nuclear power stations

Finance Correspondent

THE first 250 Mw generating set of Escom's Drakensberg pumped storage power station, built at a cost of between R350 and R400 million, is being commissioned and is now linked into the National grid.

The testing process says Boet Uys, head of Escom's public relations department, is a lengthy, costly one that includes saturating the water passages, testing the turbines at various speeds and correcting vibrations and finally running them under load in both their generating and pumping modes.

Power generated by the Drakensberg station is not cheap, he says

The station is designed to generate power only during periods of peak demand. It is not a base load station

"Its advantage lies in the fact that it can be put into the grid very quickly, unlike a thermal station which takes hours to put into the grid," he said

This is not the only hydro-electric power station the Natal area is likely to get

Feasibility studies are being carried out by Escom on the Tugela River in KwaZulu and on the Umzimvubu River in the Transkei

A firm of consultants had advised that the Tugela River could generate between 2 000 Mw and 4 000 Mw of electricity and that the Umzimvubu River basin can generate about 5 000 Mw of hydro-electricity on a 10 percent load factor. In other words, it would also be used only during peak demand periods.

The Tugela's capacity compares more than favourably with the Tutuka power station being built near Standerton in the Eastern Transvaal as a 1 800 Mw power station that can be expanded at a later date of 3 600 Mw.

If a hydro-electric power station is built on the Umzimvubu River its capacity would be five times as much as the present planned capacity of the Drakensberg pumped storage system, which is due to be fully commissioned next year. Pumped storage schemes are also being investigated in the Western Cape

The possibilities of building more nuclear power stations in South Africa, in addition to the Koeberg power station being built in the Cape, are also being investigated by Escom.

Uys said that all factors affecting the generation of electricity, such as economics, the environment, peak loads and the development of technology are being investigated as well as the possibility of building nuclear power stations

There is a strong lobby outside of Escom that has, for years, been advocating that Escom start building nuclear power stations.

Tony Petersen, chairman of Rand Mines, can, for all practical purposes, be claimed to be the leader of this line of thought.

He has on numerous occasions expressed his vigorous belief in nuclear power stations and that the whole world will, sooner than it thinks, have to switch to nuclear power.

He made a spirited plea for more nuclear power stations in South Africa when he reopened the revamped Harmony gold mine in the Free State last year.

More recently he repeated the plea when he condemned the anti-nuclear lobby in West Germany On that occasion he claimed nuclear power stations did not pollute the atmosphere, as did thermal power stations, and that they did not constitute a radiation hazard "You are exposed to more radiation if you sleep next to your wife in a double bed for a night than if you spend a whole day working in a well-managed nuclear power station"

He also said that if the ingredients were ever there for a nuclear explosion as the result of mismanagement of a power station, it existed at Three Mile Island, the American nuclear power station that recently had to be closed down because of mismanagement.

"So well did the nuclear engineers do their work, and so advanced is nuclear technology in power-generation, that that power station did not explode, in spite of the most gross mismanagement imaginable," he said.

He believes that within the next decade Escom should ensure that every third or fourth power station it builds is a nuclear power station.

Escom is, however, full committed for the present With seven major power stations either already being built or about to be built there is not another electricity facility in the Western world, with the possible exception of the one in France, that is building more

Gundle in US coup with Sasol

SA Industrial Week 14/4/82

260

By Lynn Carlisle

FOLLOWING extensive testing by United States plastic authorities, Gundle Plastics, near Johannesburg, will build a multi-million rand factory in Texas where a variety of plastic sheeting will be produced for the American market from raw materials produced by Sasol

This expansion has the blessing of the SA Reserve Bank and will become a significant foreign exchange earner, says John Hewitt, marketing director for Gundle Plastics

A range of products — including wide-width sheeting — has been tested and used extensively for several years in pollution control on the South African mines, as well as storage at vast irrigation schemes and various other specialised applications

"We came to recognise that our technology is unequalled anywhere in the world, and the tremendous advantages of wide-width sheeting means that we have a range of products which are particularly suitable for export," says Hewitt

Gundle Plastics has already shipped over 100 t of plastic sheeting to a uranium mine near Spokane, Washington State, where it will be used to line a uranium tailings pond This will prevent contaminated effluent from the uranium extraction mill seeping into the surrounding ground

"After much careful research for various developing markets we decided to build our own manufacturing operation in Houston, as there is a tremendous opportunity to develop our market penetration in America," he says

The plastic sheeting was selected by the United States Tender Authority after extensive testing in the environmental protection laboratories in California

Referring to the need for a US factory Hewitt says that each application needs a specific size of plastic sheeting, and if it is manufactured in South Africa to standard widths and lengths there is likely to be a high wastage factor when installed on site

"It makes more sense to ship the raw material from here, and then extrude a 'custom-built' sheeting for each customer in US"

He says that "hi-driline" high-density polyethelene membrane is 750 micrometres thick and 7 m wide, based on raw material produced by Sasol and marketed by Plastomark

To assist with the installation of "hi-driline", a team of welding experts and quality control technicians has been sent to the Spokane mine, adds Hewitt

BUSINESS MAIL

Iscor's Grootegeluk mine blasts off

RDM 16/4/81 260

By SIMON WILLSON
Industrial Reporter

ELLISRAS — Pressing a button to detonate 100 tons of explosives, the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, opened Iscor's Grootegeluk coal mine in the north-western Transvaal yesterday.

A few hours earlier, the Minister of Transport, Mr Hendrik Schoeman, opened a railway line linking Grootegeluk to the national network at Thabazimbi

The Grootegeluk blast blew a column of smoke 1 000 m into air and dislodged 375 000 tons of coal, soon to be included in the 60 000 tons produced at the mine every week Grootegeluk will eventually supply coking coal to Iscor's steelworks in Pretoria, Newcastle and Vanderbijlpark

The 116 km Grootegeluk-Thabazimbi railway line will link the mine with the steelworks to the south

Grootegeluk will also supply coal to Escom's R2 000-million Matimba power station which is being built close to the mine The mine will reach capacity output at the end of this year By then coking-coal production will total a shade under 2-million tons a year and power-station coal output will be 3 500 000 tons a year

Grootegeluk is producing 24 000 tons of coking coal a week and 36 000 tons of power-station middling coal a week The coking coal is computer-loaded into 50-truck trains

The power-station coal is being placed in a stockpile which holds a million tons awaiting commissioning of Matimba in 1986 By then the stockpile will hold about 20-million tons of coal

The opencast mine is using R35-milion of mechanical and electrical equipment to strip away 20 m of topsoil and excavate to a depth of 110 m

About 20-million tons of material will be blasted loose and and processed every year, and half will be waste At projected rates of excavation, Grootegeluk's reserves should last for more than 200 years

Yesterday's opening was attended by Iscor's chairman, Dr Tommy Muller, the Railways chief, Dr Kobus Loubser, and Dr Andries Treurnicht

Sapa reports that Dr De Villiers said the mine was of great importance to Iscor as its sources of blend coking coal were becoming exhausted

Existing mines from which this type of coal was being mined were reaching the end of their reserves

The development of Grootgeluk would give rise to an important growth point in the Waterberg district, comprising the towns of Ellisras, Vaalwater and Nylstroom

This was one of the largest districts in the Transvaal, but one which was underdeveloped

Development of the mine would provide better road and rail links, and job opportunities for thousands

To run the mine, 500 white and 1 000 blacks would be needed and a further 600 whites and 1 200 blacks would be employed to run Matimba About 600 whites and 5 000 blacks would build the power station

"New job opportunities as well as the improved infrastructure will make a tremendous contribution to the vitality of the region, and will stimulate development over a broad front

"Iscor is recognised by the International Iron and Steel Institute as the 17th largest iron and steel producer in the free world

FM 260 17/4/81

CAPITAL MARKET

Very fine issue

The R80m Escom public issue which was eased onto the market last week by Senbank and UAL has been comfortably oversubscribed

In two tranches of 25 years and 12 years at all-in rates of 13,07% and 12,95% respectively, the loan attracted almost R115m Escom has decided to take R100m

The long-dated leg of the loan attracted R55m, in line with market expectations The rate of 13,07%, coming into a secondary market where Escoms were technically trading several points above that, was said to be very fine But in the event, says one of the issuing banks, it was a rate "where demand and supply met, perhaps with a degree of disappointment, but without real offence" The applications were in general between R0,5m and R2m, with a wide spread of institutional interest But at least one of the largest funds, it is said, turned up its nose

The success of the issue at its given rate contains pointers to the current state of the fixed-interest market, say dealers Points cited are

□ Rates have been rising for a year and some sort of correction was due The three percentage point rise in rates in 12 months implies a 25% decline in the capital values of long-term bonds, and thus resistance from stock holders

□ The 13% level constitutes a psychological baulking point for borrowers, most of whom are public authorities with no tax bases against which to offset the costs of capital Witness the long list of recent withdrawals from the Treasury borrowing calendar

□ The expected dumping of R500m-R600m of stock by the building societies has not materialised The societies have grown into an absolutely larger set of prescribed requirements and are also unwilling to take capital losses

□ Contractual savings with pension and insurance funds are expanding at 25% a year, a rate that ignores cyclic economic conditions Payout commitments undercut investment income and the total overhang of institutional money in the system is now said to amount to about R1,5 billion At the same time, the public sector borrowing programme is relatively static

Weight of funds

The sheer weight of funds set against an under-supply of paper has put a brake on rate increases for the moment And reluctance to realise capital losses by selling now has turned the demand for stock towards the primary market Even the distant promise of relaxations in prescribed requirements for institutions makes little difference to the equation since alternative domestic investment avenues for R5 billion annual cash flows are difficult to find And if they are found, any massive cash inflow would play havoc with yields

With this in mind, Senbank believes that rates will barely move for at least six months And even then it largely eschews the probability of an indefinite rising trend

The extent to which the current rate plateau has surprised the market can be gauged from the persistence of the rumour that the RSA issue in May, the next major capital market event, would be pitched at 13% This was a relatively sound prediction even a month ago It is now being suggested that the coupon will be as low as 12,50%, with the stock being sold at a discount to yield about 12,75% or 12,85%

Dealers also predict that the issue will take in about R500m net of new money on the long-dated leg If it does it will provide unchallengeable evidence of the fact that investable funds are now searching more seriously for long-term resting ~~aces~~ places

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22/4/78

Striking Spaniards to leave SA

Labour Reporter

About 100 Spanish workers at Sasol 3 near Secunda are being returned to Spain this week as a result of a work stoppage yesterday

The Spaniards, who are involved in specialised construction work at the site, refused to start work after demanding improvements to working conditions and increased wages

They are employed by an independent subcontractor in Madrid, Mannes Nan, and not by Sasol or Fluor

Their employer refused to meet their demands which were telexed to Spain and about 100 workers will be flying back this week

FM 24/4/81

STEAM-TURBINE GENERATORS

R300m project for SA?

5~~5~~ 260

Government is said to be considering proposals for building local facilities costing R300m to make steam-turbine electric generator sets for Escom

The apparent reason for the move is to take another step closer to self-sufficiency in the vital energy field The cost of such a programme would rival that of the Atlantis Diesel Engine factory, another government move aimed at achieving self-sufficiency

At the time of going to press neither Escom nor the other parties said to be involved was able to comment on several reports to this effect received by the *FM*

Apparently one contender is Westinghouse This giant US power company is said to have assembled a technical and financial package with Federale Volksbeleggings or Sanlam

Another is British General Electric (GE), which already has some local manufacturing capability and has been a steady supplier to Escom of turbine generators from its British facilities GE in SA is 50% owned by Barlows

A third contender is said to be the Swiss company Brown Boveri which has some local manufacture done for it by Vecor.

The deal would be the biggest prize on world markets for any company with the capital and know-how to make these highly complex items, which cost at least R60m apiece

The reason for this is that it is estimated that SA will be buying about half of the turbine generator sets sold on the untied world market over the next 12 years, and overseas manufacturers are said to be operating at only about 50% capacity

SA will increase electrical generating capacity at the rate of about 2 700 MW a year over this period.

This will work out to an annual expenditure of about R250m on turbine generator sets, R500m on boilers and R250m on civil engineering and power station ancillary equipment

This is needed to supply the consumption growth of about 10% a year By contrast, electricity consumption has actually been declining in the recession-hit, developed countries such as the US and UK Even in Germany, consumption is barely growing

The benefits of such a deal to the SA economy are, however, doubtful One executive in one of the companies said to be involved points out that it would be highly inflationary, because many of Escom's purchases from abroad are tied to low interest financing agreements

"Manufacturing countries with negligible home markets are giving Escom loans at interest rates well below their own domestic rates to provide employment," he says

"Local manufacture would in some cases effectively double the costs over a 20-year payback period "

Local manufacture would exacerbate SA's skilled labour shortage with inflationary effects on wages And an influx of foreign workers would put more pressure on the housing shortage

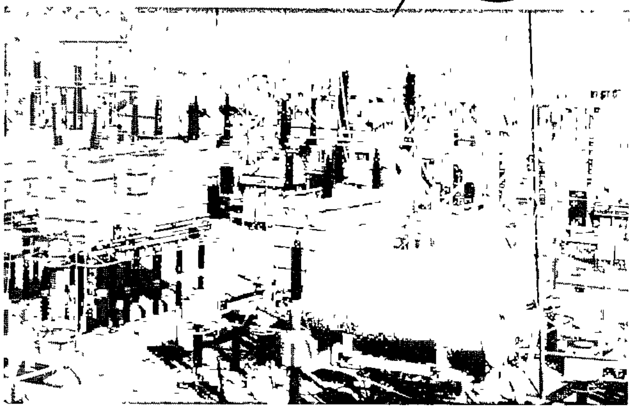
Another added expense would be the extra research and development costs which would have to be passed on through Escom to consumers of electricity

An industry insider estimates that at present 50% of the cost of this type of equipment is absorbed by these expenses The percentage would undoubtedly increase with local manufacture

Quality control is another headache There is very little room for mistakes in a market which will be absorbing four to six new items only a year Turbines are expected to have a life span of about 30 years with a 75% utilisation

As one insider says, this requires a reliability equivalent to that of a car which will last for 900 years And a faulty turbine blade could not only wreck the generator set itself but also cause havoc in a power station costing billions

The final decision on the project will probably be made at cabinet level as the fear of embargoes must be the main — if not the only — argument in favour of local manufacture



SA power station . . . to be powered by Westinghouse or British General Electric?

But even the strategic argument is not irrefutable as quality problems may be a bigger menace to supply than embargoes And it is rumoured that for purely business reasons, Escom's GM Jan Smith is dead set against the idea

Let us hope that government's obsession with self-sufficiency will be moderated by Smith's sound judgment

RDM 24/4/81

Spanish Secunda workers strike over pay demand

By SIMON WILLSON
Industrial Reporter

SPANISH contract workers who downed tools at Secunda on Wednesday met at a Hillbrow hotel yesterday, demanding better pay and conditions from the Madrid-based manpower company which employs them

The Spanish company, Mannesmann Industria Iberica, has 111 Spaniards under six-month contracts at the Sasol I and Sasol II plants at Secunda

Earlier this week the men demanded better pay and conditions from Mannesmann, and claimed at yesterday's meeting that Mannesmann had refused to listen to their grievances

They claimed Mannesmann was withholding further pay and the men's airline tickets to return to Spain until the workers withdrew their demands

The Mannesmann representative at the meeting, Mr Juan Buenestado, refused to answer questions from the Press, saying the matter was "too important" to discuss

About 60 of the men are refusing to return to work and have resolved to stay at the hotel until either their work demands are met or they are repatriated to Spain

Amid emotional outbursts, workers claimed yesterday they had been forcibly removed from Secunda by police acting at the request of the Mannesmann management

The workers called in the counsellor of the Spanish embassy in Pretoria, Mr Rafael Linage, to mediate in the dispute which, they said, did not involve Sasol or the two plants' chief subcontractor, Fluor

They asked him to arrange repatriation of the workers, but he said he could only refer their dispute to the Spanish ambassador, who was temporarily out of the country

One of the workers, Mr Juan Castro, 35, a pipe-fitter from Madrid, came to work at Secunda after doing similar contract work in Algeria and Libya

He said yesterday he would definitely not return to work at Sasol unless the pay and conditions were improved, and would rather return to Spain

At yesterday's three-hour meeting Mr Buenestado told the workers that unless they signed an agreement to withdraw their demands and return to work, they would forfeit any further pay and their airline tickets to Spain

After a heated debate the workers refused to sign and the meeting broke up It is expected to be reconvened today

A police spokesman last night denied police had "forcibly removed" the workers from Secunda

Five policemen, under the command of a police captain, stood by at the negotiations, but had not interfered at all students being allowed into medical school? It would be interesting to have information on this.

Let us consider the supply side further. If we take a very cynical and self-serving view of doctors we would expect that in addition to restricting the supply of their own services, they would attempt to segment the market and to reduce returns to substitute factors[28]. With few doctors, their wages will be high. Legal constraints prevent nurses from doing work set aside for doctors. And anyway if the wages of nurses are kept down there will be a shortage of competent nurses,[29] increasing further the demand (and so the earnings) of doctors. Research is needed in this area. It cannot be proved that doctors have acted in this immoral fashion, but it can at least be suggested that market forces have behaved very kindly to the medical profession.

The doctor is the joint supplier of a variety of scarce commodities[30]. The supply of doctors is relatively restricted and substitute services are strictly limited. Quacks are generally illegal. One of the few substitutes available is patent medicine. Consumption in this area has risen rapidly for reasons which an economist finds easy to understand. If the doctor is expensive (let us be more specific - the cash price may be modest but congestion costs may be high; he may be off-hand and fail to give satisfactory service) we resort to the chemist. Three varieties of pills may do the trick. If that doesn't work we double the dosage. "The (chemist) is the physician of the poor in all cases, and of the rich when the distress or danger is not very great"[31].

IV Conclusion

It is clear that the market for medicine does however have particular characteristics. On the supply side the availability of medical services is restricted. On the consumption side, demand tends to be relatively price inelastic. This emphasizes the fact that incomes differ (i.e., it emphasizes income inequalities) but the fundamental problem is not

one of poverty since even affluent societies experience difficulties in allocating medical care. The problem cannot be approached from an equity or fairness standpoint, since in a world of scarcity this criterion has little meaning.

Escom peers into darkness of SA's winter

Argus 29/4/81

260

Argus Correspondent

MARITZBURG — Suburbs in cities throughout South Africa are likely to be plunged into darkness without warning as Escom battles to meet the country's energy demand during the winter.

A news bulletin from Escom in February warned that large-scale consumers would be asked to 'voluntarily shed loads when required during peak-demand periods, and Maritzburg's electrical engineer, Mr Gordon Davies, has confirmed that several such requests have been received recently.

This load-shedding had amounted to between 20 and 40 percent of the city's total consumption and had resulted in predominantly domestic areas being without power for an hour or two, he said.

Escom gives the peak consumption times as between 8 am and noon and from 5 pm to 9 pm.

Mr Davies said it was virtually impossible to switch out any of the five major sub-stations without affecting industrial or business consumers, so it had been necessary to send staff to domestic areas, where they remained until power could be restored.

Mr E Wohlberg, regional manager of Escom, confirmed that the demand problems were not confined to Natal.

'It's very difficult to state how often load-shedding will happen, but it's definitely going to happen, because of reserve capacity.

'Also there are teething problems on new generating units,' said Mr Wohlberg.

A spokesman for Escom in Johannesburg said the situation arose after the depressed years of the middel-70s, when money was generally tight.

'We have about 18 months of fairly tight schedule ahead of us,' he said.

Cape Town and the smaller surrounding municipalities are unlikely to be affected, the City Electrical Engineer, Mr D C Palser, said yesterday.

... allocated as between different health uses?

(ii) what resources should be allocated to health care in general?

The free market provides one particular distribution. There is no reason to suppose that this is the "best" (though it may be the most efficient).

Big Escom order for prefabs

260 1235

7/5/81 Star

The growing importance of the factory-built house in the light of the industrial build-up is underlined by Escom's order for more than 300 Tulbagh homes from CI Parkhomes, Pinetown, with a value of R8,6-million.

The homes, approved by the South African Bureau of Standards, will be based at construction sites of four giant power stations.

The first batch has been delivered to the Duvha project near Witbank.

Escom originally volunteered to give up part of their allocation of the homes to assist flood victims at Laingsburg. — Frank Jeans.

PUBLIC CORPORATIONS

FM 8/5/81

Loan subsidy cut

(260)

A hidden subsidy to SA's over-protected public sector has been abruptly removed by a joint Reserve Bank/Treasury decision to stop providing forward dollar cover on foreign exchange liabilities at a fixed discount of 2,5% a year on the spot exchange rate

The 2,5% discount on forward cover for all importers was set in February 1979, before which it had been 1%. At this point the public sector could obtain cover at that rate on foreign liabilities in any currency. Later that year, the Reserve Bank restricted this to dollar liabilities

However, in early 1980 — when the Bank changed to a flexible system whereby the cost of forward cover reflected more continuously interest rate differentials between SA and its trading partners — the public sector was allowed to retain its fixed rate privilege. In line with the gradual modernisation of the foreign exchange market, this has now been removed. But the public sector has retained a dispensation closed to the private sector, which is that its dollar liabilities can be covered for the full period for which they run. For other importers, the limit is 12 months

The public sector, in this case, includes public corporations, municipal authorities and independent governments within the Rand Monetary Area. But effectively, those most affected will be the large foreign borrowers, like Escom, Sasol and, to a lesser extent, Iscor

Forward cover will now be extended to public sector borrowers on a basis that takes account of interest rate differentials at the time at which it is applied for. It will be entirely flexible, says the Reserve Bank, which will decide on the rate in consultation with the Treasury, which picks up the final cost. So depending on the period to maturity of the loan or credit to be covered, different term structures of interest rates in SA and the US will be set against each other to determine the relevant differentials. But, the Reserve Bank adds, it could also be used as a policy tool to control the direction of credit flows

However, the new system in action may not be as flexible as the Reserve Bank would like it to be. One public corporation says it has been quoted a tentative forward cover cost structure on the basis of a 0,5%/year discount for liabilities up to five years, a 0,5%/year premium for five to 15 years, and a 0,75%/year premium for anything over 15 years — which is a fairly crude division

But the effects on public sector financing could be dramatic. The additional financial cost, says one corporation, could be regarded as an extra interest cost. The cost would be fixed, it adds, for the full period of the loan or credit, and would not change as the period to maturity slowly shrunk across trigger points. On this basis, then, on a seven-year loan the difference between the current 2,5% discount and a 0,5% premium would be 3% a year. If the liability were $100m, this would come to an additional $21m on top of the interest charge. That is a lot of money by any standards, so it would be accurate to say that public sector borrowers are unhappy with the new arrangements

"But in all fairness," says one, "we were never told that the old system would last forever"

The ripple effect will, of course, eventually find its way to consumers. Where they gain on lower Treasury subsidisation of forward cover losses, they might in the short term lose on higher prices for the services and commodities provided by public corporations. But in the longer term these corporations ought in consequence to become much more efficient ■

FM

8/5/81

HOPE FOR OIL

(260)

Soekor's latest strike of gas and gas condensate (light oil) in its F-A5 well keeps alive the hope that commercially viable deposits exist off the SA coast

The well was sunk 2,5 km west of the F-A2 well which, in December, yielded the most promising gas and oil find since SA offshore exploration began

The new well has a potential output of 120 000 m³ of gas and 120 barrels of light oil a day This is chickenfeed by international standards and about 10% of the production potential of the F-A2 well But it establishes that the field is at least moderately sized and indicates its western extremity

Another half dozen wells will have to be sunk to determine the remaining extremities before Soekor can decide if it is worth exploiting. This should take at least another 18 months

The next well, the F-A6, will be sunk 3,5 km north of the F-A2 It should reach the expected level of the field within the next three months

IRON AND STEEL FM 8/5/81 260

Investing for efficiency

With demand for steel likely to grow more slowly during the Eighties, Iscor and Usco are investing nearly R100m to squeeze more profit from each ton sold

Iscor's investment of R73m in coke briquetting and ore de-alkalising plants will improve efficiencies and reduce the amount of blast furnace time required to make a given quantity of iron These efficiencies will also increase the production capacity of the present blast furnaces by 700 000 t of liquid iron a year

Blast furnaces are at present the bottleneck in steel production The move thus puts Iscor in a good position to cater for higher demand when it comes

The two new coke briquetting plants will cut its annual coal bill by R11m and save the country 400 000 t of metallurgical coal a year at present levels of production They will raise iron production capacity of its blast furnaces by 7,5% or 500 000 t a year

They will stretch the country's metallurgical coal reserves and could help to defer the controversial decision to exploit coal deposits in the Kruger National Park

At a total cost of R63m, the two plants at the Vanderbijlpark and Newcastle works will produce nearly 9 000 t of coke briquets a day after commissioning at the end of next year

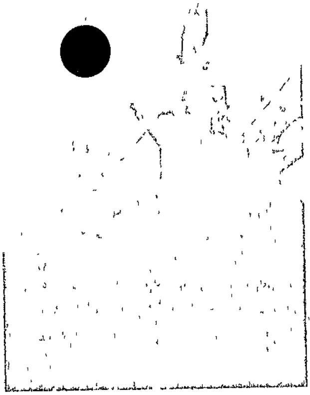
Using the Japanese Sumicoke process developed in the Seventies, the plants will convert low grade metallurgical coal into coke briquets which are superior in quality to the coke Iscor currently produces SA is the second country outside Japan to adopt this technology

Main contractor for the plants is Didier, a subsidiary of Voest Alpine, the Austrian iron and steel corporation Didier is rumoured to be sweating over unexpected planning snags, but Iscor is confident the plants will be in operation on schedule

Coke is used with iron ore as a blast furnace ingredient to produce liquid iron It comes from metallurgical coal SA has enormous steam coal reserves but only about 20 years known supply of the metallurgical variety And a lot of that is low grade The briquetting plants will use a larger proportion of this low grade coal than Iscor's can employ in existing facilities

Iscor's plant for de-alkalising its iron ore will cost R10m As one official puts it, Alkali is like a poison in the blast furnace, and its impurities reduce the liquid iron output "

Iscor claims to be a world leader in this SA-developed technology which, when the plant is on stream at the end of next year,



Iscor blast furnace ... more iron from less coal

will improve efficiencies and enable the existing blast furnaces to produce an additional 200 000 t of liquid iron a year

Usco is spending R16m on a new forging machine, the modernisation of its bar rolling mill and a new vacuum degassing plant These improvements will increase its output of specialised steel for the heavy engineering industry as well as steel used for making coil springs bolts, chains, tools, railway and motor components such as crankshafts, connecting rods and propellor shafts

Total production capacity will remain at about 200 000 t a year, but the improvements will mean increased production of high grade specialised steel from 124 000 t to 140 000 t a year

This will make Usco less dependent on sales of conventional mild steel products where it faces competition from several SA steelmakers At the same time it will strengthen the company's dominance in the more lucrative and fast-growing local market for specialised steels These are being used increasingly by local engineering plants and manufacturers to make machinery which was previously imported

Usco executives believe the country already has an over-capacity for certain types of mild steel The decision in the mid-Seventies to stop producing concrete reinforcing rod and other structural steels was no doubt based on this belief

The new Austrian GFM forging machine will cost R10m to install and should be in operation by the middle of next year It replaces a 50-year-old hammer forge which is to be scrapped It will be able to work bigger pieces of metal more quickly than the old hammer forge and impart a better surface It will turn out round, flat and square forgings of between 80mm and 220mm diameter equivalents

A new furnace for reheating pieces being forged will also be installed But the new machine works the metal quicker, thereby cutting reheating costs The forge and furnace should be operating by July next year.

The company's new R5m vacuum degassing plant is another facility which will improve product quality This project, which is being undertaken with Daido Steel of Japan, has not been previously announced although installation work started last year It should be in operation at the end of this year

HIGHVELD'S OTHER PLAN

Iscor and Usco are adapting to the expected low growth in steel demand by increasing efficiencies and producing more specialised products But Highveld, the country's second largest steel producer, is boldly upping its total production capacity

"We read the market in the same way as Iscor," says a Highveld executive, "but we intend to cope with it in a different way Our expansion is aimed at broadening our product range "

Highveld's philosophy will be put to the test in 1983 when its R110m programme to increase production capacity from 900 000t to 1,1 Mt a year comes on stream

Highveld's spokesman admits that the country already has spare capacity in hot rolling facilities which his company is now putting in But he says they will be needed to "establish an alternative local supplier and to cater for surges in demand "

He also predicts better prices in world markets and thus better revenues from exports

"Many of the traditional European and American steelmakers will have to go to the wall," he says, "and this will improve our opportunities Up to now steelmakers have been dumping to protect jobs. Their new strategy is to restrict production to support prices "

Ace Druggists (Pty) Ltd.

(a)	Taxable income		R130 000
(b)	Scientific research - materials - 11(p)	R 400	
	- salary - 11(p)	3 600	
	- capital expenditure - 11(q)		
	R40 000 incurred on 1 January,1979 - deduct 25% of R40 000	10 000	
	add back. R30 000 - 1/10 x 2/1 x 40 000/1 (Note 1)		22 000
	R8 000 incurred on 1 April, 1979 - deduct 25% of R8 000	2 000	
	add back: R4 000 - 1/10 x 1/1 x 8 000/1 (Note 2)		3 200
	R2 000 incurred on 1 May, 1980 - 25% of R2 000	500	
	add back R500 - 1/10 x 0/1 x 2[illegible]		500
(c)	Donation to U.C T. - s.11(p)	10 000	
(d)	Housing allowance - s.11(t) recc[illegible]		
	R3 000 - 1/10 x 2/1 x 3000/1 (Nc[illegible]		2 400
	- s.8(4)(a) recoupment:		
	tax value R15 400 (16 000 - 60[illegible]		
	proceeds R15 500		
	R 100		100
		26 500	R158 200
			(R26 500)
	Taxable Income		R131 700

(Note 1) - It is not clear in s[illegible] is based on R40 000 or R30 00[illegible]ount of such expenditure".

(Note 2) - It can be argued tha[illegible]ied on for two complete years althou[illegible]or one complete year.

(Note 3) - In the year in which [illegible]aximum allowance per s.11(t)(ii) was [illegible]ed in the calculation. The max[illegible]e current s.11(t)(ii) is R4 000.

This solution is based on the [illegible]0 amendments.

ATIONS 198[illegible]
PO BOX 5025 CAPE TOWN

Irish Sasol men leave

RDM 8/5/81 ~~17~~ 260

Staff Reporter

SEVENTEEN Irish workers from the Sasol II site at Secunda left for Ireland by air on Wednesday night

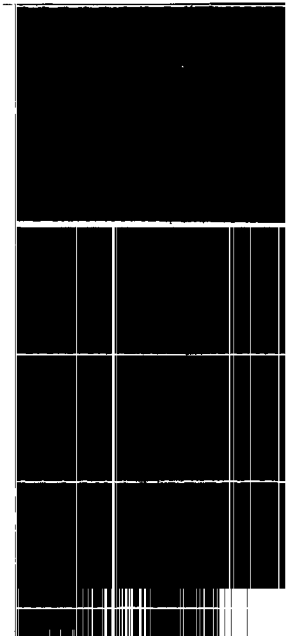
This was confirmed by a British Airways spokesman yesterday

Mr J Swart, public relations officer for Sasol, said the men's return was normal

The men were working for an Irish sub-contractor ɹwards the construct'on of Christian ment was required from me. This need- going abroad

Irish workers say they were conned into coming to Sasol

S. Express 10/5/81 (17) (260) (42) (204)



ΞVENTEEN Irish work-.s from the Sasol site at :cunda flew back to Ire-nd on Wednesday because .ey were dissatisfied with rking conditions at the .sol II and Sasol III sites. .ree mor left on Friday .ght.

And on Friday I learned that ore than 200 remaining Irish-en are also threatening to .k

Men to whom I spoke said :. had been threatened that d.ers would be called to es-rt them to the airport if they rtirued to cause trouble

The men are under contract MF Kent (South Africa) a bsidiary of the Irish firm, ent Clonnel

A Kent personnel officer, Mr .ff Dorrington, had a security ficer escort me from the en-ance to the accommodation amp because I had ap-proached Kent workmen to ask them about their troubles

When one of the Irishmen followed me out Mr Dorrington exerted pressure on him to stop him from talking to me.

Rumour was that the men had been flown back to Ireland because they were causing trouble over the death of Bobby Sands, but the workmen to om I spoke said this had othing to do with the .signations

They claim that they were isled when they were recruit-. in Ireland

But for the fact that the com-.ny was ret-ining 50c an hour their pay until they fulfilled eir 18-month contract, nearly the men would resign, I was ld

"The men who have gone

THEY SIGNED IOU'S

By DESMOND BLOW
Chief Reporter

back have left without the 50c an hour pay, which amounts to several hundred rands each, as all had done six months of the contract," one Irishman told me

He said that the men who had gone had waited until six months had expired so that they did not have to repay the money for the flight to South Africa and had only to repay their return airfare

"They have had to sign IOUs to Kent Clonnel for R1 700 each "

On Friday a committee elected by the remaining men saw a lawyer about the contract they had signed but were told that it was legal and fully binding

Many of the men are married, with families in Ireland, and claim that the company had promised that part of their wages would be paid into accounts in Ireland by the 6th of every month, but that the wages were only paid into the accounts on the 17th

"Our families were left without money for nearly two weeks," one complained

They also complained that they discovered they were the lowest paid artisans on the site

But mostly they are unhappy about their living conditions

"We were told that we were going on a working holiday That the swimming pool was within walking distance In fact it is more than six kilometres away

"One of our chaps, Arthur Ryan, was knocked down in the road on his way to the social club He died on the way to hospital

"His death occurred because we are not given transport

"We have been continually promised transport, but after six months we still have not received any "

The men said that the camp housed 2 400 men who had nothing to do or anywhere to go at night

The men said they began their protests in January but that little had been done

"We were definitely conned by Kent in Ireland, but everybody shifts the blame The South African company says we are under contract to Kent Clonnel and the latter says we are under contract to Kent (South Africa), or to the American company, Flour, for whom they are sub-contracting "

The workers are mostly electricians.

The men refused to disclose their names for fear of victimisation

"We have also been threatened that if we cause trouble and go home we will be blacklisted in Ireland "

Repeated attempts to contact the company for comment were unsuccessful

No Irish unrest, says Sasol

260 STAR 11/5/81

Labour Reporter

Sasol has denied any labour unrest by Irish staff at its number 2 and 3 sites at Secunda

A weekend newspaper report stated that about 200 employees of a southern Irish firm working at Sasol were threatening to walk out and that a number of them had already returned to Ireland

They were protesting wage conditions and bungling of payment of part of their wages to their families in Ireland, the report said.

But a Sasol spokesman today denied there was any threat of a work stoppage by the Irish workers.

They are employed by Kent Clonnel of Ireland and are working for its South African subsidiary, one of about 400 subcontractors at the Sasol sites.

The spokesman said 17 employees did recently go back to Ireland, but on home leave

Four workers had left their jobs and returned to Ireland.

Earlier reports that the dispute centred on the death of hunger striker Bobby Sands have been denied.

Iscor men substitute for 200 Cargo strikers

Sunstar 9/1/85

(260) (153)

By Melody McDougall
Vereeniging Bureau

A number of white drivers from Iscor have been temporarily hired as substitutes for more than 200 black workers of Cargo Carriers Vanderbijlpark, who have been on strike since last Monday.

The workers went on strike after management refused to increase their wages to R150 a week and to improve poor working conditions.

Mr Michael Mohatla, secretary of the Transport and Allied Workers Union, said that management has shut down negotiations with the union but has offered to re-employ staff on a selective basis. But, he stated, this had been rejected by the workers.

Iscor mine breaks work record

A1940 13/5/81

181 260 2103

Argus Correspondent

PRETORIA. — A southern hemisphere record has been broken by the Iscor-Sishen iron-ore mine in the Northern Cape

The mine in the past two years, had over 9 million accident-free working hours This, said Mr H J Matthysen of the National Occupational Safety Association (Nosa), was a "staggering performance".

He attributed the success the mine had attained to their adoption of Nosa's five-star grading system This system aimed at eliminating the problems linked to the accident proneness of new workers

HURDLES

The first two years of employment in any new occupation were hurdles which had to be overcome This period saw 55 percent of all accidents taking place in a worker's life

Firms therefore at risk, said Mr Matthysen, were those expanding or those just starting because of the large number of new workers.

Since the Iscor-Sishen mine was undergoing a large-scale expansion programme it was much at risk and so its achievement was all the more impressive

Nosa's scheme to overcome the problem involved the adoption of a five-star grading system which placed an emphasis on the selection, training and motivation of the workers.

REAGAN

The grading system has proved so successful that, said Mr Matthysen, the Reagan Administration in the United States was now considering its adoption

This could be viewed as part of South Africa's export drive

The five-star grading system had as its basis the laying-down of a standard, so making evaluation and control easier

As a control mechanism it rested on the idea of encouragement and not the 'big whip'

Why was Secunda a priority?

579/2 17/5/81

Blacks dissatisfied with their eternal housing crisis often point to the rapid development of Secunda.

"We realise it was developed as a labour reservoir for Sasol 2, but what about Soweto, which is the main source of labour for the Pretoria - Witwatersrand-Vereeniging complex ." one black spokesman said.

The development of Secunda has indeed been remarkable. The first sod of earth was turned in March, 1976 "Before that the area was bare veld," says Clarence Keyter, public relations officer for Sasol.

Today and R150-million later — which does not include the cost of the land — Secunda is a model town. About 28 000 people live there and there are more than 100 shops and business undertakings, six schools for 4 239 children, a hotel, two additional restaurants and a modern recreational club

A new house is completed nearly every three hours in Secunda No main roads run into the suburbs, which are built in circular drives Pedestrian subways under the roads attempt to eliminate the hazards of crossing busy streets.

Each home is provided with four trees and another 20 000 trees have been planted in wide, green, park areas

All houses are two to three-bedroomed, based on one of 11 basic designs, and are furnished — only the construction workers live in prefabricated dwellings.

Soweto, in comparison, has one hotel and approximately 1 800 businesses

This year, about 4 207 flats and houses will be built for sale or for rent, and an additional 500 will be for sale only.

The West Rand Administration Board estimate for Soweto's population (Wrab tends to be more conservative than others with its estimate) is 1,2-million.

Almost 200 000 children attend about 350 schools in Soweto and 15 in Alexandra.

● To next page

2.60

ELECTRICITY SUPPLY

Shortage [illegible]

A major shortage of electricity is a certainty within the next year or two, and because of the long period — eight to ten years — required to plan, build and commission even the first unit of new thermal (coal-fired) power stations there is not a great deal that can be done to avoid it.

The two biggest reasons for the looming crisis are constraints at Cabora Bassa and Koeberg. Both are tragic cases of political circumstances paralysing brilliant technological achievements.

At present no electricity is flowing from Cabora Bassa. Both power lines have been broken through sabotage — apparently by anti-Frelimo guerrillas operating in north-west Mozambique. There is no real technical problem with repairing the two smashed pylons — an Escom spokesman claims they could do it in 36 hours despite the rough terrain.

The real problem is that the area through which the pylons pass has become an effective "no-go" area for Mozambique government forces, at least for the present. It is true that the line has been broken before and then repaired, so there is no reason to assume that the supply is lost for all time. But as things stand there is a shortfall of a minimum 1 425 MW, which is the agreed base load supplied by Cabora Bassa to the Escom grid. Under certain load circumstances Escom may draw additional supplies above the quantity of 1 425 MW.

Escom's misfortunes over Koeberg [illegible] in the [illegible] hopes [illegible] [illegible]

Koeberg [illegible] at [illegible] is scheduled for [illegible] and should [illegible] grid in [illegible] Koeberg [illegible] been commissioned a year later.

Rapid economic growth and a less than optimal rate of commissioning of thermal stations, coupled with the shortfall from Cabora Bassa, have already strained Escom's capacity to its ceiling. This winter could [illegible] present serious problems.

If come 1984 there is still a serious loss of supply from Cabora Bassa, and the two Koeberg reactors stand idle for want of nuclear fuel, there could be a deficit from these two sources alone of 3 900 MW of electrical power. This quantity is about 90% of the combined rated capacity of two of Escom's thermal giants — like Tutuka and Lethabo.

According to Escom's 1979 annual report, planned capacity for the end of 1984 was to have been a little less than 26 000 MW. A combined loss of Cabora Bassa and both Koeberg reactors would therefore represent a deficit of over 12,5% or one eighth.

Duvha power station — [illegible]

If economic growth continues to exceed expectations [illegible] [illegible] the problem is aggravated by [illegible] [illegible] activity, demand for electricity remains high around the clock, whereas in many industrial countries comparatively little power is used at night. This pattern makes for high load factors and consequently more efficient use of generating capacity. True, higher efficiency makes for lower costs per unit of power sent out. But it also makes for trouble when capacity is strained — as it already is. And future strains could be much worse.

In the worst case, mining and industry could have to suffer substantial losses of output during peak periods when domestic demands, which are highly cyclical, are at their highest.

As matters stand, Escom has already piloted SA through one potentially dangerous winter during 1980. This largely unsung achievement required a skilfully-crafted programme of planned load shedding to distribute losses in power fairly and efficiently among major consumers to avoid unplanned and uncontrolled blackouts.

The coming winter will once again test these techniques. But even if they are successful there could be an economic price to pay in lost output.

Escom is also straining every nerve to advance wherever possible the commissioning dates for the major thermal stations at present under construction. The latest projections call for Duvha's 2 400 MW to come in between 1980 and 1984; Matla's 1 800 MW between 1979 and 1983; Lethabo's 1 800 MW between 1985 and 1987; and Tutuka's 1 800 MW between 1985 and 1986.

There is also 1 000 MW of pumped storage hydro power from Drakensberg which should be fully commissioned next year [illegible]

It can be assumed that all possible additions to supply are being canvassed but [illegible] that not too much can be expected. It is significant that there is no hope of recommissioning old and obsolete thermal capacity for the simple reason that this has already been done. An [illegible] like the [illegible] River station, which would have been closed [illegible]

In defence of Escom it should be said

[illegible]

[illegible]

Iscor wages to be raised

RDM 20/5/81 (260) 354 180

Own Correspondent

PRETORIA — Iscor's 60 000 workers are to get average increases of 15 percent from July 1, according to a corporation spokesman.

This means the total wage bill will rise from nearly R400-million a year to R440m.

The spokesman said that to remain competitive in the labour market Iscor had to keep itself in line with the 15 percent increases negotiated by the Steel and Engineering Industries Federation of South Africa (Seifsa) earlier this year.

The pay rise announcement has drawn sharp comment from senior government workers, who protested in vain against the 12 percent granted state department employees from April.

The president of the Public Servants Association, Dr Colin Cameron, said the association had appealed to the government repeatedly to close the gap between salaries earned by state department workers and workers in the big state corporations.

This had oviously not been done.

Last month the PSA urgently appealed for interim increases and at the same time again asked that the differential between the salaries of state department workers and state corporations be eliminated.

The application for interim increases to supplement the inadequate 12 percent granted to government workers was rejected.

Senior public servants warned last night that if the next April's increases failed to wipe out the backlog and compensate fully for the level of the consumer price index, public services would "drop into chaos."

Dr Cameron warned earlier this year that the high resignation rate from the service had begun to affect the efficiency of some vital state services.

Senior Post Office workers are in a similar position. They also received average rises of 12 percent and it is understood that representations are to be made to the Minister of Posts and Telegraphs next month for interim increases.

If they are successful — and they are not likely to be — it could lead to a clash between the PSA and the Commission for Administration.

RDM 20/5/81

260

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POWER CUTS

Industry will lose thousands if Escom is forced to cut the supply

S Tribune
24/5/81

260

Tribune Reporter

CUTS in the Escom power supply this winter could result in severe financial losses for the manufacturing industry.

Roland Freakes, executive director of the Natal Chamber of Industries, warned this week that if Escom resorted to power cuts it would have to be done on a highly selective and controlled basis if it was not to have serious consequences for the manufacturing industry.

"In certain industries, power cuts of only a few hours can cost the manufacturer tens of thousands of rands in lost materials, cleaning and restarting.

"Any programme of load shedding will have to identify industries which are vulnerable to severe loss and every effort will have to be made to ensure that their power supplies are maintained," he said.

Mr Freakes said it was unfortunate that the country should, at this stage, be faced with a possible shortage of electrical power.

"Projections of economic growth require that Escom doubles its supply capacity every eight to 10 years.

"Moreover there is a long lead time of between eight to 11 years between planning and the coming into operation of a new plant."

Mr Freakes added that there was no doubt that the unexpected economic growth in the last year, coupled with interruptions from Cabora Bassa, had placed Escom in "something of a quandary."

Those are the two major reasons why Escom has warned consumers to expect supply cuts this winter — especially in the early morning and late evening.

Jan Roux, public relations officer for Escom, said: "The growth in the demand for electricity over the last three years has been very high. This of course coincides with the exceptional growth in the South African economy.

"Coupled with this has been the frequent interruptions of supplies from Cabora Bassa since April this year after the two lines coming down from Mozambique were sabotaged by a far right wing group operating in the country."

Mr Roux would not say for how long Escom would be unable to generate sufficient capacity to meet the country's demand.

"We are harnessing all our plants. Even obsolete plants are being used again and we are speeding up the construction of new power stations.

"It takes eight to 14 years to build a power station so one has to plan very far in advance. With the growth that occurred in the last three years we are now bringing in capacity that was forecast in the early seventies."

He denied that Escom had been caught napping.

"When exceptional growth occurs it's too late to speed up your supply. There was no indication of the growth that occurred in the last three years," he said.

He said it was hoped that power lines from Cabora Bassa would be back in commission soon and emphasised that the Mozambican Government would not try to delay repairs because it was losing valuable revenue.

Major consumers such as the mining industry would not be adversely affected by the cuts, he added.

"We have introduced, in conjunction with municipalities and other major consumers a programme of voluntary load shedding.

"When we have a shortage of capacity we have a list of areas and consumers who could do without electricity for a short while on a rotation basis, he said.

RDM 28/5/81 260

Irish firm denies workers misled into SA contract

Own Correspondent

DUBLIN. — An Irish firm of engineering contractors, M F Kent and Co, which has a subsidiary in South Africa, yesterday rejected allegations by some recruited workers that they were misled into signing contracts to work in South Africa.

About 20 of 300 men recruited by the firm and sent to South Africa have now returned home

They claim they were misled on conditions in signing contracts to work on the construction of an oil refinery at the Secunda site

A spokesman for M F Kent of Clonmel, County Tipperary, said yesterday "We stand 100% behind our contract

"Everyone who went to South Africa knew exactly what their terms of employment were to be We never promised them a holiday camp It was a tough job on a tough site, like most of our overseas contracts are

"They knew that before they left They also knew exactly what their pay would be and what kind of living conditions there were.

"If they did not read the small print of their contracts, it is their fault, not ours "

The firm which does extensive contractual work in South America and the Middle East, sent the 300 men — mostly Irishmen — to South Africa eight months ago

Apart from the 20 who have returned to Ireland with complaints, a further 80 have returned on leave under their contracts

Most of them are trained electrical engineers

The company's overseas projects director, Mr Noel Kelly, is to make a routine visit to South Africa in next month.

He stressed this has nothing to do with the recent alleged discontent among employees, which he claims was blown up "out of all context" in a certain South African Sunday newspaper and then transmitted to Ireland

One of the 20 who has returned home after completing only six months of the two-year contract, claimed the decision had cost him and other workers about R2 550 each

A spokesman for Kent said the company had paid the return airfares of these men, but would be reclaiming the money from them as their contracts had been broken.

high. He then subsequently drops the amount

TENDERS

FM 5/6/81

The world woos Escom

(260)

An international battle is under way for one of SA's richest prizes. At stake is about R400m worth of steam turbine generators — and everyone who's anyone in the business has put in a bid.

The contract is for six turbo-generator sets for Escom's 3 600 MW Mathimba power station and the award should be made in August.

The pickings are big enough to stimulate keen competition worldwide from an industry suffering from severe over-capacity (*Business* April 24). But the ultimate payoff could be a lot bigger.

If Escom's recent practice is anything to go by, the successful tenderer could be in line for further Escom business for years to come without having to compete on tender.

As the result of Escom's last open enquiry for tenders, two companies, MAN and GEC, have been the country's sole suppliers of turbo-generators since 1974. MAN was awarded the Matla and Lethabo contracts, and GEC the Duvha and Tutuka contracts.

These four giant 3 600 MW power stations will supply more than half the country's entire electricity demand when they come on stream.

The winner or winners of the Mathimba contract stand to gain even more. For they could also be given indefinite tariff protection as part of a new government programme to develop self-sufficiency in turbo-generator manufacture.

Government sources and Escom are silent on the matter, but the Departments of Industries and Commerce and Mineral and Energy Affairs are said to be weighing the strategic benefits of such a programme against its costs. There is little doubt that costs of local manufacture would be higher in view of the favourable financing offered by overseas manufacturers to keep their plants running.

Escom already grants a 12.5% preference for locally-made items. But this has led to only small increases in the local content of turbo-generators over the last 10 years. Further increases in local content would need a far higher preference allowance from Escom or tariffs and import control imposed by government.

The local content decision will probably be taken at Cabinet level as Escom's primary objective is to supply electricity at the lowest possible cost rather than to develop local industry.

Among those believed to be competing for the Mathimba contract are the German MAN and KWU companies, British GEC and Parsons, US Westinghouse and GE, Swiss Brown Boveri Company, and some Japanese companies.

At least one of them has also submitted proposals on increased local content. Possibly these will also be taken into account when the decision on the Mathimba contract is made.

Westinghouse is said to have been lobbying for a local manufacture programme since 1978, although it has not yet been a supplier to Escom. Market talk has it that Westinghouse was offering a package consisting of a complete manufacturing facility based on its own considerable expertise, backed by local finance, in return for preferential treatment from Escom. It is said that government turned it down.

Escom has no comment and Westinghouse denies it.

Darrell Aulds, the Westinghouse director in SA, says: "We have discussed the establishment of a power generation industry in SA with many companies, including Santam.

"It is our intent that the new industry would rely on existing SA capabilities for turbine generator parts they currently supply and perhaps even more. New facilities would be constructed to provide only the components currently imported.

"This capacity would be usable for other products, a fact which has made the Department of Industries highly supportive of our efforts."

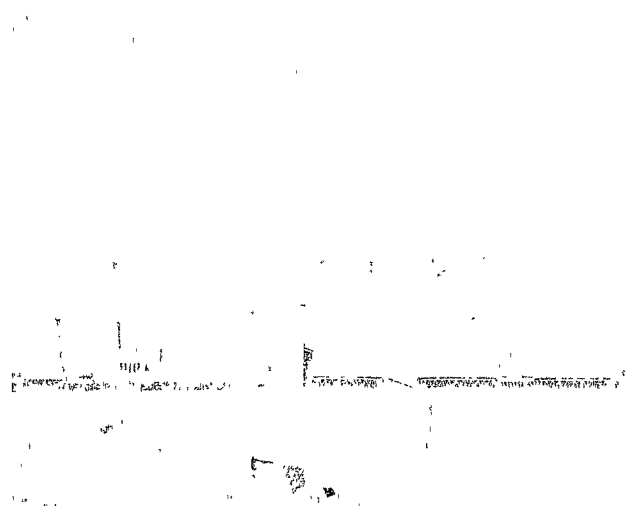
Barlows Heavy Engineering (BHE) and Dorbyl Heavy Engineering (DHE) are the two local companies which stand to gain the most from a local manufacture programme. BHE, a subsidiary of Barlow Rand, currently supplies turbine components to GEC, in which Barlow Rand has a 50% stake with the British GEC. But both BHE and DHE could supply parts to successful tenderers.

Non-rotary parts such as condensors, feed heaters and turbine casings would not be too difficult to produce with local facilities and expertise.

However, most insiders admit that the manufacture of rotary parts, such as turbine rotor blades of the type required by Escom's mammoth 600 MW turbo-generator sets, could be a real problem.

These are among the largest in the world and severely stretch the expertise of even the established overseas manufacturers.

Testing these monsters is also a problem. As one industry source puts it: "It's impossible to test a 600 MW turbo-generator in a laboratory. It must be hooked up to the national grid. If it fails, power for a town the size of Johannesburg is suddenly removed."



Escom power station . . battle royal under way to provide turbo-generators for new stations

R338 000 contract to topple chimney

RDM 13/6/81

Staff Reporter

A CONTRACT valued at more than R338 000 has been awarded to a British engineering firm for the demolition of the ill-fated Matla power station chimney

Of that money, R172 000 is believed to be going to a team of American demolition experts alone, who have been hired by the firm to carry out the demolition

The chimney cost R3 300 000 to construct

According to a member of the demolition squad, which is based in Tulsa, Oklahoma, the stack is the tallest structure ~~in the world to be~~ demolished with dynamite

Although a five-man British steeplejack team is already preparing the site for the demolition, the final decision as to how the stack will be "dropped" will be taken after the demolition team has inspected the site

The team is drilling more than 700 holes for dynamite at the 40m level of the "windshield", or outer coating of the 278m stack

However, the demolition is only expected to take place in the middle of next month

The dynamite will "shoot" out a section of the stack, causing it to collapse in the same way as a tree felled with an axe

The two remaining flues, which line the inside of the stack, will be drilled after the contractors arrive to plan the final stages of the demolition

So far 25 000 cubic metres of soil and ash have been laid to act as a cushion when the tower collapses

Another 15 000 cubic metres of earth still need to be deposited to form a protective wall to shield nearby installations and equipment which include a cooling tower and a coal staith, which dispenses coal to boilers nearby

It is understood the blast poses no danger to the mine shafts of the Matla coal mine 1km away The shafts run 60m — 80m below ground

An American demolition expert told the "Mail" that he did not think there was any chance of the stack falling skew on to surrounding structures

"When we shoot the stack we have got a lot of control and can predict within a small margin precisely where it's going to fall" [illegible] be delaying their visit to a doctor until advanced pathology set in, with the associated higher cost of curing them, increased morbidity and possible death. The possibility also exists that the existence of convenient relatively cheap (from the patients' point of view - 50c at current income concealed) medical care, has led to some social iatrogenesis (10) - a reduced inclination and ability for self-care so that trivial complaints 'are taken to the doctor' for professional care.

(1.3) The method of the paper

The method of the paper is to examine the theory of cost benefit analysis, to consider the logical foundations of the technique particularly the flaws in the compensation principle and the conflict between efficiency and equity considerations. Apart from the foundations in welfare economics, the emphasis is on application of the technique in the health sector. This work makes no pretence at being original but draws from an extensive literature on the pure theoretical aspects, and on the application to health programmes.

The figures for capital costs, direct operating costs, average cost per patient, attendances, average length of stay and those relating to maternity are taken from published reports or calculated from records kept by individual hospitals for their own purposes. Information on indirect objective costs - transport costs and waiting times - and on subjective elements were collected by means of a survey of 1 000 patients, half at Groote Schuur Outpatient Department, and half at five Day Hospitals selected as representative of the different sized Day Hospitals that exist on the Cape flats. Results are at the 5% significance level. There is very little published work on the structure and staffing of the health system in the Cape Peninsula so a great deal of information is the result of personal investigation and discussion with those responsible for running these services.

Footnotes.

(1) Cape of Good Hope Province - Estimates of Additional Expenditure to be defrayed from the local funds for the year ending March 1950 and March, 1977.

(2) See Feldstein Ch.1.

(3) See for example Dick

(4) Ferster in 'Measuring for Management". N.P.H.T.

(5) Gruer p 390.

(6) Murock (1974) p.1053.

(7) Bryant p.116

7/......

(8) King 11 1

(9) Mr. P J. Louwser Argus 10 7.

(10) Illich "Medical Nemesis'

Power station projects on schedule

Industrial Reporter

CONSTRUCTION of Escom's six new power stations is on schedule and, in the case of the Duvha station, completion dates have been advanced by up to seven months to cope with increased load requirements

The commission's annual report says plant with a generating capacity of 2 400 megawatts (MW), as against 1 600 MW in 1979, was taken into service last year Escom's total generating capacity is now 18 349 MW

Erection of the first pump-turbine in the Drakensberg pumped-storage scheme is complete, and two dams were completed The scheme's first commercial service output is on schedule for mid-year

Commissioning dates at the Matla power station near Bethal have not been affected by the collapse of the chimney flue in August last year Three sets of 600 MW each are in production and the remaining three should be going by 1983

After a year's delay on its first set, Duvha is ahead of programme and set 3 will be ready two months ahead of timetable Completion dates for sets 4, 5 and 6 have been brought forward by three, six and seven months respectively

Civil works at Koeberg, on the coast 30 km north of Cape Town, will be finished by the end of the year The first cooling-water tests are due in mid-year

A reactor pressure vessel for the station's first set was delivered some months late after small defects were found between the base metal and the cladding of the vessel The delay has been absorbed by a rearrangement of the construction sequence

GENERAL NEWS

More plants needed, says Sasol chief

260

1/6/81

CAPE TOWN — Several additional Sasol plants, with a production capacity equal to that of Sasol 2 or Sasol 3, would have to be built before the end of the decade to maintain the required proportion of local to imported fuel, Mr J A Stegmann, managing director of Sasol, said in Cape Town yesterday

By 1984/85, when Sasol 2 and 3 were in full production, a large percentage of South Africa's fuel would be produced from coal, he told the School of Management Association at the University of Cape Town

However, because fuel consumption rose annually, the relative contribution of local fuel would decrease rapidly if more such factories were not built.

Those plants would not have to correspond to existing ones in every respect and could include new developments — new plants could be designed to produce petrol and diesel as well as methanol

Mr Stegmann said the factories should not only be built by Sasol and appealed to the private sector to construct plants for manufacturing synthetic fuels.

Sasol would not consider building a similar plant before 1985, particularly in view of the current shortage of trained manpower

However, Sasol would be prepared to consider further projects in the second half of the decade and was confident that plans for another plant would then be approved.

The contribution which ethanol and methanol could make would be valuable, but at best would make only a modest contribution to the increasing demand for fuel

The production of these types of fuel should not be encouraged unless they could compete economically with Sasol plants in full production

Once Sasol 2 and 3 were in commercial production, the State would reduce "its participation by selling off shares to private investors

"This will allow Sasol to retain the private sector character which it assumed last year," he said

"The entrepreneurship of the State will have been handsomely rewarded not only by the receipts from the sale of shares, but also from the profitable and valuable holdings which it retains "

It was out of the question for the two plants with an end-of-job cost of almost R6 000-million (which includes the associated coal mine) to be completed without direct equity participation by the State

"The advent of Sasol 2 was a major factor contributing to the upswing in the economy. Sasol 11 took up practically all of the workshop capacity for fabrication of equipment for the process industries which otherwise would have been faced with very thin order books," he said — Sapa

of the 'flu in Cape Town and the number of deaths from it. These figures compare unfavourably with the other major South African towns, most of which were hit by the 'flu after Cape Town.

	WHITES	COLOUREDS	AFRICANS
Population of Cape Town and suburbs.[36]	104,175(1918)	92,429(1911)	2,966(1911)
Number of Cases Reported in Cape Town and suburbs, 1 August 1918-30 November 1918[37]	48,830	72,282	1,608
Number of Deaths from Epidemic Influenza and its complications in Cape Town and suburbs 1 August 1918-30 November 1918[37]	1,456	4,222	664

Demographically however, the Spanish 'Flu did not mean just the loss of these 6,000 lives in Cape Town. Since, unusually, most of the victims were between 25 and 45 years old[38] and thus young parents, one must also include in the final toll an unknown number of children never born.

This danger to families which the 'flu emp
destitute by the loss of their breadwinner
for the flood of new life insurance polici
extended after the epidemic.

One Insurance Company after another report
Commenting on a 90% increase over sums ass
1918, the Chairman of the Southern Life Association observed:

> "It is, in our opinion all to the good that the public should have been impressed by the lesson of this severe experience to the extent of making provision as never before against the risks of death. It is possible that we may have to face visitations in the future of a similar nature ...." [39]

It was this very real fear that the 'flu would return within months which played a large part in prompting certain improvements and reforms soon after it had faded Relief - operations and house-to-house visits

so clearly illustrated and towards the end of 1919 a fund was launched to give slum-children seaside holidays in the fresh air.[49] The following year the Cape Times asserted .

few weeks because Iran and Iraq were sellers. The countries need ... prices "

... exchange manager

Escom's record sales — and a R98m loss

Kom 13/6/81

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By SIMON WILLSON
Industrial Reporter

RECORD electricity sales could not prevent Escom losing R98-million in the year to December.

According to the commission's annual report released today, electricity sales rose 8,6% and revenue reached an all-time high of R243-million

But slackening second-half demand left the commission with a loss of R98-million at the year end

The deficit, incurred during South Africa's record economic boom year, is the principal feature of the report

Escom's chairman, Mr Jan Smith, says in the report that the electricity sales growth rate during the first half of 1980 was 10%

"In the second half of the year, however, while the boom continued unabatedly, the growth rate slowed somewhat, when the recession in certain overseas countries began to affect a number of electricity-intensive industries serving the export markets," Mr Smith says

Sales in 1980 totalled 87 539-million kilowatt hours (kWh), and revenue amounted to R1 772-million

Charges against revenue, however, totalled R1 870-million, leaving a higher-than-budgeted deficit of R98-million which, offset by the R80-million surplus from 1979, left a net deficit of R18-million

Higher-than-expected sales in 1978 and 1979 resulted in surpluses, and price increases scheduled for January 1980 were put back to July, eating into the surpluses

But second-half sales in 1980 fell below expectations, and with the forced running of technically obsolete plant to meet the year's high first-half demand, a deficit resulted

The average price of electricity last year rose by 6,6% against the 1979 average, to 2,02c per kWh The average cost per kWh rose by 13,9% to 2,13c.

Other factors which affected Escom's sales performance in the second half of last year were frequent interruptions in the power supply from the Cabora Bassa hydro-electric installation in Mozambique, which normally contributes 10% of Escom's power, and a shortage of skilled manpower

Mr Smith also blames "cautious economic thinking", caused by the oil crisis and the mid-1970s recession, for the present constraints on electricity supply

"As a result, Escom complied with a request made in the interest of the national economy to delay certain capital projects

"In essence we have lost three to four years of generating expansion But this, in turn, prompted Escom to explore various ways of overcoming the deficiency, and the lost time has now, with considerable strain on our resources, been reduced to 18 months"

Mr Smith notes that growth in demand for electricity has, since 1950, generally topped the national growth rate by a margin of between 2% and 4%, representing an average electricity demand growth rate of 8,8% over the last 30 years

Escom expects no change in this trend before national gdp growth begins to taper off It estimates that more than 20% of the energy used in South Africa is electrical, and expects the proportion to rise to 40% by the turn of the century, compared to its 1950 level of 7,5%

Increased industrialisation in South Africa is one of the reasons for the country's greater electricity consumption, Mr Smith says

Evidence of the industrial sector's swing to being electricity-intensive was the fact that more than half of the electricity consumed in South Africa was now used in industry and commerce

"Escom's sales over the past number of years have registered a slow but marked shift from mining, as its biggest sales category, to the industrial sector"

Another factor behind Mr Smith's bullish consumption forecast is the continuation of the swing from oil-based energy sources to electricity

A third is the increasing economic activity of the black population "Coupled with the electrification of black towns and areas and the enhanced and more electricity-sensitive lifestyle this will bring about, further Escom growth will result"

Escom's senior general manager, Mr I D Van der Walt, records the commission's switch in its approach to project financing through local financing sources

"Instead of arranging finance when payments for local project commitments had to be made, Escom decided to ensure the availability of finance at a much earlier stage

"Consequently, facilities linked to the payment schedules in contracts were arranged Hence project financing will be available when needed, yet remain flexible enough to ensure that the most advantageous form of financing can be chosen"

Escom uses more coal

COAL-FIRED energy from Escom's power stations increased by 10,5% last year over the coal-sourced electricity generated in 1979.

Escom's annual report says coal-burning power stations met 88,5% of the gross energy demand on the commission's power system in 1980, as 8,1% more coal was burnt than in the previous year

Coal consumption by the power stations was 46,8-million tons last year, and supplies remained at a "satisfactory" level throughout the year, Escom's senior general manager, Mr I D Van der Walt, says in the report

"The 50% reduction in power import from Cabora Bassa from mid-June to the end of September, and the subsequent total loss during December 1980, as well as problems at newly-commissioned plant, placed an extra burden on all coal-fired power stations,"

Escom's higher merit stations had to burn 3,9-million tons (9,7%) more coal and the lower merit stations 500 000 tons (21%) more than planned

The average cost of coal consumed in Escom power stations during 1980 increased to R8,12 a ton, 16,7% higher than in 1979

The big new collieries most recently brought into production achieved the following output during ...

18/6/81

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Kriel 8,5-million tons, Matla 2,6-million tons and Duvha 1,8-million tons

The report says each of these collieries is expected to produce between 8-million and 10-million tons a year at full production

It adds that Escom is exploring ways to enable its new power stations to consume lower quality coal and improve its capability of burning the country's prime source of energy.

Escom deficit R98-m after record sales

Star 18/6/81

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Escom incurred a deficit of R98-million in 1980 in spite of sustained growth in the demand for electricity which boosted sales 8,6 percent to a record 87 539-million units, the chairman, Mr Jan H Smith, reports in his annual review.

Total revenue rose from R1 529 million in 1979 to R1 772 million. Total charges against revenue increased from R1 512-million to R1 870 million.

The deficit of R98 million was slightly higher than the amount budgeted for and offset the accumulated surplus of R80 million at the end of 1979.

This left an accumulated deficit of R18-million at the end of last December.

PRICE AND COST

The average price of electricity increased by 6,6 percent to 2,024c a kwh but the average cost a kwh rose 13,9 percent to 2,136c per kwh last year.

Mr Smith says that sales grew by 10 percent during the first half of 1980 but the growth rate slowed in the second half when the recession in certain overseas countries began to affect electricity-intensive industries serving export markets.

However, the net effect was an increase in sales higher than long-range forecasts had indicated.

Mr Smith says that the Escom system generally stood up well to the demands made upon it during 1980.

"But towards the end of the year the combined effect of an exceptionally high demand economy, frequent interruptions in power imports from Cabora Bassa and our acute shortage of skilled manpower, became noticeable on the Escom system.

REMEDIES

"The situation was not unforeseen and remedies have been applied which we believe, will reduce the impact of a temporary constraint in electricity supplies."

He says "The situation does however, highlight a number of factors.

O Escom's expansion programme is a continuous process and the construction of its powerstations and their financing should be free from short term economic events. Expansion should thus not be slowed down or accelerated as dictated by short term economic criteria.

O Events last year clearly illustrated that electricity supply in the country should not be overdependent on imported energy.

O The country must come to terms with the implications of the manpower shortage.

Mr Smith says that without suitably qualified manpower, Escom will not be able to reach its objectives even though sufficient capacity and adequate financing for expansion may be available. — Mervyn Harris

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mostly, ... the county. In Patterson, many seniors

at high ... tudents, are critical, often publicly,

of Ameri ... ietnam, of the urban crisis, or of the slow

pace of ... other wide national issues, but it is very

rare to ... Anglo who is critical of, or even knowledge-

able abc ... on their father's or friends' farms. Somehow

the Mexi ... ng in the fields, or the annual toil for the

harvest, ... features of the landscape, never examined.

A few residents--school teachers, a housewife, an editor--are aware of the injustices and deprivations, but lack any effective organisation to make their views heard; also, they are subject to considerable sanctions from public opinion, for any outspoken critic must be prepared for critical social ostracism. It is not that local white society is particularly evil or unthinking; it affects contemporary American values, but in a small rural community it is easier to see what is happening, and to see the gulf between the grower completing a new $100,000 ranch home, and the Mexican family who live in a one-roomed cabin, less than two miles

Sasol head calls for more trade with Africa

Star 18/6/81 ~~274~~ 260

It was imperative that South Africa initiate action to increase trade and services to African states, Dr J A Stegmann, managing director of Sasol, said in Pretoria yesterday.

He was delivering a paper at the annual general meeting of the Suid-Afrikaanse Akademie vir Wetenskap en Kuns

The theme of the meeting this year is "South Africa in an African context" (Suid Afrika in Afrika-verband).

Dr Stegmann said South Africa should not be deterred from expanding trade with Africa by political animosity African states displayed in world forums, or by hostile actions on the borders.

The deciding factor should at all times be the measure in which South Africa's interests could best be served.

Dr Stegmann said it would gradually become more apparent to African states that it was in their own interests to expand their contact and trade with South Africa, even if it remained confidential.

"South Africa is in the unique position of being able to give invaluable aid to these countries because we understand the problems of Africa," he said

EMPHASISE

Such a plan would have to emphasise trade in essential commodities such as food and rendering health, transport and other services.

"This already happens, to a great extent, in our neighbouring states

"But as far as they are concerned, and further north, we will have to start thinking bigger," Dr Stegmann said

It was the declared policy of the country's neighbouring states to lessen their economic dependence on South Africa. This would not be in the interests of South Africa.

"The hostile countries among them will no longer only have to pay lip service to their animosity towards South Africa, but will be able actively to support their calls for its economic isolation.

"Friendly Western powers will be demotivated in their efforts to combat attempts to isolate South Africa."

Energy would play a vital role in the future development of South Africa

"The oil importing African states to the north are fighting for their very existence which might assume terrible dimensions if their indigenous sources of energy are not developed and used more effectively" Dr Stegmann said

There were a number of possibilities in energy which could be included in such a plan.

KNOWHOW

Some energy-related possibilities were, participation in and supplying capital for infrastructures and energy projects.

South Africa should share his know-how in the following fields

- Prospecting for coal and the development of coal mines in African states.
- Practical techniques to improve agricultural methods for the production of biomass for energy
- Converting biomass to more sophisticated types of energy
- Improved methods for using traditional and commercial energy

South Africa was also in an extremely favourable position, as one of the most important coal exporters in the world, to contribute to the energy needs of African states

Extra capacity at fuel refineries in South Africa could be used more effectively if an export market in Africa for oil products could be found and developed

Oil products of the greatest strategic importance were already exported to a number of African states south of the equator, Dr Stegmann said

There was no need to devise highly sophisticated schemes to trade with African states —Sapa.

Concern over alcohol problem

There were bridges white South Africans in the medical field could build in black Africa, Professor A M Coetzee told delegates at the Akademie vir Wetenskap en Kuns congress in Pretoria yesterday.

In the natural sciences, the Republic was far ahead of the rest of Africa, he said.

In black Africa there was a general shortage of expert medical care for individuals, and white South Africa could make an important contribution by providing expert medical services and facilities.

Professor Coetzee, of the H F Verwoerd Hospital said. "Open our borders and gates to those people in need of special treatment

AIRWAYS

"Just think how much good the work of the brothers Barnard on foreign patients has done our image.

"If African countries allow South African Airways to land at their ... provide ...

they are allocated two of these units.

Of the permanent houses, 80 are reserved for farm laborers. To be eligible, the head of the family must derive at least half his income from farm work. Twenty are old apartments, 60 new three-bedroomed homes, small but compact and well designed, renting at $47 (including utilities) for the old and $55 (gas and electricity separate) for homes. In addition, there are 30 low rent homes ($35 - $83 per m according to family size and income). All houses were occupied the summer. There is little turnover from tenants of the perma

9 b) ... is said to exist when ... buyers are charged ...ent prices for the same ...easons not associated with costs.

... would be buyers into ...

ESCOM (260) FM 19/6/81

Spotlight on tariffs

Escom showed a deficit of R98m in 1980 compared with an accumulated surplus of R80m at the end of 1979, according to its latest annual report And there was a slight decline in the proportion of finance generated internally during 1980 (from 34% in 1979 to 31%) These trends suggest that an increase in electricity tariffs may soon have to be made

However chairman Jan Smith believes "that current tariff levels will provide adequate internal financing in future years" which, in turn suggests greater reliance on borrowings in the future to finance capital expenditure

Any increase if and when it comes, should also be read in constant money terms And Escom's achievements in containing the cost of power in real terms are not to be denigrated The senior general manager's report notes that the real price of electricity (using 1960 as base) declined from 0,508 cents per kWh in 1960 to 0,446 cents in 1970 rising slightly to 0,481 cents in 1980 "The 1980 real price includes contributions to the Capital Development Fund which did not exist in 1960 and 1970 If these contributions were excluded, the 1980 price in real terms would have been 0,365 cents" (See chart)

Last year, Escom's figures interpreted its accounts on an inflation-adjusted basis (*FM* June 20 1980) This has not been repeated but it is probably still fair to conclude that the element of self-financing remains adequate to renew capital stock, with due allowance for increased costs Smith believes Escom's current financing methods are adequate for expansion, though he acknowledges that inflation could present a problem

During the 1980 financial year the Capital Development Fund increased from R1 291m to R1 872m due to contributions of R426m from revenue and investment income of R160m

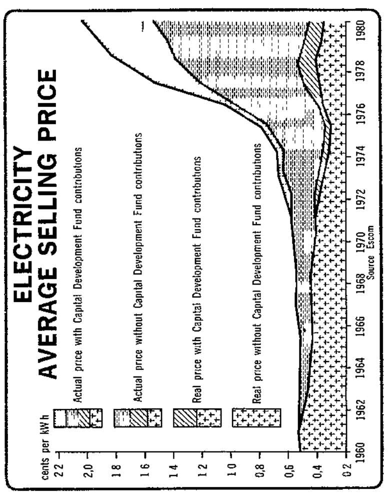
Escom had a successful year on the local capital market raising R536m in two public issues But the cost increased from 9,35% at the beginning of the year to 12,25% at the end

A net amount of R1 447m was expended on fixed assets during 1980 an increment of 5,2% over the 1979 figure At December 31 31% of the value of fixed assets could be classified as being under construction

The pace of capital expansion may be measured by the increment in the book value of fixed assets — from R6 794m to R8 219m, or 21% Expenditure on fixed assets comprised 67% of the total application of funds, repayment of foreign external finance 24%, and repayment of local external finance 5%

During 1980, Escom's approach to project financing through local sources changed Instead of arranging finance when payments for local project commitments had to be made, it was decided to ensure the availability of finance at a much earlier stage through facilities linked to contractual payment schedules The new method will ensure the availability of funds when required, but will also ensure that the most advantageous form of financing can be chosen

Agreements were concluded with Standard Bank and Barclays Bank for a facility of R650m (for Lethabo power station) and with the Nedbank Group for R720m (for Tutuka)



Import financing facilities, in the form of export credits, made up a large proportion of the foreign contribution to Escom's finance during 1980 and comprised 26% of total financing

The West German capital market played a major role, but because of the high cost of dollar-denominated financing few loans were obained from the Eurodollar market A total of R870m was obtained overseas The successful placing of Escom's DM100m public bond issue in October 1980 represented the corporation's first foreign public issue since 1975

Escom's anticipated (and ever present) difficulties with the supply of power were documented recently by the *FM* (May 15) The maximum demand at Escom power stations increased during 1980 by 813 MW to 13 668 MW New plant with an assigned rating of 2 300 MW was brought into service and at the year-end total capacity was 17 339 MW

Skills shortage

This figure excludes the "contractual firm" capacity of 1 379 MW from Cabora Bassa (which supplied about 10% of power sent out during 1980) But towards the end of the year "frequent interruptions" in power supply from Cabora Bassa began to be felt

An "acute shortage" of skilled manpower had also become noticable by the year end Smith noted that "without suitably qualified manpower, Escom will not be able to reach its objectives, even though sufficient capacity and adequate financing for expansion may be available"

The delays in capital development occasioned by the financial stringency of the mid-1970s led to a loss of three to four years of generating capacity But Escom, with considerable strain on its resources, has reduced the lost time to only 18 months

Escom hopes, by the end of the decade, to have an installed capacity of 34 000 MW, virtually double the present level SA's economy will continue to become both more industrialised and more electricity-intensive And SA's black population will consume more electricity as it becomes more economically active and as black areas are electrified

Last year electricity sales increased by 8,6%, very close to the 8,8% average for the past 30 years But in the second half of the year, the growth rate slowed when the world recession began to affect a number of electricity-intensive export industries

Electricity demand mushrooms

CT 19/6/81

26c

Staff Reporter

THE demand for electricity in South Africa was growing at an average of 8.8 percent a year, almost doubling the installed generating capacity to 34 000 MW by the end of the decade, according to the chairman of Escom, Mr Ian H Smith.

In his annual review released yesterday, he said that by the second half of the next decade the country would have an installed capacity equal to that now available in England and Wales.

He also pointed out that Escom's demand for electricity generation equipment has made a huge impact on overseas economies.

"In the electricity supply industry alone our requirements are among the highest in the world. This means that a number of overseas companies are finding South Africa the most lucrative market available to them today."

Record electricity sales of 87 539-million units last year brought the commission revenue of R1 77[illegible] million, 8.6 percent ahead of the previous year.

During the first half of 1980 sales had grown by 10 percent. In the second half of the year, although the boom continued unabated, this growth rate slowed "somewhat" when the recession overseas began to affect local electricity intensive industries serving the export market.

Escom had stood up well to demand last year, Mr Smith believed, but in the final months the combined effect of an exceptionally high demand for power, frequent interruptions in supply from Cahora Bassa and an acute shortage of skilled manpower had become noticeable.

Present constraints on electricity supply could be attributed partly to the cautious economic thinking which emerged in the late [illegible]s, the oil crisis in the early 1970s and the recession of the mid 1970s, all of which led to delays on Escom projects.

Future growth in electricity demand would flow from three main factors:

- The country would become increasingly industrialized and more electricity intensive.
- The swing from oil based energy sources to electricity would continue with the estimated [illegible]0 percent contribution of electricity to total net energy usage rising to 10 percent before the end of the century.
- The electrification of black areas would result in more economic growth and this would cause a more electricity intensive life style.

HEALTH MICROPLANNING IN THE DEVELOPING COUNTRIES: A SYSTEMS APPROACH TO APPROPRIATE TECHNOLOGY

Maurice H. King and Soebagyo Martodipoero

A method of systematically planning the technical details of personal health care in the developing world is described In contrast to national health plans of the traditional kind—"macroplans"—those for health technology have to be minutely detailed They have therefore been termed "microplans" (They have also been called health care packages, but this term has other usages) A microplan is defined as *an integrated set of components (instructions for technologies, equipment lists, teaching aids, evaluation instruments, etc) prepared nationally to support a particular health care subsystem* The rationale for a microplan is that the whole is more than the sum of its parts A microplan is itself a system in two senses First, the technologies in a given microplan need to be organized so as to support one another Second, the components in a microplan must themselves be integrated into a system A microplan can be applied to induce change and so improve the technical quality of existing services It can also be used to train new workers Since the technology for dealing with disease is so similar all over the developing world, once a "master microplan" for a particular subsystem has been prepared, it can be adapted readily to the needs of individual countries

The language of the Development Set,
Stretches the English Alphabet,
We use swell words like "epigenetic,"
"Micro" and "macro," and "logarithmetic "

Anon.

MACRO AND "MICRO"

All over the developing world ministries of health are busily preparing manuals for their workers (5, 6) The great recent increase in this activity is a belated recognition that somewhere in the health care system detailed decisions have to be made about what health workers are to do In recent years the science of decision making at the macro level has developed considerably and is known as health planning. It includes

Dr King has been working for the World Health Organization His views are his own, however, and do not necessarily reflect the opinions or policies of the Organization This paper is based on his previous work in Africa (1, 2), and also on a master microplan (3, 4) for primary child care, together with an adaptation of it for Indonesia.

International Journal of Health Services, Volume 8, Number 4, 1978

such matters as the kind of hospitals to be built, where they should be built, and the number of health workers to be trained. At the present time, however, most formal health planning is considered to stop at the level of the worker It does not include such micro decisions as what diseases he should be able to diagnose and treat, what his educational objectives should be, what drugs and equipment he should use, or how the quality of care he provides should be measured. Nevertheless, when these decisions are taken nationally they are planning decisions, and
for technical detail may be even more important tha
in effect to defining a nationally appropriate techn
potential benefits of effectively establishing such an
be overestimated.

A SYSTEMS APPROA

Conceptually, microplanning is an attempt to ide
total health care system and to build the fragments
microplan, which must fit into the total system and
at another way, microplanning is an attempt to for
some of the fragments of the global health care sys
signs, items of equipment, drugs, doses, visual aid
needs and training requirements, and even some
UNICEF– and to do this so well that the resulting
total health care system of a country and improv
attempt to coordinate multiple components, such a
and the evaluation instruments for it, and to thin
which is larger than any individual component At
not be so large and complicated that it becomes im
ness of its components decreases If a microplan is
excellence, it may perhaps be adapted and used in
plan." Thus, a microplan is not merely a "package
mixture of child care and maternity care.

The microplan for primary child care described h
in two places It is implemented in the districts, cl
is introduced during "implementation programs" la
in schools training new workers

Microplanning begins with the choice of a limi
appropriate technologies in this field are then li
described in a worker's manual that can be used both
This is then backed up with a manager's and teacher's guide containing a variety of components appropriate to these roles The term manager's guide is used to distinguish it more readily from the worker's manual The managers in the case of a child care microplan are the doctors and senior midwives who are responsible for district services and who run implementation programs The use of the terms worker and manager is convenient, since it makes it possible to write the manual and the guide for particular roles rather than for particular staff categories.

Move on Govt Boeing attacked

DURBAN — A proposal to set aside a Boeing airliner for the use of the State President, the Prime Minister, other Cabinet members and VIPs was strongly condemned yesterday by Mr Ray Swart, MP and the Progressive Federal Party's transport spokesman

Mr Swart's condemnation follows an announcement by Mr Hendrik Schoeman, Minister of Transport, that a Boeing was to be set aside for top ranking members of the Government and would have full conference facilities

Mr Swart said he was amazed "that it was found necessary for a Jumbo aircraft to be placed at the disposal of the State President, Prime Minister and the Cabinet

"What are they going to do with it? Are they planning to have National Party stryddae or party congresses in the clouds?

"This is another example of the fat-cat image of the National Party which caused concern among the electorate at the last election

"Obviously the Nationalists haven't learnt their lesson," he said — Sapa

Switching on to the 90s . . . Escom's R40 000-m booster p

By DAVE McDERMOTT

ESCOM is set on a R40 000 million expansion programme to meet a soaring demand for electricity

In the next 15 years, South Africa will be generating 57 000 megawatts — the same amount of electricity that Britain is presently generating to serve England and Wales.

The seven power stations Escom is now building — including the nuclear station at Koeberg — will increase Escom's generating capacity by 10 644 megawatts. This will take South Africa's total generating capacity to about 27 000 megawatts, 30 000 short of the target.

Working on the same average, this means that Escom will have to build an extra 15 to 20 power stations to achieve an output of 57 000 megawatts.

An Escom source said it cost between R6 000 and R7 000 to install one kilowatt of generating capacity. At present prices an average coal fire power station will cost between R1 800 million and R2 100 million.

Total costs of establishing the new power stations will therefore be in the region of R40 000 million.

Electricity now accounts for just over 20 percent of South Africa's total net energy usage. It will increase to 40 percent by the end of the century.

Developments in Escom are closely linked with the coal mining industry, which is already moving towards opening 15 new mines in the next 10 years. Last year Escom used 46,8 million tons of coal — about 42 percent of South Africa's total sales.

Escom's annual growth rate has averaged around 8,8 percent for the past 30 years and generating capacity has doubled every nine or 10 years.

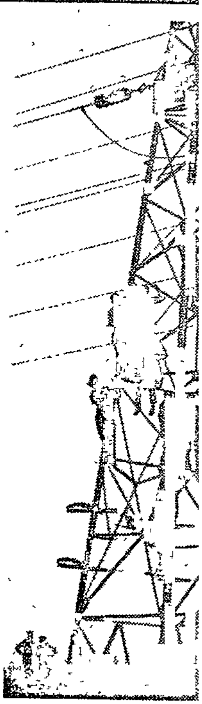
"This, I believe, is similar to what happened in America between 1900 and 1930. It seems to be the pattern in a rapidly developing industrial country," the Escom source said.

He confirmed that Escom's major consumer market lay in industry.

Escom's present development in the construction of seven power stations — Drakensberg, Matla, Duvha, Koeberg, Tutuka, Lethabo and Matimba — is probably only exceeded by France, which has 15 nuclear power stations under construction.

South Africa's peak demand in 1950 was 1 182 megawatts. This has increased to a record level this year of 14 674 megawatts — 1 006 more than the maximum demand last year.

To put this increase into perspective, 1 006 megawatts about equals the maximum demand of a city the size of Johannesburg. The Escom source said he expected the peak demand this winter to exceed 15 000 megawatts.



The power gam

21/6/85 Finance 5 (12/)

plan

[illegible]

It's 'Timber!' for a deadly giant

By ANTHONY HARDING

ONE windless day in the third week of July, the massive chimney at Matla power station near Witbank, will crash to the earth like a giant tree

The 278m high chimney, one of the tallest of its kind in the world, is to be felled with a high-explosive sledgehammer on July 18

Building operations on the chimney cost a Johannesburg engineering firm R13-million, but it was never completed

On August 26 last year one of its three central flues collapsed killing two workers and injuring seven others

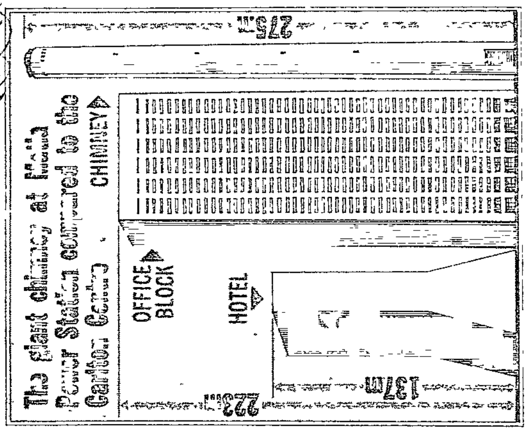
A court of inquiry to probe the incident heard that the flue collapsed as a result of a combination of a poor concrete mix, shifting supports and battering winds

Now the date has been set for the demolition of the tallest structure of this kind ever to be dynamited

Steeplejacks from a British engineering firm which has been contracted for the blast, are busy preparing the site

An American demolition expert Mr Jim Redyke has been hired to bring the structure down

See Page 13



The 60-storey Matla chimney, where two workers died when a flue collapsed, will be dynamited next month The smoke-stack is 138 metres higher than the Carlton Hotel, and about 10 storeys higher than the Carlton Centre block

Graphic GAIL IRWIN

Not one of the households boiled water prior to consumption.

The reasons for not boiling water (Table Thirty Nine)

Did not need to	30%
Filtered water through muslin	2%
Why should we?	68%

The statistics reflect a very unsatisfactory situation in the homelands as far as water supplies are concerned. Very often the inavailability of a sound water supply is given as the reason for not starting a vegetable garden.

7) [illegible]

The mothers or mother figures were asked to itemise the constituents of an adequate diet for their children.

38 of the mothers of children suffering from malnutrition described what the research team evaluated as an inadequate diet.

62 of the mothers of the children suffering from malnutrition described what the research team evaluated as an adequate diet.

13 of the mothers of the children not suffering from malnutrition described what the research team evaluated as an inadequate diet.

87 of the mothers of the children not suffering from malnutrition described what the research team evaluated as an adequate diet.

The figures indicate that while ignorance about nutrition is a factor in malnutrition, it should be noted that 61% of the mothers of children suffering from malnutrition had adequate knowledge about what constituted a healthy diet. The fact that they quote diet could be related to one or more of the following facts.

i) insufficient income to purchase the necessary diet

ii) the mother may not be the person doing the buying and the cooking

iii) a fatalistic attitude on the part of the mother whereby she is in possession of the relevant knowledge but is not convinced of the relationship between diet and disease.

(5)

TABLE 1 SHOWING THE DISTRIBUTION OF MEDICAL INSURANCE FOR WHITES

MEDICAL ASSISTANCE SCHEMES

	Number of Schemes	Members	Dependants	Total Covered
Medical Aid	200	544 714	845 400	1 390 114
Medical Benefit	72	109 985	221 077	331 062
Industrial Council Schemes	30	1'4 649	034 093	278 742
Other	4	1-2 713	3'2 673	315 386
	306	9-2 061	1 573 243	2 315 30.

Source: Statistical Report of the Chairman of the Central Council of Medical Schemes, April 1972 (unpublished).

If the white employees in the police, prison services and defence force who receive medical assistance are included, more than 70% of the white population are covered by medical insurance schemes. ... at the end of 1970 only 180 7-1 Blacks with 54 205 dependants (i.e. 234 951 ...) were covered by these ... schemes.

Patients who do not belong to medical aid or medical benefit schemes are either entirely private patients (this is unlikely with the population group of workers which we are dealing with) or indigent patients. The latter use provincial hospital facilities and local authorities and state department services free or at a nominal charge. Fees for private patients (usually in the higher earning bracket) are 25-50% higher than medical aid fees, depending on the nature of the treatment.

5% of whites are classified as entirely private patients and 15% as indigent patients.(6)

In 1974 there were 77 friendly societies established in terms of industrial agreements. There were 400 privately administered friendly societies. Some of these were not solely medical scheme societies however. 261 of these administered medical benefits and 95 sick pay.

(6)

TABLE 2

BENEFITS PAID - ALL FRIENDLY SOCIETIES

Type of society	Types of Benefits			
	Medical		Sick pay	
	1974	1973	1974	1973
Privately administered societies	[illegible]	R102 951	R1 141	R1 315

Escom cuts off power

Parts of Natal, Transvaal and the Cape which receive power from the Kriel power station were blacked out yesterday.

The Natal black-out caused widespread industrial slow-downs and caused security problems at several businesses. It was the biggest Escom load-shedding in Natal's history.

An Escom spokesman said three of the six 500 Mw generators at Kriel were being serviced and the commission had to cut power selectively.

In the eastern Transvaal power was cut for almost two hours from just before five o'clock.

The power cuts to the northern, eastern and western Cape began a few minutes after six for 30 minutes at a time.

The spokesman said it was not certain that the three generators would be back in commission today or even tomorrow but Escom engineers were working around the clock to complete essential maintenance work.

...here Industrial Councils exist. It is this ... which we will be concentrating on.

Industrial Council Medical Schemes

Industrial Councils have been formed in certain industries under the Industrial Conciliation Act (Act No. 28 of 1956). The Industrial Councils, which are formed by representatives of the registered trade unions and employers' association in an industry, publish agreements relating to the wages and working conditions in that particular industry.

Parties to Industrial Council agreements can only include trade unions that have been registered. As Africans do not belong to registered trade unions, they cannot be agents on the Industrial Council. These agreements can be extended to Africans workers in the industry if this is recommended by the Bantu Labour Board.

Of prime importance was their conviction that the cause of silicosis was dust in microscopic particles (the exact size of which had not yet been investigated) inhaled continuously. This point was emphasised again and again by all the doctors who gave evidence. They were convinced of the gravity of the disease, and the toll it took of young men's lives. Impressively they were also able to convince the commissioners that, although rock-drillers were the most severely affected, other mining occupations, such as blasting, tramming and lashing - in fact, all underground occupations where there were any dust concentrations - could expose miners to the disease.(78) Even when the commissioners tried to underplay dust as the exciting cause, the doctors remained unconvinced.(79) The doctors were correct in their assessment of the cause of the disease. But their assumptions about the damaging mechanism of the dust particles in the lung tissue were totally inaccurate, because they attributed the toxicity of the silica particles to their angularity, hardness and sharpness.(80)

The doctors did not in any way attempt to play down the gravity of the situation or to underestimate the mortality figures, and in every possible way they indicated the necessity for introducing preventive measures in mining techniques. Doctors saw the need for effective ventilation. As early as 1902 they realised that exposure to certain gases - nitrous oxide had not yet been isolated as the sole one - could inhibit the defence mechanisms of the upper respiratory tract.(81)

On the basis of the evidence no attempt was made by the RMPC 1903 to minimise the alarming situation, and strong measures were advocated - but in general terms - for the improvement of mining conditions, especially with regard to the allaying of dust. Probably in response to the commissioners' report, new mining regulations were issued in 1904 and 1905, requiring the use of water sprays or jets in conjunction with drills and the blasting regulation taken over from the South African Republic's law of 1898 (already mentioned), the damping of broken ground and the wearing of respirators.(82) On the whole these regulations remained a dead letter. They were ignored by miners and mine management alike, and concerned people considered them 'perfunctory'.(83) The reports of experiments and surveys in connection with ventilation, undertaken under the auspices

of the Transvaal Chamber of Mines, indicated that ventilation was poor. This consideration was held by the Transvaal Miners' Association (T M A) which went to great lengths to present a petition to the Colonial Secretary himse-- (85) But the recommendation that mechanical aids shou not adopted by the mining industry. In half the mines had introduced mechanica 'Speeding up' remained the rule of the r were rarely observed, a response which c to attempts by mineowners to reduce wor wages.(88)

Mineowners privately admitted that they introduction of mechanical aids 'purely 'economics' preferring instead to impr natural means because it was cheaper.(8 Samuel Evans, Chairman of Crown Mines, be worked for 'blood' was probably ind of the mineowners at the time.(90) It strike in 1907 and the subsequent appo Regulations Commission of 1907, which silicosis, and made its final report i government and management alike were t of dust prevention seriously again.(91 Regulations Commission considered the figures from silicosis to be so serio (included in the final report) contai the immediate drafting of new and imp was presented in 1908.

The role of the mineowners in control costs and efficiency were always uppe was not entirely negative. In 1902 t a competition for the best designed l a water device for allaying dust. T of the Wolhuter Goldmining Company, been one of those aware of the silic won the first prize of £500 for his the atomiser was later to be replace water-fed drill, the design for whic prize in the same competition. In ju the judges had not been swayed by th as certain writers have suggested.(9

'Load-shedding' causes power cut

NM 25/6/81 260

Mercury Reporter

THE nationwide power cut on Tuesday night was the fourth of its kind this year, the public relations spokesman for Escom in Johannesburg, Mr Boet Uys, said yesterday

He emphasised that large areas of the country were without electricity from 4 51 p m to 6 40 p m not because of a power failure but because of a load-shedding programme This was necessary because nationwide demand exceeded generating capacity

Mr Uys said 167 megawatts of electricity were shed in Natal because the demand for electricity could not be met and the load-shedding affected the Rand, Free-State and Cape northern, eastern and western regions

He denied the blackout was the result of three generators failing at the Kriel station in the Eastern Transvaal

Mr Doug Bohler, principal operations engineer for Escom in Natal, confirmed that this was the biggest load-shedding programme in the history of Natal

Large sections of Durban, Pietermaritzburg, Ladysmith, Pinetown Richards Bay, New Germany, Newcastle, and Kloof were without electricity while the whole of Estcourt, Mooi River, Colenso, Greytown and Howick were affected

There were reports that Warner Beach was without power from 5 p m to 10 p m

INTRODUCTION

The aim of this paper is to indicate the method by which South African health expenditure is financed. Expenditure on health care in South Africa is controlled largely through direct expenditure by the Department of Health and a complicated system of subsidies paid by the central Government to the provincial and local authorities.

State resources have always been complemented by the resources of the private sector, through welfare organisations, sponsorship of medical research by the private sector and medical benefits to employees by firms.

Section 1 deals with the overall financing of health services in South Africa, i.e. the State's contribution to the health care system, indicating the method by which allocations are made to various levels of government. Section 2 deals with the contribution of the private sector. This is to some extent an artificial distinction since, for example, both sectors provide hospitalisation facilities. Therefore certain areas of the health care system will be dealt with jointly to give perspective.

SECTION 1

Health expenditure is organised by a number of votes in Parliament. Moneys allocated to the Department of Health are used to subsidise local authorities and to run state institutions such as mental hospitals, although the bulk of these funds are for preventative medicine. State expenditure on health services in the homelands is included in a separate vote - that for the Department of Plural Relations and Development and the South African Bantu Trust. Furthermore, money is allocated by the Treasury to subsidise provincial health services.

The total health expenditure by the State from 1975/76 to 1977/78 on the above services is shown in Table 1 below. The table indicates the absolute expenditure by the State as well as the percentage changes in expenditure over the past three years. It indicates that in 1977/78 provincial subsidies accounted for roughly 75% of total current health expenditure.

TABLE 1

STATE HEALTH EXPENDITURE IN SOUTH AFRICA
1975/76 - 1977/78 (R MILLIONS) (Current prices)

		1975/1976	1977/1978	% Change	1975/1976	1977/1978	% Change
Dept. of Health Vote	W	44,9	54,7	+21,8			
	B	67,4	82,1	+21,8	0,38	0,4	5,2
(a) Homelands		9,2	26,1		2,4	2,3	
(b) S.A Bantu Trust		55,2	[illegible]		[illegible]	[illegible]	
Subtotal (a) + (b)		64,4					
Prov. Subsidies Cape	W	61,7					
	B	119,8					
Natal	W	16,6					
	B	52,1					
O F.S.	W	19,0					
	B	20,0					
Tvl.	W	82,4					
	B	70,4					
Grand Total		618,7					

(Inclusive of Municipal

Source: Department

(W = WHITE; B = BLACK (incl

Sasol R56-m foray into fertilisers

S. Times 28/6/8 260

By Stephen Orpen

ARMED with R56-million, Sasol is shouldering further into the fertiliser industry with a new company, Fertilisers Secunda, which will start offering products, including nitric acid, ammonium nitrate, limestone ammonium nitrate and NPK mixtures, by 1981.

Business Times established on Friday that the new plant, excluding infrastructure, will be funded from internal cash flow — at Secunda

The products will be marketed directly to the farmer by the new company's own marketing organisation, in "closest co-operation with the co-operatives".

Sasol is confident that this is "a meaningful development in the interests of the entire agricultural sector because it will result in healthier and more competitive market conditions".

Other major fertiliser manufacturers questioned this weekend do not agree.

For obvious reasons....

1.1 Department of Health

The Department of Health rece[ives] votes - the health vote, and [...] vote. This is used to fin[ance ... muni]cipalities) the provision of tuberculosis, leprosy and mental hospitals as well as district medical and nursing services and medical poor relief. It is also responsible for ancillary services such as State laboratories, the control of infectious diseases and environmental control. The expenditure shown in Table 1 also includes the subsidy paid to the South African Medical Research Council.

. / ..

SUNDAY EXPRESS June 28, 1981

1

Louis Luyt slams Sasol's plans for fertiliser plant

S. Express 28/6/81

260

SASOL, South Africa's coal-from-oil giant, has announced it is to build a new R35-million fertiliser plant at Secunda.

And yesterday the decision was slammed by Triomf fertiliser magnate, Mr Louis Luyt, who said it ran contrary to the Government's system of free enterprise.

The new plant will produce fertilisers at consumer level and will compete directly with established giants such as Triomf and Fedmis — which obtain much of their raw material from Sasol.

IT IS CONTRARY TO FREE MARKET POLICY, HE SAYS

By KITT KATZIN and ARNOLD DAVID

But make no mistake," said Mr Luyt, "I will meet the challenge squarely."

He said, however, he was surprised the Government had allowed Sasol to establish the new plant and believed the decision cut across the spirit of remarks made by Prime Minister Mr P W Botha to a group of businessmen last year that the Government should understand economic growth was the responsibility of private enterprise.

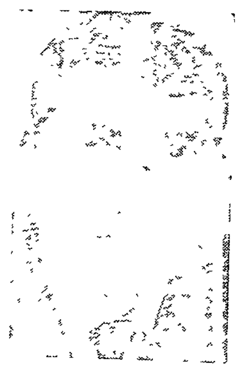
Mr Luyt, whose Triomf empire has an annual turnover of R600-million and assets of R400-million, emphasised that he welcomed competition in the free market, especially at a time such as this when demand is outstripping production.

He did not, however, believe it was healthy business practice to expect industrialists to compete directly with the Government.

Sasol's new plant will be administered by Sasol Fertilisers Secunda.

According to its announcement, Sasol is taking this step to safeguard the large investments already made in the Sasol group for the production of ammonia and in the interests of fertiliser consumers.

The announcement also implied that the fertiliser in[illegible]try as it is now needs some competition.



Louis Luyt
new competition

The new factory, to be built at a cost of R35-million at today's prices — a price which does not include the cost of infrastructure — will be funded from internal cash flow and will produce a range of fertilisers, including nitric acid, ammonium nitrate, limestone ammonium nitrate and NPK (nitrogen, phosphate and potassium) mixtures.

Most of these are already being produced by Sasol at Sasolburg.

According to the announcement, products from this (Sasolburg) plant will be marketed directly to the farmer by the marketing organisation of the new company in the closest co-operation with the co-operatives.

As in the past, Sasol will continue to supply contractual volumes of fertiliser to other distributors.

Sasol claims its entry into the market will lead to healthier and more competitive conditions in the industry.

patient was in the range R2,66 - R4,29. Some comparison is possible with the present situation. The new resident doctor saw 600 indigent patients in 20 days and dispensed medicine worth R4 000, an average of R6,67 per patient. Although this may not be a typical group of patients, having more severe illnesses, it suggests that there was no financial constraint on the previous district surgeon's prescribing, but that he tended to prescribe less expensively.

Many patients had thus sought alternative doctors when not satisfied with their first choice. Of the 50 ailments that were presented to a doctor, 35 were taken to only one doctor on one or more occasions, 6 to two doctors, 5 to three, 1 to five doctors and 1 to six. Two women who [illegible]ally transferred care of their long term problems

would represent difficult cases.

This information can be interpreted in several ways. Most of the consultations other than to the present district surgeon were longer ago, patients may have forgotten unsuccessful visits, or look back to the 'good

12. Small production groups as opposed to community projects.

I have come to the conclusion that projects based on the productive activity of a smaller group (for example chicken-rearing co-operatives, communal gardens and sewing groups) are much more likely to inspire involvement than those where people's commitment is dependant on their seeing themselves as part of a wider community (for example creches, clinics and community centres).[57]

In a small production unit members join because they want returns e g cash from their activity. The benefits of belonging are clear and direct. Thus one fairly often finds that in the same village where nobody is participating in planned "community projects", people have got involved in production groups.

In Ipoti area, for example, a clinic sister devised some projects to try to improve the situation of the many extremely poor families, most of whom have undernourished children

The project was a community creche where the children were to be fed a balanced diet mainly from the creche garden, getting most of their protein from soya beans. The mothers would see from the improved health of their children that they could produce good food from their gardens, even if they have no cattle and very little money. Other projects were to explain to mothers ways in which they could "grow" money from their very limited resources, and help them set these up. The projects were the communal garden, the vegetable bulk-buying and hawking scheme, a grass-mat making project and various others. People who wanted to could use their profits from these activities to slowly build up enough 'down payment" to be able to participate in a scheme whereby the government subsidises the purchase of good milk cows.

Whereas the creche project has been going very badly[58] the women's groups have had considerable success in

attracting members, especially amongst the very poorest people whom the project is aimed at. Membership in the communal garden, grass mat making an[...] creasing steadily and [...] small amounts, at most R [...] their extreme poverty, [...] group have not managed t[...] to R5 OO and R10 OO. Th[...] group towards making and [...] necessary money to be el[...]

Sijaphambili is an organ[...] which among other things [...] munal gardens. Here age[...] easily, but a project co[...] a less clearly discerna[...] muneration, failed. Va[...] producing more than the[...] Therefore it was sugges[...] service the whole area. [...] never got the necessary [...]

In Dlebe The pilot pro[...] Association, Zisizeni [...] many people agreed that [...] worthwhile. However th[...] establishing the projec[...]

Another project there i[...] rooms at the clinic for [...] also rooms for the clin[...] again there has been support from some people, but not enough to raise sufficient money to build the rooms

It appeared (though from only one visit) that the most successful projects at Dlebe are small producer groups engaged in some entrepreneurial activity, eg., a Blacksmith group, a block-making group and one engaged in agriculture.

Talks with Minister on fertiliser plant

RDM 29/6/81 (1873) 260

By SUE ROBERTSON

THE Minister of Trade, Industry and Tourism, Dr Dawie de Villiers, will arrange discussions between Sasol and members of the fertiliser industry early this week following Sasol's announcement that it is to build a fertiliser plant at Secunda

The new company — to be called Sasol Fertilisers Secunda (Pty) — will compete directly with established fertiliser distributors who are supplied with fertiliser products from Sasol

Sasol's managing director, Mr J A Stegmann, has confirmed the talks would take place between the Minister, Sasol and fertiliser companies this week

He said yesterday that because of the national importance of the fertiliser industry, there was a "definite understanding" between Sasol and the Minister that "expansion should be undertaken in the least disruptive manner"

He assured fertiliser distributors that Sasol would adher to contractual commitments to supply ammonia and other nitrogenous fertiliser products

Fertiliser magnate Mr Louis Luyt yesterday declined to comment on Sasol's announcements yesterday

He was quoted, however, by Sapa as saying he did not believe it was a healthy practice to expect industrialists to compete directly with the Government

A newspaper yesterday quoted Mr Luyt as saying he welcomed the new development.

Star. 29/6/81 (260) ~~(183)~~

Minister enters Sasol fertiliser row

The Minister of Trade, Industry and Tourism, Dr Dawie de Villiers, is stepping into the storm brewing over Sasol's announcement that it will build a R56-m fertiliser plant at Secunda. ..

The announcement by Sasol brought immediate reaction from fertiliser king Mr Louis Luyt, head of Triomf Fertilisers, who said it ran contrary to the Government's free-enterprise policy.

The new plant will compete directly with Triomf and Fedmid and other private fertiliser companies, which draw much of their raw material from Sasol.

Mr Luyt said he did not think it was healthy business practice for private industrialists to have to compete directly with Government enterprises.

Dr de Villiers has now called a meeting this week with Sasol and other members of the fertiliser industry, the managing director of Sasol, Mr J A Steggmann, announced yesterday.

Mr Steggmann said there was an understanding between Sasol and the Minister that, because the fertiliser industry is of such national importance, expansion should be undertaken in the least disruptive manner.

Mr Steggman said: "To remove any possible misunderstanding, Sasol would like to stress once again contractual commitments to supply ammonia and other nitrogenous fertiliser to other distributors will naturally be strictly adhered to"

Sasol's announcement said the decision to build the plant at Secunda was to protect the big investments the Sasol group has already made in production of ammonia and to protect the interests of consumers.

A company, Sasol Fertilisers Secunda, would be formed to produce a range of fertilisers including nitric acid, ammonium nitrate, limestone ammonium nitrate and NPK mixtures, Sasol was already producing most of these at Sasolburg, said the statement.

The Secunda plant would cost R56-million at current prices, excluding infrastructure, and would be funded from internal cash flow.

The seconda products would be marketed directly to the farmer by the company's marketing organisation working closely with co-operatives.

A contractor had been appointed to proceed with the first phase and it was expected that the first products would be available early in 1984, the statement said. — Sapa.

BUILDING (Continue

Chas. McCarthy & Sons Building

BUSINESS MAIL

Public sector looking for R1 000m

RDM 1/7/81 260

By HAROLD FRIDJHON

PUBLIC corporations and local authorities will come to the capital market to raise R1 050-million during the 12 months ending June 30 1982.

In addition, the Government will be coming to the market, not only to replace R1 229-million of maturing loans, but also raise new money to help finance the Budget deficit

During the six months to December 31 1981, the demand on the capital market amounts to R565 500 000, plus the Treasury's maturities amounting to R1 092-million

In addition, the Land Bank has maturities of R100-million which will probably be rolled over and in September the bank will look for R50-million of new money. The Land Bank has R80-million for conversion in October

Major borrowers who appear on the Treasury list during the current six months are

- Iscor, R50-million in the first half of August
- SWA Administration, R40-million in the second half of August
- Uranium Enrichment Corporation, R45-million in the first half of September
- Industrial Development Corporation, R10-million in the second half of September
- Escom, R80-million in the second half of October
- Johannesburg, R20-million also in the second half of October
- Armscor, R50-million in the first half of November
- Rand Water Board, R20-million, in the second half of November
- Economic Development Corporation R35-million, also in the second half of November

The Government is down on the list to come to the capital market twice in October when two maturing loans amounting to R284-million fall due and in December when R818-million has to be redeemed

Although all these loans were short-dated, it is probable that the Treasury will look for long-term money, as well as short term, to replace them because the longer the Government can borrow the less inflationary they will be After three years a Government loan becomes a liquid asset in the banking system

All the major borrowers appear on the list for the first half of next year for about the same amounts as they are listed to raise during the next six months

The smaller borrowers include administration boards as well as the governments of the homeland states Among them are Lebowa, the Ciskei, Gazankulu and Transkei

FINE AR[T]

David ...

For a most promising and worthy first or second year student.

R D Morrison

Michaelis Prize

For best composition.

Mrs M van Niekerk

QUANTITY SURVEYING

Association's Quantities Book Prizes

For the best student obtaining honours standard in Quantities.

Quantities III

P C Key

Quantities V

Mrs J R Einhorn

Sasol fertilizer plan slammed

RDM 2/7/81

260

By DAVID CARTE
Deputy Financial Editor

HOW can Sasol ask for a petrol price increase and then spend R60-million on a fertiliser plant that nobody needs?

This was the response of a top fertiliser man to Sasol's plan to build a fertiliser plant to use its own ammonia by-product

According to the critic, who would not be named, the new plant "will not add one ton of extra fertiliser capacity to the local market"

He said not even Sasol really needed the plant, as it could already sell all the ammonia and fertiliser by-products it could make at Secunda to existing fertiliser makers

The new plant, he said, would merely exacerbate a shortage of ammonia and force competitors of Sasol, who were currently buying ammonia from Sasol, to import ammonia in future

The critic said the fertiliser industry, with four contenders competing already, was competitive enough without Sasol further crowding it

Sasol managing director, Mr Joe Stegmann, was not available for comment yesterday but a spokesman said Sasol would reply to these criticisms in due course

Sasol reserved the option of going into fertiliser in its pre-listing statement nearly two years ago

While all its production is currently being bought by local fertiliser makers, Sasol's large investment in ammonia supply would be vulnerable if at some future date foreign suppliers dumped ammonia on the local market at prices below Sasol's production costs

The big fertiliser makers, AECI and therefore Triomf as well as Fedmis have their own ammonia plants

Several fertiliser industry representatives have criticised the scheme and the Minister of Industries, Commerce and Tourism, Dr Dawid de Villiers has met representatives of Sasol and the fertiliser industry

Mr Louis Luyt of Triomf has been the most outspoken critic of the scheme although in one newspaper he is quoted as welcoming it and in a recent annual report he also said he would welcome competition in the capital-intensive, low-margin fertiliser business

QUANTITY SURVEYING (Continued)

Bell-John Prize
For the best all-round student in any year of study.
P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.
P R Swift

LTA Prizes
For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.
I : N D G Sessions
II : A R Low Keen
III: No award

S A Brick Association Prizes
For the be...
the ...struction.
...dent in the ...struction.
...shown ...end

URBAN & REGIONAL PLANNING

SASOL 260 FM 3/7/81

Switch from fuel?

There are strong indications that Sasol is looking at a plan to cut fuel production to accommodate more profitable non-fuel products

The first step could be its recent decision to enter the fertiliser market

Sasol categorically denies this contention A spokesman says "Sasol will never cut fuel production to make more ammonia "

But strategic considerations, as well as Sasol's new responsibilities to public shareholders, could make this an attractive future proposition And a carefully-worded statement by the company strongly suggests that the option is being kept open

It reads in part "Downstream integration into products such as fertiliser is a logical step taken with the interests of shareholders and the country in mind " There's the rub Is recently-quoted Sasol primarily responsible to shareholders or the State?

The statement explains "Sasol's business has never been exclusively the production of fuels Reference to the prospectus will show that it covers, among other things, the production and marketing of a wide range of chemical products including fertilisers "

Sasol is in a good position to produce fertiliser because ammonia, a vital fertiliser feedstock, is a by-product of the Sasol process However, techno-economist Terry le Roux believes that for a relatively modest investment, Sasol installations could be modified to produce more ammonia at the expense of fuel output

He says "Fertiliser company, Fedmis, is considering building a R400m plant which would produce 360 000 t of ammonia a year Sasol could increase its own ammonia production by this amount at less than half the capital cost This would cause its fuel output to fall, but the economics would be tempting "

Sasol will not confirm that it receives better margins on non-fuel products like ammonia But oil refineries the world over are scrambling into these fields in a search for better returns

The highest level of government could be involved in the Sasol decision Ammonia, like liquid fuel, is a strategic material in which the country is not self-sufficient

Substantial quantities of ammonia and equivalent substances were imported even in 1978 when demand was an estimated 41% lower than this year Since then local production capacity has not increased significantly Import figures are not published

AECI now produces the bulk of the country's ammonia — most of it from coal and the rest from oil refinery feedstock Fedmis also produces ammonia from oil refinery feedstock, and Sasol 1 makes it as a by-product

By 1985 local production of ammonia should be slightly ahead of demand The ammonia by-product from Sasol 2 and 3 should be at least 200 000 t a year, and the new Fedmis ammonia-from-coal plant should be producing 360 000 t a year But unless further capacity is added, the country will soon have to import again

Sasol 1 . . . still making all the fuel it can

The authorities may now face the decision should more Sasol capacity go to ammonia? The arguments could be compelling The country is in as much need of fertiliser as fuel, and imports of both are equally vulnerable to sanctions

But then a commitment to huge alcohol fuel projects is also awaited And, in the long term, this could be the better route to liquid fuel self-sufficiency than through Sasol

The economics could also favour the change For Sasol, ammonia could be a more profitable product than fuel And the modifications needed to produce ammonia are less costly than establishing a green field ammonia-from-coal plant

Such a move could help contain fertiliser costs, a move which would be politically attractive to government

The market was worth R549m last year from sales of 2,9m physical tons of fertiliser containing 466 385 t of plant food nitrogen

Sasol has a potential market share of between 15% and 20% after 1985 on its presently projected ammonia production If it raises output, sales could rise ahead of market growth, which is estimated at about 10% a year

Fedmis and Triomf dominate with a combined market share of more than 80% In a recent report, the Competition Board stated that practices in this market restricted the entry of newcomers But it probably discounted Sasol, which will have no difficulty in establishment

The Sasol fertiliser venture will require a new set of ground rules for the industry For the entry of this giant state corporation will not necessarily make the market any freer than it is now.

A start will be made in discussions this week between Industries Minister Dr Dawie de Villiers, Sasol and the fertiliser industry.

Industry sources say they welcome fair competition But they do not regard as fair competition with organisations which have access to grants and loans at more favourable terms than those available to private enterprise

Yet Sasol claims its entry into the market has not been made easier by its government contacts, and that it is not a move to extend government influence in the private sector

It states "There is no cheap financing available to any of the Sasol group projects The proposed fertiliser plant is a development which by any standards can be regarded as being within the private sector

"The prospectus of Sasol Limited, of which 70% is held by individual and corporate shareholders, envisages that the state interest in Sasols 2 and 3 will eventually be taken over by Sasol Limited This is completely in line with the Prime Minister's view that the State should gradually relinquish its interest in commercial undertakings to the private sector as and when they become profitable "

Fired strikers' union may sue Sasol builder

RDM 3/7/81 260

Labour Reporter

THE strike by Bester Homes workers at the Sasol 2 plant is over — but yesterday a black trade union was considering legal action against the company on behalf of fired strikers.

Workers struck on Wednesday in support of wage and other demands. Workers claim over 1 000 were involved, but police say only 500 struck.

Yesterday, about 50 fired strikers gathered at the office of the Building, Construction and Allied Workers Union and made statements to union lawyers.

They made allegations about conditions at the site and the handling of the strike.

The union's general secretary, Mr Frank Mohlala, said the union was investigating legal action against the company, including the possibility that work conditions violated the industry's binding industrial agreement.

The company's managing director, Mr L Bester, declined to discuss the dispute on Wednesday and yesterday when the Rand Daily Mail put worker allegations to his office. He was unavailable.

By yesterday evening Mr Bester had not responded to the allegations.

The workers said they struck in support of demands for a R3 an hour wage and that lowest-paid workers earned 63c an hour and the highest-paid R1,30.

They alleged there was no lighting, stove or hot water in the compounds, where they paid R16 a month rent and had to provide their own food.

They also claimed they were transported to work in open trucks in contravention of the building industry's industrial agreement.

Workers claimed they had elected a five-man committee to discuss these complaints with management on Monday, but a company representative fired all five men and refused to discuss demands. This had led to the strike, they alleged.

After they had gone on strike, management told a group of 200 they were dismissed and that they must leave the compound, workers said.

They said most were taken to Springs and left to find their way back to the homelands.

The workers claim police assisted management in removing them from the compound but police say they were simply standing by during the strike.

The Council of Unions of SA yesterday accused the firm of taking advantage of the State-created influx control system.

It added: "That workers are not able to exercise their rights without threat of dismissal makes a mockery of the Wiehahn Commission and any legislative changes the state wishes to embark on."

QUANTITY SURVEYING (Continued)

Bell-John Prize

For the best all-round student in any year of study.

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For the student obtaining the highest marks in Professional Practice.

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For the best student in the subject of Building Construction.

URBAN REGIO PLANN

Sasol slams its feriliser plan critics

RDM 3/7/81

By DAVID CARTE
Deputy Financial Editor

(260)

SASOL has hit back at critics of its plans to make fertiliser, saying its R50-million fertiliser plant will make the industry more competitive and this will not be welcomed by existing fertiliser companies.

In a hard-hitting official statement released yesterday, Sasol asked if objections to its plan were valid "or whether vested interests in the fertiliser industry are trying to prevent greater competition in this industry"

Sasol points out that the Competition Board recently found that "healthy and sufficient competition did not exist in the industry" and that "the Market Sharing Agreement between the major participants was undesirable and should not be permitted indefinitely"

"It is self-evident", said the statement, "that a more competitive situation would be created by the entry of Sasol into the fertiliser market, which would be in the interest of the agricultural sector, but that this would not be welcomed by the existing marketers"

"The strong opposition to Sasol's plans is therefore understandable It remains an open question whether these reactions are intended to serve the interests of the existing members of the fertiliser industry or of the agricultural sector"

Sasol says "it is completely mischievous to state that Sasol should not be in the fertiliser industry and such pronouncements can only have as an objective the elimination of further competition within the industry"

"It is to say the least mischievous to suggest that the proposed increase in the petrol price is in any way linked to the financing of this project

The proposed petrol price increase, says Sasol, is a "completely separate matter Sasol says the State's investment in Sasol will not be increased by the new venture

The statement says its venture has been welcomed by organised agriculture and the co-operative movement, "since it will lead to increased competition in the fertiliser industry"

Sasol argues that it has been involved in fertiliser since its inception in the mid-1950s

It points out that it was a founder member of the Fertiliser Society of SA and has made a substantial contribution financially and otherwise, to the promotion of the aims of this association

To objections that State funds were being used to compete with private sector fertiliser makers, Sasol says it is "in all respects a company in the private sector" and is listed on the Johannesburg Stock Exchange

Sasol quotes an extract from its pre-listing prospectus, which reads "The State decided that the assurance may be given that the companies in the Sasol group will operate as companies in the private sector and that any State control applicable to the Sasol group will not be more restrictive than in other sectors of industry"

The company says its plant at Secunda will not add to ammonia production and therefore does not compete with plans of other fertiliser makers to expand their ammonia production

At no stage has Sasol considered increasing ammonia production at the expense of liquid fuels

After the new fertiliser factory opens at Secunda, Sasol will still have surplus ammonia

Sasol intends to bring into better balance its processing capacity with its feedstock capacity, just as others in the industry are doing This was to protect its shareholders against excessive dependence on competitors for the sale or supply of its raw materials

Sasol says it will fully meet its contractual commitments to supply ammonia and its derivatives from Sasol 1 and 2 to other members of the industry

When Sasol 3 is completed there will be surplus fertiliser products available over and above Sasol Fertilisers' needs and these will be available to other producers

The new fertiliser plant will be financed by Sasol itself

It says it is unjustified to suggest that Sasol should use its profits to subsidise the price of petrol

Sasol says its import protection of less than 15% or $5 a barrel is modest and its ability to compete against imported crude oil despite this limited protection was "a notable achievement"

Sasol insists that its business is not limited exclusively to the production of fuels It also mines coal, produces and distributes gas refining of oil markets petroleum products and chemicals, including fertilisers

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best all-round student
year of study.

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Sowetan 3/7/81

Sasol 152 82 260 strikers 331 143 are fired

STRIKING black Sasol workers who have refused to return to work until their demands are met have been fired, according to a union leader

The workers, employed by Bester Homes at the Sasol 2 plant at Secunda, struck on Wednesday, apparently over a pay dispute

The secretary of the Building, Construction and Allied Workers' Union, Mr Frank Mohlala, said some of the workers had returned to their jobs, but those who had refused to do so had been fired and were taken from the company site in trucks

Reports on the number of workers involved varied between 500 and 2000

Mr Mohlala said workers complained to him over pay and charges levied against them for compound housing, as well as having to pay for company transport to and from work

Fertiliser men are afraid says the SAAU

RDM 4/7/87 1183 3 general 260

By SIMON WILLSON
Industrial Reporter

ESTABLISHED fertiliser producers objected to Sasol's entry into the fertiliser market only because they were "afraid of the competition", Mr Piet Swart, director of the South African Agricultural Union (SAAU) said yesterday

But AECI, while not mentioning Sasol by name, heated up the controversy surrounding Sasol's move by making thinly-veiled, critical references to Sasol's access to Government money and said any competition involved was not "on a fair basis"

Welcoming Sasol's announcement this week of its intention to operate a R56-million fertiliser plant, Mr Swart said it was most satisfactory that there would, as a result, be more competition in the fertiliser industry

"Sasol is absolutely right to integrate vertically and use its raw materials in this way

"Everybody's screaming about free enterprise and competition, but as soon as they get it, they don't want it"

Mr Swart said Sasol was making "a material contribution" to increasing the amount of ammonia on the South African market

"Sasol 3 will be coming into operation soon and there are already contracts about the supply of ammonia from Sasol's 1 and 2, so there will eventually be extra ammonia available"

The mere fact that Sasol was starting fertiliser production would not lead to increased demand for fertiliser, he said

"Whether Sasol enters the market or whether it doesn't will not make any difference to the fact that South Africa will still have to import ammonia in the meantime"

The executive director for agriculture at AECI, Mr Chris von Solms, implied yesterday, without mentioning Sasol specifically, that competition in the South African fertiliser industry would not be fair after the entry of Sasol as a manufacturer

"AECI is prepared to meet any competition if such competition is on a fair basis," Mr Von Solms said

"However, it does not consider competition with organisations which have access to loans at more favourable terms than those available to private enterprise, as well as to grants, to be fair competition"

Sentrachem, Triomf and Omnia Fertiliser declined comment on the controversy

A Sasol spokesman yesterday said it was interesting that some of the early criticism from the established fertiliser companies of Sasol's move had been anonymous

"It is loud and clear that the established industries are trying to keep Sasol out of the market

"But it is significant that the farmer's mouthpiece, Landbou Weekblad, has welcomed Sasol's entry into the fertiliser market

"There will be a shortage of ammonia in South Africa whatever happens, ammonia is being imported at the moment Sasol's entry into the fertiliser market will promote healthy competition," the Sasol spokesman said

Fertiliser criticism: Sasol hits back

Star 4/7/81

183

260

By David Bamber

Sasol has reacted strongly to criticism from the fertiliser industry arising from its decision to build a fertiliser plant at Secunda and to market fertiliser directly to farmers.

Sasol points out that the Competitions Board had carried out an in-depth study of the fertiliser industry and found that healthy and sufficient competition did not exist in the industry.

It also said the market sharing agreement between the major participants was undesirable and should not be permitted to continue indefinitely.

Sasol says notice of termination of the agreement had been given.

"It is self-evident that a more competitive situation would be created by the entry of Sasol into the fertiliser market, which would be in the interest of the agricultural sector but that this would not be welcomed by the existing marketers," Sasol says.

It adds that the strong opposition to its plans was therefore understandable.

But it remained an open question whether these reactions were intended to serve the interests of the existing members of the fertiliser industry or those of the agricultural sector.

Sasol notes that its involvement in the fertiliser industry dated to the mid 1950s, that it was a founder member of the Fertiliser Society of South Africa and had made a substantial contribution, financially and otherwise, to the aims and the promotion of this association.

Sasol says it was not only a listed company on the Johannesburg Stock Exchange but was in all respects a company within the private sector.

"It is thus completely mischievous to state that Sasol should not be in the fertiliser industry and such pronouncements can only have as objective the elimination of further competition within the industry," it says.

ARCHITECTURE (Continued)

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For the best work in first year.
Miss M F J Sandilands

S A Brick Association Prize
For the student who has made best use of bricks in his design work.
J G Kirkman

R Stubbs Awar
For the best structure anc
M R I Ness

BUILDING

National Dev
for the Buil

Is any change necessary?

Apart from the fact that two new drugs are on the market, is there any need for change?

Points worth considering are:

(i) the escalating costs of hospitalisation;

(ii) shortage and cost of highly trained staff, together with their employment at their highest potential;

(iii) the high cost of disability awards, pensions and unemployment payments (Table 3);

duties necessary to a clinic service, unlike a hospital, can receive better attention.

Variables.

When assessing the value of intensive, short-course therapies it would be foolish to be dogmatic at this juncture. All that one can assess is the merit of the I.S-C.Ts as against the older, standard regimens.

Here again it must be emphasised that a comparison of drug, purchase price is a minor factor in the overall picture. (Tables I & 3).

Far more expensive are the salaries and pension contributions of the staff employed, whether by a hospital or a clinic (Table I).

From this it follows that any regimen that cuts down the time and numbers of patients being handled is of inestimable value, but it is difficult to put a figure on

As a result of this, patients can now receive, if necessary, supervised therapy in their homes or at work, and the relapse, re-treatment rate has fallen to the order of around 1%.

Radiographs need be far fewer and in one area they have dropped from 50 000 per annum to 23 000. This, alone, at a cost of, say, R1,00 per film pays for the Rifampicin of 337 patients, 42% of the annual need.

The Financial Status of Tb. patients

As indices could not be obtained from the Labour

Strip steel rival for Iscor?

S.Times 5/7/81

~~184~~ 260

By Andrew McNulty

THE local steel market could be heading for a shake-up with a new R60-million project being planned by Highveld Steel and Vanadium to produce hot strip steels now supplied only by Iscor

The project was revealed to Business Times by the managing director, Leo Boyd, who says a decision is likely by the end of 1981

Highveld is currently in the throes of a R110-million expansion to lift total production capacity to 1,1-million tons of steel a year

A further R45-million is being spent on an environmental programme for completion by the end of 1981, involving installation of sophisticated equipment to control air pollution at the group's plants

The new development of a Steckel hot strip mill — if the go-ahead is given — would not be aimed at increasing Highveld's total output capability

Instead it would broaden Highveld's product range into profitable markets in which Iscor is the only supplier — injecting new competition at the same time

In Mr Boyd's view there is no doubt that consumers in these markets would be pleased to have a choice of local suppliers and Highveld could expect to achieve a modest share of about 150 000 tons to 200 000 tons a year

At the current steel price of about R350 a ton, this would be worth between R52-million and R70-million annually

Whether the decision to proceed with the expansion is made in the current year will depend not on the outlook for the market, however, but on availability of finance

As it is, Highveld's policy to finance capital investments without dilution of its equity, Mr Boyd says, the only factor that could cause a delay would be the inability to finance by cash flow and by short term loans

The expansion is considered a logical third arm to complement Highveld's existing plate and rolled steel ranges — and as such looks only a matter of time

RDM 6/7/81

Iscor's loans : the talking point

260

By HAROLD FRIDJHON

MAIN talking point in the capital market last week was the announcement of the rates for Iscor's R50-million new loans. Iscor was originally listed to come to the market in the first half of August but the date was put forward because no issues were slated for the first half of July.

Volkskas Merchant Bank, UAL and Senbank have done a good job on Iscor. Two loans will be issued, a short — 5 years at 13,22% — and a 14-year issue at 13,31%. Both rates are all-in. These loans are very well pitched, the five-year particularly. One market source described the short as being astutely pitched.

And I don't think that anyone can cavill about the long, not with Escoms currently trading at around 13,15%. The spread is narrow taking into account the fact that Escom is the premier stock. I don't think that Iscor will have any difficult in getting its money.

Other new issues for this month will be R5-million for the Lebowa Government. This will be handled by Senbank and then to follow is a R6-million issue for the East Rand Administration Board which is being handled by Senbank and Standard Merchant Bank.

Rates and terms of these loans have yet to be released.

A view expressed in the market was that maybe we have not yet seen the peak in the rates of gilts and semi-gilts and that in the months to come there might still be a hardening. This view is based on the borrowing requirements of the central government as well as the parastatal corporations and the present availability of cash.

It is argued that with money market rates being at their prevailing heights, it could pay institutions to continue to go short and then switch into gilts at a later stage.

This looks like a risky choice to me. While it is possible for long-term rates to move up a few points, the trading levels of gilts and semi-gilts in the secondary market clearly indicates an acceptance of current rates. RSAs, the new issue, are trading at 13,03% and although the market was relatively quiet last week, business is being written.

I think it is still too early to look to a further rates rise. Perhaps after we have seen Mr Horwood's Budget, it will be easier to assess the situation.

BY the weekend, the money market had sorted out most of its immediate problems. The imported money which had been used by the banks to square their end-of-month positions had been repatriated and come rates had started to ease.

The borrowed overseas money went out in two tranches and the withdrawal of the cash left the market somewhat depleted of funds and I understand that on Friday, the discount houses had to seek Reserve Bank accommodation to the tune of R316-million — and there were no free balances in the National Finance Corporation.

The fact that the houses are in the bank for R316-million clearly suggests that estimates of R400-million for the month-end shortage were not too far out. The banks might have been stuck for most of that amount if they had not looked overseas for assistanmce.

Trading in the money market has been quiet. It would seem that most banks have been concentrating on holding existing fund and that the buying and selling of assets has been restrained.

An indication that the immediate pressure is off the dealing rooms is that overnight money has dropped from 17½% to 13% but with an eye to the problems of the end of August most institutions are trying to get longer investments to carry them over the critical period.

Three-month money is being bid at 15¾% to 16% with some three-months deposits earning up to 16⅛%.

The call rate is unchanged at the banks and at the discount houses, neither has there been any change in the rate for bankers' acceptances which stands at 14,5%.

Friday's Treasury bill tender showed a slight increase with the rate going up to 10,03% from 10%. The tender attracted R42-million for the R40-million on offer.

URBAN & REGIONAL PLANNING

QUANTITY SURVEYING

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(Continued)

QUANTITY SURVEYING (Continued)

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URBAN & REGIONAL PLANNING

Student Planners Award
For the student who has shown greatest promise at the end of the first year.

M P Morkel

Secunda quiet after bus fare riot

RDM 8/7/81 260

Staff Reporter

SECUNDA — The Langverwag township — which houses most of Sasol 2's black staff — was quiet yesterday following sporadic violence on Monday over an increase in bus fares

A spokesman for the Police Directorate of Public Relations said in Pretoria that police used teargas on four occasions to disperse rioting black scholars, who stoned buses and a beerhall and set a private vehicle alight

There were no reports of casualties in the sporadic rioting, and no arrests were made

The violence apparently followed a refusal by the United Transport Company to waive a 5c daily busfare increase, from 40 to 45c

Police used teargas when about 1 000 pupils protesting against the increase stoned a bus and a private vehicle

They also intervened when rioters stoned a beerhall and later set a private vehicle ablaze, the spokesman said — Sapa

OIL (55) (260)

Import independence

FM 6/7/81

Government's objective is to achieve a level of independence from imported oil of 60%-70% between 1990 and 1995

According to Bob Scott, chief director of planning of the Department of Mineral and Energy affairs, this level is probably attainable "under non-crisis conditions" by one of the following routes

□ Construction of three more Sasol plants the size of Sasol 2 and 3 After 1995, further similar-sized plants would be required at roughly three-year intervals to maintain 60%-70% independence;

□ A lesser number of Sasols with the balance coming from alternative processes producing compatible or petroleum substitute fuels

Scott, who spoke at the 13th Aiesec economic conference in Cape Town this week, said government was attracted to the latter option because the financial and manpower burden may be less severe than for the proven Sasol route

(At a conservative estimate, three more Sasols to 1995 would require at least R16 000m and 30 000 skilled workers)

Apart from the daunting aspects of finance and labour, government is concerned about redressing the increasingly heavy imbalance in the pattern of demand for diesel and petrol

According to Arie Geertsema, Sasol's chief process engineer, it has been possible, at considerable additional expense, to amend the yield structure at Sasols 2 and 3

He confidently expects the initial petrol/diesel ratio of four to one to be worked down to one to one

Bob Scott says he is happy with this ratio because it fits in neatly with government plans to balance demand by developing a new light diesel fuel Plans are afoot, it seems, to draw up new specifications to "stretch" current diesel supplies by blending in petrol to an upper limit of about 20% Because such a fuel would have a considerably lower flashpoint than conventional gas oil, new specifications will be needed to direct safe storage and usage

To further balance offtake, Scott advocates a certain amount of "demand manipulation "

He says about 95% of diesel fuel produced is sold at subsidised rates Only 4,7% of last year's consumption was sold (to filling stations) at the full tax-paid price of 48,16c/ℓ Bulk consumers in commerce and industry, accounting for nearly 48% of consumption, paid 41,2c/ℓ

Bonn expected to approve tenders for Escom plant

JOHANNESBURG — German tenderers for Escom's Matimba power station near Ellisras in the north-western Transvaal are expecting to receive Bonn Government backing in their tenders

Escom has put out for tenders for turbo-generating plant in the R1 800-million station, which will use middlings coal from Iscor's Grootegeluk coking coal mine

More than 1-million tons of middlings coal has already been stockpiled for the Matimba station

In the past Escom has bought turbo-generating plants from suppliers in Britain, Germany, Japan, the US and France

According to a Bonn report, as the South African project goes beyond the 50-million marks (R18-million) limit set for government export guarantees normally granted or rejected by an inter-ministerial warranty commission, the Bonn cabinet had to discuss applications

The German suppliers are likely to get the government guarantees they applied for

The Grootegeluk mine, according to estimates in the coal mining industry, will produce extremely costly coking coal for Iscor, because of high capital and infrastructure costs

The middlings coal, produced with the coking coal, had to find a market which Escom is providing

The power station will have three 600 mw generators, the first of which is scheduled to come on stream by 1987-88

Escom 'caught' by boom

RM 1/7/81

Mercury Reporter

SOUTH AFRICA'S economic boom over the last three years has caught the Electricity Supply Commission napping, resulting in the power cuts which are becoming a part of living through the winter months

This is the opinion of Mr Roland Freakes, executive director of the Durban Chamber of Commerce

Mr Freakes said this week that Escom would obviously have difficulty meeting the demand for electricity for some years to come. They had not planned for the upsurge in demand which the country's growth had created.

Escom's public relations officer Mr C J Uys said that nowhere in the world was it possible to guarantee an uninterrupted power supply. He said the cold weather was increasing the load on the already overburdened supply

At present Escom had a generating capacity of 17 500 Mw, more than adequate to cope with the country's anticipated peak demand of 15 000 Mw this winter, but informed sources said the teething technical problems with new equipment was responsible for the recent series of power cuts

Escom officials remarked that they had been operating on reserve margins below the accepted international standards Monthly averages of between 14 and 17 percent of reserve power were now the case

These officials noted that in 1978 some thought Escom over-ambitious in plans for expansion at that time

Meanwhile industry and commerce are now suffering from the periodic withdrawal of electricity supply

Yesterday again many centres in Natal were totally sapped of electricity for periods of up to two hours, leaving home-owners disgruntled over cold breakfasts and others panicky about being trapped in lifts

A spokesman for the Durban Electricity Department said yesterday that as far as possible load-shedding was restricted to residential areas, but almost invariably some industrial and commercial concerns would also be affected because the load was shed in zones, and small areas could not be isolated

Mr Uys said warnings were issued over Radio Port Natal before power was cut off, interrupting programmes if necessary An official from Radio Port Natal confirmed this

A regular power cut system could not be implemented because it was impossible to pre-determine how many kilowatts would have to be shed every time a power cut was necessary, a spokesman from Escom's Regional Office told the Mercury. He added that the possibility of power cuts was greater from Wednesday to Friday, and any regular system would be unfair for people living in areas that had a greater chance of being affected

Mr Ken Hobson, general manager of the Durban Chamber of Commerce, said yesterday he was very concerned about the power cuts They were creating problems in commerce for a number of reasons. Security systems did not function, tills could not operate and computer systems broke down every time a power cut occurred

Mr Hobson said the chamber was having a congress at Richards Bay next month where the issue would be discussed, and that he would be meeting the Natal regional manager for Escom and the Durban City Engineer at the end of this month to discuss the problem.

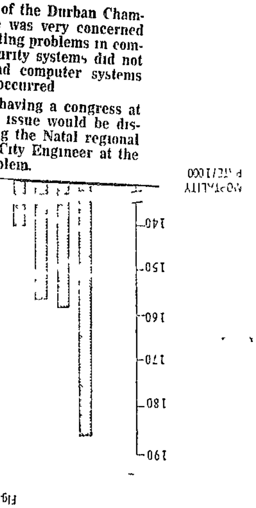

Fig 4 Age Specific Mortality Rates/1000 White and Coloured, 1929 - 1970

POWER CUTS (260) (58)

Cahora dimension

FM 17/7/81

Power from Mozambique's Cahora Bassa dam — interrupted by sabotage since April — amounted to under 10% of SA's total usage and is not the only reason for the power shortages Escom warned years ago that shortages would occur in view of increasing demand (averaging 8,8% a year) unmatched by new power station construction

However, Escom's power reserves are now only 13% above demand level This is 12% below the supply/demand ratio normally considered to be "acceptable" Reserve power well in excess of peak demand is needed because some generating sets are always out of action for maintenance or through breakdowns

The effects of the shortage are being felt in staggered electricity cuts in parts of Johannesburg with possible adverse effects on productivity Escom says SA does not depend on the Cahora Bassa source to a very large extent, but "one would be grateful to have that We need more reserve margin" In fact, if power were flowing from the dam Escom would be fairly close to the acceptable ratio — certainly there would be fewer, if any, power cuts There is some evidence that Escom's R98m deficit last year (when pylons were also sabotaged) was largely incurred by having to keep obsolete and uneconomic generating sets in operation to help make up for the loss of Cahora Bassa power

Cahora Bassa supplied Escom with 1 370 MW until the flow was "interrupted" Johannesburg's peak demand on a cold winter's morning is 1 200 MW

Thus the 10% of power imported from Mozambique is not to be sneezed at, certainly not until the Mutumba Tutuka and Lethabo stations are completed in about 1986

According to the Mozambican Information Ministry five pylons were blown up during April in Manica province in a remote, mountainous, sparsely populated area near the Zimbabwe border In a telexed message, Maputo says the company that runs the dam, Hidroelectrica De Cahora Bassa (HCB), will repair the damage "as soon as they are satisfied the area is safe for their technicians"

Security impossible

Highlighting the parlous state of SA-Mozambique relations, the statement adds 'Full security for 900 km of power line only possible when SA stops supporting anti-government rebels Interesting contradiction in SA government policy here they need Mozambican electricity, yet support the very groups that cut off that electricity"

SA, of course, denies supporting the Mozambique Resistance Movement (MRM), which, according to some sources, now "controls" large areas of Manica province Claims of MRM gains along Mozambique's south-western border are given substance by the recent meeting between Samora Machel and Zimbabwe's Robert Mugabe at which a joint campaign against the rebels was reportedly discussed

Some substantial MRM activity is also implied by the Mozambican statement that it is not "safe" for HCB technicians to go into the area and repair power pylons

How significant the MRM is, and whether or not Frelimo can in fact go into the affected region, remains to be seen Over the past two months, however, close consultations between Escom, HCB and Electricidad de Mozambique have been taking place in Johannesburg according to a reliable source

It would certainly be ironic if SA-supplied explosives were used to blow up pylons designed to carry electricity to SA On the other hand SA's interests might well be served by a strengthening of the MRM

Toxic Substance	Type of Industry	No. of Factories, Mires or Works Involved	No. of potentially exposed workers
Carbon Bisulphide	Metallurgical	131	27 214
	Ice cream	35	1 261
	Pottery	25	27 002
	Fertilizer	22	4 557
		845	66 398
Lead	Tanneries	33	2 211
	Rubber & rubber products	406	24 842
	Printing works	756	34 271
	Typesetting	7	288
	Paint manufacturing	104	5 688
	Explosives & fireworks	5	4 577
	Match manufacturing	6	1 212
	Agricultural remedy manufacture	22	4 557
	Brickworks	301	32 624
	Pottery, sanitary & tiles	5	6 001
	Glass manufacturing	196	12 240
	Lead smelting	15	768
	Cable manufacturing	146	19 343
	Galvanizing works	14	842
	Battery manufacturing	31	3 537
	Copper alloys	39	5 677
		2 086	158 678
Manganese	Manganese orr works	17	5 160
	Ferromanganese works	5	1 806
	Battery	31	5 677
	Brickworks	301	32 624
	Explosives & fireworks	5	4 577
	Match	6	1 212
	Glass factories	196	12 240

Toxic Substance	Type of Industry	No. of Factories, Mines or Works Involved	No. of potentially exposed workers
Chrome	Chrome mines	17	3 514
	Soap factories	59	6 094
	Factories using lead wastes	2 086	158 291
		2 162	168 291
Vanadium	Ceramic	196	12 240
	Petroleum refineries	13	2 644
	Glass factories	196	12 240
	Vanadium smelter	3	452
		408	27 576
Mercury	Leather tanneries	33	2 211
	Paint factories	104	5 688
	Potteries, sanitary and tile	196	12 240
	Agricultural remedy manufacture	22	4 557
	Paper & paper products	186	29 907
	Basic chemical factories	70	13 370
	Factories in which mercury lamps, flourescent lights & mercury containing lamps are manufactured	99	4 632
		715	77 132
Zoonosis	Abattoirs, butcheries, meat canneries, etc.	513	28 921
	Dairy produce factories	247	13 677
	Plant and animal ribs & fat & by-products factories	30	5 735
		790	48 333

(This does not include farm workers, veterinarians, stock inspectors and factory workers.)

Toxic Substance	Type of Industry	No. of Factories, Mines or Works Involved	No. of potentially exposed workers
Platinum			30 503
			56 460
			26 081
			24 396
			9 395
			146 835

...can be added to the

No fall in manufacturing investment: IDC

S Express 19/3/81

THE Industrial Development Corporation has not noticed any decline in investment by the manufacturing industry, says chairman Abie van den Berg

"This obviously does not apply to all sectors; while some go up, other come down. I am talking of industry in general when I say that not only haven't we noticed any fall off, but we believe that there has actually been an increase in activity," he said

Financial Reporter

"The manufacturing industry is still [illegible] more than 90% of its capacity [illegible] and that is too high People are now investing in additional capacity."

Van den Berg said the credit squeeze would have very little, if any, effect on the investment programme as most companies were liquid and well able to finance expansion from their own resources

He did not believe that the credit squeeze was having any effect on the consumer market either "If you look at what women are buying and what they are paying for it, the credit squeeze cannot be having any effect on consumer spending," he said.

Van den Berg refused to predict a growth rate for the economy this year, but was obviously not particularly perturbed

"There's still a great deal of momentum in the economy and that will pull us through," he said

"We must not try to compare this year with 1980."

Van den Berg claimed that overseas companies were investing heavily in this country by increasing the production potential of their local subsidiaries

They were not, he said, establishing new operations

20% shock for some Iscor steel users

RDM 20/7/81 (260)

A RESULT of a ...ighting system in ... the 12% ap-...ved steel price in-..., certain consum-face price increases more than 20%.

By SUSAN DALLAS

...line with Iscor's market-policy, the price of "sensi-... steel products has been ... to remain competitive the cost of other steel pro-..., such as heavy steel used the construction industry

...ording to Iscor's market-strategy manager, Mr H ..., a high-cost loading ... was used to protect pro-..., such as tin-plate used by canning industry which is ... under heavy competi-... from substitute products ... and plastic

... sensitive product is ...nized steel used as roofing which competes with as-... cement and tiles

... the increase in income ... as a result of the price ... represents an average 12%, steel merchants will ... this rate of increase ... costs only if they stock entire range of Iscor ...

...escribing the pricing policy ...a delicate exercise, Mr ... said the more costly ... had not been price-loaded of proportion

... addition to the increases ... basis prices of steel pro-..., a different method of ... the minimum quantity ...ying for a discount and "quantity extra" charge ap-... below that amount had in ... cases further increased costs of certain orders

...reviously, light, medium heavy steel were subject to same minimum order of 40 ... over three months

...ording to Mr Schmidt this ... unfair to the buyers of ...eight steel.

... new method of rating ... the minimum order ... three months for light ... to 20 tons, leaves medium ... at 40 tons and raises ...y steel to a minimum or-... of 120 tons.

... a result, the increase in ... price of smaller orders of ...y steel is large

... basis price of Taper-... heavy I sections, for ex-... is now R367 a ton com-... with R308,50 before the ... increase. For the small-... quantity, between five tons under 10 tons, there is an ... charge of R64,70 a ton.

For the largest quantity of 120 tons, there is a reduction of R9,60 a ton, so that the cost difference between ordering the smallest quantity — Iscor does not accept orders under five tons — and 120 tons where the discount comes into effect is R74,30 a ton.

A charge for "size" or "section extra", which has risen from R19,60 to R23,30 along with import levy and transport costs which have remained the same, brings the end cost to the primary buyer of this item up from R344,15 a ton to R417,90 — an increase of 21,4%.

Although increases of this size hit certain merchants and their customers heavily, Iscor says that by lowering the discount-qualifying level for orders of light steel, certain merchants may find their purchases easier.

The quantity discount arrangement is to encourage buyers to place large orders as long runs at Iscor's mills are cost-effective. These discounts are also offered by merchants

Regarding the 12% average increase in price, Mr Schmidt said 65% of Iscor steel fell below this average in terms of tons of steel sold.

The amount of steel carrying a greater than 12% increase represented only 35% of tons sold.

Replying to an allegation that Iscor might be able to place higher increases on fast-selling items to maximise income, Mr Schmidt said this was impossible as the "budget was worked out on a weighted average and not a straight average, and at the end of the day we may show only a 12% overall rise in income."

In addition, the new prices charged by Iscor were closely scrutinised by the Government to ensure that price control regulations were not contravened.

An anomaly of the pricing mechanism, said Mr Schmidt, was that it was based on South African demand totalling 95% of Iscor's output, while the actual proportion of offtake was now about 65%.

The 12% increase granted by Government was well below the level applied for by Iscor, which needed an increase of at least 17% to place it in the same operating position as this time last year.

"In fact, we were carrying forward a shortfall of 3% from the previous increase, and we would have liked an increase of around 20% to compensate."

Asked whether the reduced increase meant Iscor would face a loss of 5% because of rising costs, Mr Schmidt said it was not as simple as that. The price was based on a return in capital employed, and this would be reduced.

Mr Schmidt said the railage charge to the user was fixed, and was calculated on the cost from Germiston to wherever the order was bound.

He said this gave an advantage to users on the Reef, who when receiving steel from Newcastle were still charged the fixed amount for railage — Reef customers account for about 80% of Iscor's domestic business.

In most cases Iscor was subsidising railage charges, said Mr Schmidt, but it would be difficult to obviate this. If a differential railage charge were implemented, customers would insist on steel being delivered from particular mills, and this was not always convenient

"A customer in Johannesburg may insist on a particular type of product to be delivered from the Pretoria mill, but at the time the product may only be available from Newcastle."

Iscor's prices will apply to primary transactions and the new cost of steel to the end-consumer who buys from merchants not subject to price control regulations can be considerably higher.

Merchants supplying "black steel" in an unchanged form from Iscor are allowed to add a margin of 19% to Iscor's cost when selling to third parties, but as soon as the steel is fabricated, or value is added in any way, price control falls away, and prices are dictated by market forces.

One manufacturer of "bright" steel has increased its "quantity extra" charge on orders of below 100 tons over three months by 100% — a charge which applies mainly to end-users.

The minimum invoice charge an order from this company has risen 40% from R300 to R500.

Explaining the size of these increases, Mr Frank Gradwell, managing director of Bright Metals of Randburg, said most of the raw materials used by the company fell in the range of steel products which had been priced more than 12% higher.

He said: "Adjustments have had to be made in sizes which over the years have been held lower than the going steel price increase due to keen price competition.

"It was decided this year to bring those particular sizes to realistic pricing levels particulary in view of the 17,5% overall increase that took place in labour rates in May and July."

QUANTITY SURVEYING (Continued)

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the high...
Professi...
P R Swif...

RAND DAILY MAIL, Thursday, July 23, 1981

Public-sector to spend 20% more

RDM 23/7/81

By HAROLD FRIDJHON

CONSTRUCTION expenditure by the public sector, including the public corporations like Escom, Iscor and the IDC, is estimated to reach R4 661-million this year against R3 855-million last year — an increase of 20,9%.

Figures compiled by the Department of Statistics show that the central Government, provincial administrations and the national states will spend an estimated R1 580-million (R1 304-million last year), mainly on non-residential buildings, roads and bridges. Non-residential buildings include clinics, hospitals, schools and prisons.

Government and provincial expenditure on housing is expected to be R131-million against R100-million last year which, considering the effect on inflation on building costs, does not look like making a dent on housing requirements.

Local authorities are down to spend R600-million (R480-million). The major items will be roads, streets and bridges.

Universities, technikons and agricultural controls boards will spend R92-million (R66-million), divided between residential buildings, R21-million, and non-residential buildings, R62-million.

The big spenders will be the public corporations whose bill for the year will be R2 388-million — R384-million more than in 1980.

QUANTITY SURVEYING (Continued)

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The Committee of the Western Cape Chapter of Quantity Surveyors' Prize

For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes

For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

I : N D G Sessions

II : A R Low Keen

III: No award

S A Brick Association Prizes

For the best student in the subject of Building Construction.

C W von During

For the second best student in the subject of Building Construction.

K Strong

Student Pr...

URBAN & R|P|

Shipping — By Bill [illegible]

R8-m contract for oil rig support tug

Argus 27/7/81

260

189

Argus Correspondent

DURBAN — Leading shipbuilders Dorbyl Marine have successfully negotiated an R8-million contract with Unicorn Lines (Pty) Limited to build South Africa's first oil rig support vessel for use by Soekor

The 'most sophisticated anchor-handling tug supply vessel' built here is due for delivery in December 1982 Its activities will include towing rigs to and from drilling locations off the South African coast, handling rigs, anchoring systems and transporting oil field equipment and materials

Executive director of the non-liner division of Unicorn, Mr Michael Meehan, said it was a most significant development in shipbuilding in South Africa

RECESSION

The contract comes at a time when shipbuilders, in spite of having orders coming in, are still battling to emerge from the recession which struck a few years ago

Although Dorbyl appear to have been forerunners with the contracts for the Sea Fisheries research vessel Africana, being fitted out at present, two I and J fishing trawlers launched recently, an order for a Canadian trawler and the Railways order for four tugs, all being clinched at crucial times for the industry. Executive director Mr Dick Brass has said that the yard would in no way be running to capacity.

The supply vessel/tug will have a stipulated bollard pull of 100 tons

The specifications of the ship, according to Mr Meehan, were chosen 'to suit Soekor's operating requirements and experience with similar vessels'

He said the latest improvements in technology would be included and the craft is expected to burn 1 500 seconds fuel compared with the higher grade fuels which most supply vessels burn

Twin screws with propellers in fixed nozzles and two engines developing 3 000 bhp each will produce a speed of 14,4 knots

A 200 ton towing winch is to be fitted to the 62 m long 1 050 dwt ship Beam specs are 13 m and the draught, will be five metres

This is the 11th new building order placed in South Africa by Unicorn, eight of which have gone to Dorbyl Marine

QUANTITY SURVEYING

(Continued)

Bell-John Prize
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P C Key

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C W von During -

For the second best student in the subject of Buildi---Construction.

URBAN & REGIONAL PLANNING

...s shown ...end

30/7/81

Textile strikers return to work

Labour Reporter

Production returned to normal today at the Da Gama Textiles plant near Zwelitsha in the Ciskei, where about 4 000 workers walked out earlier this week.

The dispute began on Friday over wage demands, and spread from the loom mechanics' area to the rest of the plant.

On Tuesday the entire work force walked out, and the Da Gama management attributed this to intimidation by some workers.

But today the plant's general manager, Mr Roy Aspinall, said production had returned to normal by mid-morning, and no-one had been dismissed.

The Ciskei's head of police, Brigadier Charles Sebe, was at the scene of the strike, and said ten workers had been detained.

They were arrested for allegedly assaulting strike-breakers, he said.

Mr Aspinall said the company would not reconsider wages at the plant — Da Gama operated under the internationally approved "Patterson system" of graded wages.

Da Gama Textiles is one of the largest textile firms in South Africa and is half-owned by the State's Industrial Development Corporation.

There were no confirmed reports of union activity during the dispute.

ESCOM (260)

Coping with demand

FM 31/7/81

Electricity consumers will have to get used to power cuts with little or no warning — for the simple reason that Escom itself cannot always predict when they will occur

Sabotage apart, a prime reason for this is that much of Escom's present generating capacity is new plant (2 400 Mw was commissioned last year), which always has teething problems during start-up

"These cannot always be foreseen," says Escom spokesman Jan Roux, "and when a 600 Mw turbo-generator trips out, enough power for a town half the size of Johannesburg is lost"

Even without these problems, it is highly unlikely that Escom would publish a schedule of cuts One reason is that would-be thieves and terrorists could profit from fore-knowledge of blackouts

Another is that municipalities, and not Escom, make most of the decisions on the exact timing and location of power cuts

Curbs on electricity consumption have been applied equally throughout the country, although the Transvaal has had fewer power cuts than Natal This is because Transvaal mines and industries have been able to shed sufficient load by voluntarily shutting down plant at peak periods to avoid general blackouts

A similar scheme should soon reduce the number of power cuts in Natal

Escom expects to commission a total of 6 000 Mw generating capacity by the end of 1982 This is about a quarter its present generating capacity of 18 500 Mw

During peak periods, demand rises perilously close to this figure And if a few generator sets are out of action due to unplanned shutdown or essential planned maintenance there is just not enough to go around

"We are working on an average total generating capacity reserve of 13% at peak periods, assuming there are no breakdowns," says Roux "The internationally accepted capacity reserve level is 28%, and some utilities work on figures of more than 30%"

Restoration of the 1 400 Mw supply from Mozambique's Cahora Bassa dam would obviously help, and Escom has hopes this will soon be on stream again But continuity of this supply will be uncertain as long as the Mozambique Resistance Movement is active

When electricity demand exceeds supply, Escom's policy is to cut off supplies to some consumers rather than continue to supply all consumers with a voltage which is outside the prescribed limits The reason is that such fluctuations play havoc with sensitive equipment such as computers and constant speed motors

Escom's attitude to anticipated faults is equally stern

"We prefer to be ruthless and cut the power as soon as we discover a fault, so we can rapidly restore supply, rather than hold on as long as possible and risk letting

Continued on page 561

the situation get worse," says Roux

Escom can hardly take the blame for the shortages Few in government and industry accepted its estimates of present demand in the dark days after the 1976 Soweto riots

"It was the first time since Escom was founded in 1923 that our estimates were queried," says Roux "And this put back our expansion by four years

"Our overseas financing also dried up and we were forced to raise our tariffs by more than 70% between 1976 and 1978 to help finance our present expansion. The private consumer has not forgiven us for these tariff rises, although our electricty is still the second cheapest in the world after Canada, which has a high proportion of hydro-electricty"

Roux expects the worst of the crisis to be over after next year's winter In the meantime he is keeping his fingers crossed that the present warm weather will last

ESCOM 260 FM 21/8/81

More power for the people

Escom has duly awarded the R700m first leg of the R2 billion contract for the new Matimba power station But with the announcement has come a R2 billion surprise it is to bring forward plans for another thermal giant which will be built simultaneously

This week it awarded the Matimba contract to Stein Industrie-EVT (SI-EVT), a French consortium, and a similar contract to Combustion Engineering (CE), a US company

Both contracts are for boiler plants which are each capable of supplying steam to generate 3 600 MW of electricity

Costing R700m each, the boiler plants consist of six boilers Each supplies steam to a 600 MW turbo-generator

The boiler plants are the most expensive elements of the two stations, which will cost a total of R2 000m each Their combined generating capacity will be sufficient to supply more than half the country's present electricty requirements

Earlier this year, five international manufacturers, Babcock Africa, Deutsche-Babcock, Combustion Engineering, Stein Industrie-EVT and Steinmuller, submitted tenders to Escom for the construction of plant at the new Matimba power station at Ellisras

Escom gave the first indication of its accelerated plant commissioning programme when it asked tenderers for the Matimba contract to make certain modifications to their tenders and to extend validity from the 12th to the 19th of this month

After a flurry of international telephone calls, Escom awarded the two contracts this week Finance arrangements must have been a key factor in the deals, but Escom merely says that finance will be raised both locally and overseas

The location of the new power station, provisionally designated Station C, has not yet been decided It will depend entirely on the siting of a new coal mine which will have to be established to meet its needs of 2 Mt of coal a year This has not yet been settled

The first of six 600 MW boiler/generator sets at Matimba is scheduled to be in operation by the end of 1986, and the first at Station C, a year later

The remaining five sets at each station should be commissioned at yearly intervals thereafter

Some 6 500 workers will be employed on construction at each site

The Matimba plant will be the biggest dry-cooled power station in the world Water used for cooling will be recycled, as supplies in this arid area are limited

Dry cooling is more expensive than conventional wet cooling, but the added cost is offset by the large quantities of cheap steam coal which is produced as a by-product to the coking coal mined for steel production in Iscor's Ellisras colliery It is not yet known if Station C will have dry cooling

The two boiler plants will have a local content, by value, of nearly 80%, and much of the manufacture of pressure parts such as boiler tubes, drums and headers will be done in SA

CE has awarded its contract for local component manufacture and plant construction, worth about R160m, to Ical, a subsidiary of the NEI Group Ical will double capacity at its Alberton plant and should have the biggest boiler construction facility in the southern hemisphere in two years

SI-EVT is also expected to award a local manufacture and construction contract, and Ical could well be pitching for this business as well For there are only two other plants in the country capable of undertaking this work Deutsche Babcock, which is now engaged in work for Sasol 2, and Steinmuller, which is constructing its own boiler plant for other Escom power stations still under construction

Ical has been in the SA boiler business for 50 years and has already built plant for power stations such as Camden and Arnot It has also made tubing, drums and header parts for the, as yet unfinished, Matla power station

The referencing program unit may contain

```
DIMENSION SET1(4,5,6), SET2(11), SET3(8,10)
.
.
AVRG1 = SIGMA(SET1,4*5*6) / (4.0*5.0*6.0)
.
.
AVRG2 = SIGMA(SET2,11) / 11.0
.
.
AVRG3 = SIGMA(SET3,8*10) / (8.0*1.0)
.
.
AVRGE = SIGMA(SET1(3,5,6),2) / 2.0
```

Note that this last reference uses an array element as the actual argument. This array element is the 119th element (see Table 2–6) in an array that can contain a maximum of 120 ...

the sum

(5) This ex number,

(260) FM 14/8/81

GENERATING RECORDS

When SA's electricity demand broke an all-time record on Friday June 12 Escom was able to meet it with a bare 0,4% generating capacity to spare. Consumption hit 14 674 MW that morning, only 64 MW below Escom's average available capacity that day of 14 738 MW.

This is quite an achievement as many overseas utilities work with a minimum spare generating capacity of more than 28%.

There was no need for power cuts and load shedding that day, although it has happened at other times this winter when demand was lower. This is mainly because the 1 400 MW supply from Mocambique's Cahora Bassa was not available to cushion power breaks caused by the inevitable teething problems in the commissioning of Escom's many new generators (*Business* July 31).

Escom was also able to supply the full demand on the following two Fridays when consumption was nearly as high: on June 19 it was 14 609 MW and on June 26, 14 534 MW.

This year's record peak demand was 957 MW or 7% higher than last year's record peak which reached 13 717 MW on July 18. Last year's figure was, in turn, 862 MW or 6% higher than the figure for 1979.

Escom says consumers have responded well in helping to keep power cuts to a minimum by voluntary load-shedding and conservation measures.

Star 8/8/81 (260)

Soekor gears up for new deep-sea oil drills

..ck-up oil drilling ..x co. Its limit of sea-depth.

By Bob Davis

Oil production from deep-sea areas will become viable by the mid '80s and South Africa's Oil Exploration Corporation (Soekor) is gearing up to take advantage of this.

Conventional offshore platforms can produce oil in waters up to about 275m and engineers have been experimenting with deep-sea production for a number of years.

According to overseas sources, two new designs have come off the drawing board and should be working by 1984

Exxon engineers are producing a guyed tower and Conoco designers are at work on a tension-leg platform, both of which would be capable of production off the South African coast in the event of an oil find

To date, Soekor has been limited in its drilling operations by its two submersible rigs which are capable of drilling in depths of 275m and perhaps slightly deeper but less than 300 m

The corporation expects delivery on a lease basis of two new drilling rigs capable of working in water depths of up to 500 m however and a spokesman said "We then plan to drill in certain places we would like to look at"

Delivery of the two rigs is expected late next year and early in 1983 respectively

"We will then be able to expand our search area," the spokesman said

Oil industry sources say about 40 percent of the worlds undiscovered oil is under the oceans — totalling some 340 000-million barrels.

The problem is that oil production platforms must be much more stable than drilling rigs

Stability is achieved by standing the platforms on the sea bed, which limits operating depth to a theoretical depth of 275m

Oil company engineers have the option of floating the production platforms in waters which are deeper than the theoretical limits, finding new ways to build and stabilise them or putting most of the equipment on the floor with only flexible pipes to bring the oil to the surface.

Exxon engineers have overcome the problem by building a guyed tower platform in the Gulf of Mexico where production will take place at a depth of 370m

The platform will rest on legs but will be stabilised by running cables from the platform to concrete anchors on the sea bed

Oil company sources are sceptical of the tower being a viability in stormy waters, however, and Conoco engineers in the North Sea have opted for a floating platform.

The first one is to go into operation on the Hutton field in 1983

It is anchored to the sea floor by flexible tubes.

Vertical tension prevents the platform from swaying sideways to the extent of damaging pipes running from the well on the sea bed.

The first of the floating platforms will operate in only 160m but Conoco engineers are confident it will be able to cope with oil from a well under 800m of water

Soekor sources were unwilling to say in which areas the new drilling rigs will be used, but said the new production platforms were being watched with great interest because of the stormy conditions of the Cape coast.

Inferno as Sasol 2 pipe bursts

24/8/81

Crime Reporter

A massive fire at a burst pipeline at the Sasol 2 plant near Secunda today burned fiercely for more than three hours as teams of firefighters battled to extinguish it.

A spokesman for Sasol said the fire started in a gas distillation tower in a sub-section of the refinery unit.

He discounted any hint that saboteurs were responsible for the blaze.

Eye-witnesses said the flames could be seen from several hundred metres away.

Teams of firefighters managed to localise the blaze which is believed to have been started as the result of an operational accident, according to the spokesman.

BUSINESS

Escom to spend R4000-m on two powerstations

S/Ev 21/8/81

260

By Mervyn Harris

Two boiler-plant contracts, each worth R700-million, have been awarded by Escom for two powerstations which will each cost an estimated R2 000-million.

Escom has announced that letters of intent have been issued to the consortium Stein Industrie EVT (Sieva) for the boilers of its Matimba powerstation near Ellisras in the north-western Transvaal and to Combustion Engineering of the United States for the boiler plant of a coal-fired station.

Nearly 80 percent of the R1 400 million boiler-plant contracts will be spent locally.

CAPACITY

The siting of the coal-fired station, which is at present called Station C and will have a capacity of 3 600 mW, will be finalised within months.

A spokesman for Escom said that in view of its continuous expansion programme, Escom had decided to advance the commissioning date of Station C and award the contracts for the two powerstations.

Inquiries issued for the boiler contracts attracted wide international response.

The first generator of Station C is expected to be in operation towards the end of 1987 with the five remaining sets following at yearly intervals.

Tenders for civil, terracing and other work will be called for early next year.

Station C will provide work for about 6 500 people during the construction phase and permanent employment for 1 000 people when operational.

About 1 000 houses will have to be provided.

Matimba, the Tsonga word for energy, will be the largest dry-cooled station in the world and is planned for up to six 600 mw sets.

Water supplies in this area of the north-western Transvaal are limited and the dry-cooling system will reduce use of water to about one-third.

The boiler-plant contract comprises the manufacture and supply of various items of machinery. The boilers will be 30 storeys high with walls consisting of many kilometres of piping in which water is heated.

FINANCE

Each boiler at Matimba will use about 2-million tons of by-product coal a year when fully operational.

The coal will come from Iscor's Grootegeluk mine and is the residue after Iscor has extracted the coking-coal component necessary for its steel production.

Finance for the Matimba boiler contract will be obtained from local and overseas sources.

Managing file storage - what th Computing Service does

Obviously mass storage devices cannot be one hundred percent reliable - files stored on them can be lost or corrupted. Also users may accidentally corrupt or delete their own files. So there has to be some sort of backup of mass storage files on another medium. There also has to be a mechanism for dealing with the inevitable overflow of files from the mass storage devices. The UNIVAC executive system provides this mechanism. When there is insufficient available space on mass storage an algorithm (using information from the Master File Directory) decides which files should be 'rolled out' to make space available on mass storage. The term 'roll out' suggests that a tape is loaded and the files copied on to it. In fact this doesn't usually happen because on our system the backup of files is done on tapes and there is no need to make another copy of the file if a current backup copy of it already exists on tape.

Obviously there cannot be a continuously up to date backup of all files. The Computing Service attempts to provide backup that is not more than 24 hours out of date (60 hours at week-ends). This only applies to files on 'fixed' disc - files on removable disc are backed up less often and user files stored on drum are not backed up at all.

Each night Monday to Thursday and at about midday on Saturday a program called SAVPAR is run. This program searches the Master File Directory for (fixed disc) files which have been updated or created that day and causes a copy of each such file to be written on a tape. It also notes the name of the tape and the date in the Master File ... a file is being used at the time SAVPAR wants to make a c... the copy is not made. Typically SAVPAR makes copies ... night and requires 5 tapes.

On Friday evenings a program c... This program causes a copy to be written on tape of every ...tly catalogued on fixed disc. This includes those ...n 'rolled out'. For these files the copy is made from th... on tape. SAVALL also notes the name of the tape and ...er File Directory. SAVALL takes a long time particularly ... files are 'rolled out'. Typically SAVALL copies 460... ...pes. If these files were all on mass storage simultaneou... ...e approximately 100 000 tracks of storage compared ... 80 000 tracks currently available. SAVALL tapes are ke... ...fter that the tapes are used again.) SAVPAR tapes ... ...e partial saves since the second last SAVALL.

In addition to ensuring backup ... SAVALL also PACK each program file before copying ... ...C8 @PACK command removes non-current copies of elements ... ...his saves a great deal of space (on disc and on tape) ... developing programs tend to make many update copies of th... neglect to PACK their own files.

In order to prevent the Master ... ...ecoming too large and to limit the time taken and number o... ...L, files which have not been assigned for more than 30 d... ...he system. This is done monthly (near mid-month) by a pro... A copy of each file being 'removed' is made on a spe... ...entry in the Master File Directory is deleted. REMOVE tap... ...year. Typically about 1100 files are removed each month ... ...se are ever loaded again on request of a user - see 'Recov...

Another way the number of ... ...icted and the amount of storage used ... ...holders to one file per account and pla... ...is file. In contrast to the severity o... ...he system for restricting storage used by ... ...is distinctly friendly. Each department ... ...y the Computing Service calculates the a... ...ent. Each department for which storage ... ...limit is sent a friendly warning about possible de... ...s files. Limits are negotiable!

BRIEFCASE

Sasolburg trial run a success

SA 24/8/81 (260)

First trial runs at African Catalysts R5-million plant at Sasolburg have been a success

The plant — a joint venture between Suedchemie of Germany, the Industrial Development Corporation and Sasol — will produce catalysts for the oil-from coal process which until now have had to be imported

At the trial run was Dr C Hofstadt, chairman of African Catalysts and a member of the board of management of Suedchemie, who was "delighted" with the rapid progress in the construction of the plant

One of the main feedstocks for African Catalysts is being supplied locally by the giant Hoechst South Africa group

This feedstock will be supplied primarily from the new Hoechst polyphosphoric acid plant in Krugersdorp.

The managing director of Hoechst SA, Mr A L Baltzer says work on the Krugersdorp plant is making good progress and will be in full operation during 1982 The plant represents an investment of about R5 million

☆ ☆ ☆

28/8/81

STAATSKOERANT
VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA
GOVERNMENT GAZETTE

REGULASIEKOERANT No. 3278 REGULATION GAZETTE No 3278

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PROKLAMASIE

van die Staatspresident van die Republiek van Suid-Afrika

No. R 156, 1981

DATUM VAN INWERKINGTREDING VAN DIE WET OP DIE SUID-AFRIKAANSE YSTER EN STAAL INDUSTRIËLE KORPORASIE BEPERK, 1979 (WET 119 VAN 1979)

Kragtens die bevoegdheid my verleen by artikel 32 van die Wet op die Suid-Afrikaanse Yster en Staal Industriele Korporasie Beperk, 1979, verklaar ek hierby dat die genoemde Wet op 1 September 1981 in werking tree

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Kaapstad, op hede die Agtiende dag van Augustus Eenduisend Negehonderd Een-en-tagtig

M VILJOEN, Staatspresident

Op las van die Staatspresident-in-rade

D J DE VILLIERS

REGULASIES KRAGTENS ARTIKEL 32 VAN DIE WET OP DIE SUID-AFRIKAANSE YSTER EN STAAL INDUSTRIELE KORPORASIE BEPERK, 1979

Die Minister van Nywerheidswese, Handel en Toerisme, het kragtens artikel 32 van die Wet op die Suid-Afrikaanse Yster en Staal Industriele Korporasie Beperk, 1979 (Wet 119 van 1979), die regulasies uiteengesit in die Bylae hiervan uitgevaardig

BYLAE

1. WOORDOMSKRYWING

In hierdie regulasies het 'n woord waaraan in die Wet op die Suid-Afrikaanse Yster en Staal Industriele Korporasie Beperk, 1979 (Wet 119 van 1979), (hieronder "die Wet" genoem), 'n bepaalde betekenis geheg word, daardie betekenis

PROCLAMATION

260

by the State President of the Republic of South Africa

No R 156, 1981

DATE OF COMING INTO OPERATION OF THE SOUTH AFRICAN IRON AND STEEL INDUSTRIAL CORPORATION LIMITED ACT, 1979 (ACT 119 OF 1979)

Under and by virtue of the powers vested in me by section 32 of the South African Iron and Steel Industrial Corporation Limited Act, 1979, I hereby declare that the said Act comes into operation on 1 September 1981

Given under my Hand and the Seal of the Republic of South Africa at Cape Town this Eighteenth day of August, One thousand Nine hundred and Eighty-one

M VILJOEN, State President

By Order of the State President-in-Council

D J DE VILLIERS

REGULATIONS IN TERMS OF SECTION 32 OF THE SOUTH AFRICAN IRON AND STEEL INDUSTRIAL CORPORATION LIMITED ACT, 1979

The Minister of Industries, Commerce and Tourism has, in terms of section 32 of the South African Iron and Steel Industrial Corporation Limited Act, 1979 (Act 119 of 1979), promulgated the regulations set out in the Schedule hereto

SCHEDULE

1 DEFINITIONS

In these regulations any word to which a specific meaning has been assigned in the South African Iron and Steel Industrial Corporation Limited Act, 1979 (Act 119 of 1979), (hereinafter referred to as "the Act"), shall have that meaning

10.8.3 SIMPLE RULES FOR GUIDANCE IN INTERPRETING AND UTILISING CONTROL CHART DATA

1 If a point lies on or above the upper action limit, the process has deteriorated. Take *'Technical'* action to improve it. (Action is necessary and the quality control procedures will stand or fall depending on the efficiency of obtaining the appropriate action).

2 If a point lies on the upper warning limit or between it and the upper action limit, take a further sample immediately. If this second sample gives a point on or above the upper warning limit, the process has deteriorated. Take *'Technical'* action to improve it. If this second sample gives a point below the upper warning limit, take a further sample in the routine manner at whatever time it is due.

3 If a point lies between the warning limits, no action is necessary. Take a further sample in the routine manner at whatever time it is due.

As long as technical control of the process remains the same as in the initial period, there is no reason for suspecting a change, and so all variation within the control limits is ignored and the process is assumed to be meeting the quality standard. We should expect 1 in 40 of the plotted points to fall outside the warning limit, and 1 in 1000 of the plotted points to fall outside the action limits. Consequently, once in 1000 samples we should be looking for a process deterioration which does not exist. (Sampling intervals of 20 minutes, 8 hours per day, 5 days per week, this means about once in 2 months).

37% higher on rivers of oil

Money-factory Sasol's R166m

21/8/81 260

By DAVID CARTE

SASOL showed in the year to June that it is not merely an oil-from-coal plant. It's also a money factory.

The listed, privately owned part of Sasol — Sasol 1 — made a pre-tax profit of R281 754 000 — 35% more than the R208 177 000 in 1980 and double the R140 million in 1979

Taxed attributable profit was R168 428 000 (R121 666 000), a 37% improvement on 1980 and also more than double the R83-million earned in 1979 at the time of the listing

Earnings a share also rose 37% to 44,4c (32,4c)

A 10,5c final dividend has been declared, making 20c for the year — a rise of 29% on the annualised 15,5c for 1980

Profit is stated on the conservative lifo method of stock valuation

The preliminary report shows that profits flowed steadily, like an oil river, through the year, adding weight the to money-factory allegory

In the first half pre-tax profit was R141-million and in the second R140 600 000 First-half earnings were 22c and in the second half 22,4c

The tax rate in 1981 was slightly lower at 40,9% than the 41 5% of 1980

At the time that Sasol was listed, some investors were worried that petrol being subject to price control, the company would not be allowed to make what the Government would regard as excessive profits at the expense of motorists

Sasol observers said the two sets of results since the listing must have put such fears to rest Profits and dividends are running ahead at a pace that few would have dreamed possible at the time of the listing and analysts believe better could lie ahead

They say that once it is economically viable, Sasol 2 is also to be listed and good profit and dividend growth in Sasol 1 is a pre requisite for a successful second offer of shares to the institutions and the public

I believe that Sasol 2 is operating at 75% capacity and that profitability will be attained shortly after it reaches full capacity

So its turn to come to the stock market cannot be more than a year or two away

In the long term, profits should get a further boost from Sasol's diversification into other products, such as fertiliser, as the company will be better using its own by-products

Profits could also start to flow from royalties on Sasol technology

When Sasol came to the market it offered a dividend yield of 7% on the subscription price when interest rates were generally much lower than they are now The way growth is going, next time the yield will probably be thinner, notwithstanding higher interest rates

At the current share price of 390c, the share yields 5 1%

SAD 21/8/81 (260)

Sasol dividend up

249

Sasol increased taxed profit by 37 percent from R121,6-million to R166,4-million in the year to June 27

The final dividend has been raised from 9,5c to 10,5c to boost the total payout from 15,5c to 20c, an increase of 29 percent.

As forecast in the interim report, after-tax profit of R84,3-million for the second half was similar to the R82,1-million recorded in the first half of the year.

Pre-tax profit was R141,1-million in the first half and R140,6-million in the second half.

Earnings a share were up from 32,4c to 44,4c. Sasol shares gained 17c ahead of the results last week to move up to 392c. During the past 12 months the shares have reached a high of 493c and a low of 350c.

Since coming on to the market two years ago, Sasol shares have proved their popularity by being one of the most actively traded counters At the current share price, the dividend yield is 5,1 percent. — Mervyn Harris.

†Indicates translated version

For oral reply.

Hans 5 Q C 254

Electricity Control Board (260)

*2 Mr G B D McINTOSH asked the Minister of Mineral and Energy Affairs

2/9/81

(1) Whether the Electricity Control Board has received an application from Escom to (a) reduce extension charges and (b) allow for lump sum payment for transmission lines to rural consumers, if so,

(2) whether the Board has considered such application, if so, with what result?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) and (2) Escom does not require the approval of the Electricity Control Board for the reduction of extension fees or for allowing rural consumers to make lump sum payments for transmission lines These matters are related, however, to applications by Escom to the Electricity Control Board for approval of the amendment of the licences for Escom's seven distribution undertakings which, amongst other things, involves structural changes in the tariffs as well as the introduction of a new tariff (tariff D) for rural consumers These applications are at present being dealt with in accordance with the relevant legal provisions and I

intend to elaborate on this matter during the discussion of my Vote on Friday, 4 September 1981

ARMSCOR FM 11/9/81 (260)

Behind the secrecy shroud

Government's munitions manufacturer the Armaments Corporation of South Africa (Armscor) is one of SA's biggest industrial undertakings. In terms of asset value (R1 200m) it probably ranks second to Barlow Rand among the country's industrial giants.

But the similarity with an ordinary commercial undertaking has some pretty clear limits. For example the arms embargo requires Armscor to operate behind a legislatively enforced veil of secrecy and sometimes to use methods that might seem more appropriate to an intelligence service than an industrial undertaking. Even its files at the Companies Office, together with those of its subsidiaries, are sealed.

Such secrecy is seldom desirable, particularly in a government-owned undertaking which spends vast amounts of public money. Yet it must be said that Armscor is sensitive to the public right to know what is being done with its cash.

In a wide-ranging interview with the *FM* Armscor executive vice chairman John Maree (who is on secondment to Armscor from Barlow Rand) and members of his management team revealed many details of how Armscor operates. Details of arms procurement, predictably remain secret.

When, at the request of the Prime Minister, the late Punch Barlow agreed to second Maree to Armscor in mid-1979 there were rumours all was not well at the arms manufacturer. Growing pains (assets had leaped from R200m in 1974 to close on R1 000m in 1979), and uninspired management were perceived as acute problems.

Maree, whose appointment was part of PM P W Botha's drive to involve the private sector in attacking government's problems, is not the kind of executive who moves in with an entourage and changes structures from top to bottom.

He is, however, an advocate of Barlow Rand's own "teamwork" approach to management. One must, he says, recognise and use the talent that lies to hand.

Highly goal and communications oriented, he recalls that he spent his first months at Armscor simply finding out what was going on, attending meetings and identifying the important and effective people and looking for the problem areas.

He ended up gathering 20 top executives and in a series of working meetings in which they identified the main problems and set priorities. "The setting of objectives is the finest way of motivating a team as it introduces a positive approach to problem solving."

He made some changes in the head office structure – particularly to involve personnel matters more closely in top management decisions. He also didn't hesitate to borrow outside experts — as for instance a top personnel man from a major corporation who now spends one day a week advising Armscor.

Maree seems happy with what has been achieved: 97% of budgeted output last year, a skilled manpower complement considerably greater than the number of unskilled workers and an accounts system that allows correctly documented invoices to be paid within seven days. As important has been the heavy private sector involvement both at board and production levels in armaments production.

Some of SA's top industrialists serve on various group boards — and the main Armscor board under Piet Marais, agricultural co-operative chairman and company director, includes people like Chief of the Defence Force General Constand Viljoen (an ex officio member) and Director General of Finance Joep de Loor.

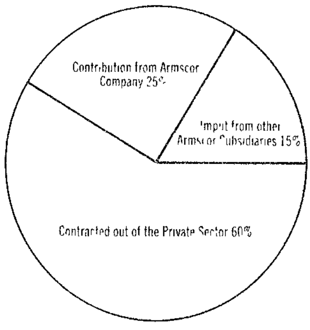
The basic task of Armscor is to manufacture or procure armaments as economically as possible to the requirements of the Defence Force.

Like the Defence Force itself, Armscor falls directly under the authority of the Minister of Defence, General Magnus Malan, and is linked to the Defence Planning Committee, which helps reconcile arms requirements with the financial, physical and technical possibilities of procurement or manufacture.

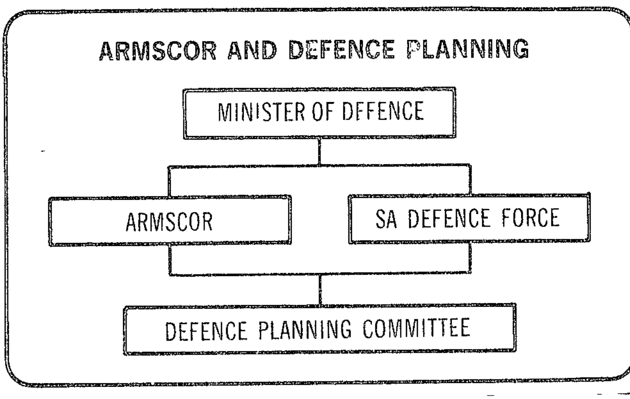
Maree and his team are sensitive to the charge that arms manufacture is nonproductive and an unfortunate necessity. He points to the enormous technical and scientific benefits that sprang from America's space programme as an example of what can be achieved through apparently unproductive high technology programmes. In the same way, he says, Armscor has helped produce a large pool of manpower skilled in technologies new to the economy.

Armscor itself has about 29 000 employees, most of them skilled, while the total arms industry, including the private sector, probably employs about 90 000 — again mostly skilled.

Armscor's known production includes the manufacture of advanced combat aircraft, guided missiles, armour, heavy artillery and communications systems with their associated spin-offs into avionics, radar, advanced electronics, guidance systems, steel technology, ballistics, computer science and propellants. Thus the claim to be in the forefront of the introduction of



Contribution (by cost) to the output of a typical subsidiary



valuable new technology carries weight.

Much of the new technology must of course be imported from wherever it can be obtained. About 10% of Atlas Aircraft's staff, for instance, were recruited outside SA and they are concentrated in the high technology fields. The proportion of imported skills, however, is dropping as intensive formal and on-the-job training of South Africans takes place.

By no means all the technology and skills are imported. Armscor can boast major achievements in the electronics field and is a major supporter of research — in house, through the CSIR and through universities and private research establishments.

The corporation is also a major trainer of skilled manpower. It has about 1 000 apprentices in training plus 250 no strings attached bursaries in high technology subjects. About 5 000 other workers undergo training courses in any year.

An example of what the corporation can achieve came last year when Armscor received the National Award for achievement in engineering from the Associated Scientific and Technical Societies. The award was for the development of a South African air-to-air guided missile and of a 127mm artillery rocket system developed from, but a considerable improvement on, the Russian "Redeye" Stalin Organ.

Armscor also contributes to the balance of payments by exporting arms although, like so much of its activity, this aspect is not discussed. All the corporation's officials will say is that the export programme is still "small". It is seen as important for the future as a contribution to costs and to allow for the longest possible production runs. (Procurement elsewhere of weapons that cannot be made here is, of course, the most secret of all the corporation's activities.)

Maree is particularly proud of the fact that Armscor does not try to duplicate existing private sector production facilities — except on rare occasions when it is required by security considerations.

Up to 60% of the corporation's production (much of it in the form of components rather than finished products) is contracted out to the private sector, as is much of the research. This partnership with private enterprise is seen as crucial to Armscor's efficiency.

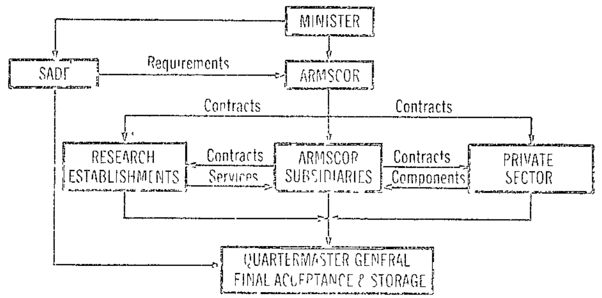
In SA's circumstances it is probably not possible to have a wholly private armaments industry catering to government's needs. Thus the partnership between Armscor and the private sector seems a reasonable compromise.

Armscor's period of extremely rapid expansion is almost over. Between 1974 and 1981 its assets base grew from R200m to R1 200m and the number of employees from 12 000 to 29 000 — this in a highly capital intensive field. This year it will deliver arms worth R1 400m.

As Maree points out, the growth was due to the need to install major production facilities to meet growing defence needs while under arms embargo. That phase is over. The last of the big new facilities are coming into production and further large capital expenditure is not now envisaged.

The corporation is entering what it calls "a period of consolidation". But continuous expenditure in research and high technology to keep its products abreast of advances in weapons technology will still be needed. Armscor officials are confident this will be available to maintain standards of which they are clearly very proud.

HOW ARMSCOR PROCUREMENT SYSTEM WORKS



Armscor is a creature of the unfortunate need to devote major resources to the production and procurement of weapons of war. Within that context, and accepting that any judgment must be limited by the paucity of information available, it seems that Armscor is going about its affairs in an efficient and businesslike way.

Obviously, a political solution to the problems which gave birth to Armscor would be preferable. That, of course, is at this time a remote prospect and it seems fair to suggest that SA is in the arms production business on a more or less permanent basis.

The fringe benefits of arms production are not inconsiderable. Spinoffs provide our economy with increased industrial sophistication through the skills and technology Armscor and its suppliers have accumulated. That is only to be expected.

There are few who don't regret the need for an Armscor and the demands it makes on scarce national resources. And a greater effort to take the public into its confidence, within limits, would be welcome. But Armscor is an example of a successful blend of government and business endeavour under difficult circumstances. It is one that might be usefully emulated by other public undertakings.

1. To enchance comparability, significant influence is deemed to exist when the holding is 20% or more "in the absence of substantive evidence to the contrary". (1). An investment of less than 20% "is deemed to create a presumption that, in the absence of substantive evidence to the contrary, the investor does not have the ability to exercise significant influence over the investee". (2).

Sasol 3 start-up in June

260
11/9/81
RDM

By DAVID CARTE

SASOL 3 will be 90% complete by the end of the year and in operation by June next year. It will reach full production in mid-1984, says Sasol's senior general manager, Mr Jan Bezuidenhout.

Sasol 3 was proposed only in January 1979, and according to Mr Bezuidenhout the construction time will represent a world record

Sasol 2 is operating at about 75% capacity and will reach full capacity in the middle of next year

When Sasol 2 and 3 are in full production they will produce more than half SA's fuel needs

The good news in this is that SA will be more independent of foreign oil sooner than planned and foreign exchange savings could run to more than R500-million a year

The bad news could be for the engineering sector The two new Sasols have cost R6 000-million, 60% of which was spent in SA This kind of spending has supported the engineering sector for the past six years

When Sasol construction ends early in 1982 the engineering sector could find itself with capacity to spare, especially if the Government and the mining industry start cutting back in line with the economy

Mr Bezuidenhout says that although the Sasol process is already economic, no Sasol 4 will be built until Sasol 2 and 3 are operating smoothly

Most of all the company needs to settle in personnel, so a Sasol 4 is out of the question until 1984 at the earliest.

And it is not until 1984 at the earliest that Sasol 2 will go public

The listing will come only after proven profitability and when conditions in the financial market are right

Sasol 2 should be profitable soon after capacity is attained.

Sasol planned to break even on a oil price of $22 a barrel against the current price of between $32 and $35 a barrel

The move into fertiliser, which enables Sasol to use its own by-products, will also be a significant spur to profitability.

Mr Bezuidenhout says Sasol's plants were partially financed by the Government loans free of interest In the case of Sasol 1, the Government recouped its investments at a capital profit when the company was handed over to the private sector It also received an annual dividend before the listing

He says that the Government will start to receive interest on its investments in Sasol 2 shortly and he has no doubt that once Sasol 2 is in private hands the Government will again have recouped its investments at a profit

Escom: Black villages

Hans 7 Q. C. 379 (260)

157 Mr G B D McINTOSH asked the Minister of Co-operation and Development

14/9/86

Whether his Department has received a request from Escom to allow villages for married Black staff to be erected in the immediate vicinity of any of its power stations, if so, (a) which power stations and (b) what was his reply to such request?

The MINISTER OF CO-OPERATION AND DEVELOPMENT

Requests of such nature are regularly received wherever Escom expresses the need for it and appropriate arrangements exist in this regard in terms of Government Notice R 1892 of 1965 as far as power stations are concerned

TC Land has hopes for Escom contract

Rom 15/9/81

260

and is looking for all of RM Props

By JOHN MULCAHY

TRANSVAAL Consolidated Land and Exploration (TCL) has a reasonable chance of acquiring the coal supply contract for a new Escom power station, says chairman Mr Tony Petersen.

He did not elaborate, but said in an interview yesterday that from information available to the group there was a possibility of adding a new Escom contract to the agreement it already has — through Witbank Colliery — for coal supplies to the Duvha power station.

Construction of Duvha power station is expected to be completed in 1984 and coal deliveries will increase as each of the generating sets is commissioned

Escom recently announced its decision to build two new power stations, the first at Matimba near Ellisras in the Northern Transvaal, and the second, "power station C" at an undisclosed site

He was also confident that the group's coal export allocation would be raised because the infrastructure has already been developed and Rand Mines had an established record as an exporter

Mr Petersen said that TCL, after making the offer to Rand Mines Properties shareholders in accordance with the Companies Act, would now welcome the opportunity of taking out all of the minority shareholding

He said the original intention was to transfer control of RMP to TC Lands from Barlow Rand, because of the property company's growing mining interests

Subsequently TC Lands had warmed to the idea of bringing RMP in to the fold as a wholly-owned subsidiary, and if acceptance was received to take TC Lands holding up to 90% the company would exercise its rights to acquire the remaining 10% of RMP's shares

TCL's rationale in wanting the whole of RMP was that the future development of the gold interests — expansion of the sands retreatment scheme and possibly underground mining later — would require substantial capital

It would be much easier to move funds from TCL into a wholly-owned subsidiary than to approach minority shareholders to participate in further development

From RMP's point of view the substantial capital required would dilute earnings for some time to come, and dividends would suffer, while shareholders electing to accept the TCL would be assured of dividend growth.

"The TC Lands dividend pattern has been established, and the rate of increase should continue"

He said TCL's high dividend cover in the past has allowed the group a significant ploughback rate, and to maintain dividend growth the cover could be cut without difficulty

Initially TCL shareholders will have to bear the costs of RMP's expansion, but only to the extent of reduced earnings, as dividends will not be affected

TCL offered one TCL share for seven RMP shares to Barlow Rand, which was accepted by Barlows, and the same offer or an alternative of one TCL share plus 840c for eight RMP shares was made to minorities Barlows has 60,1% of RMP

The offer closes on Friday, but Mr Petersen said it was too early to give any indication of the extent of acceptance. He did say, however, that all of the acceptances received to date were for the "one-for-seven" option, and that no shareholders had yet opted for cash

Mr Petersen said in accepting the offer and becoming TCL shareholders, RMP shareholders would not be giving up their interest in gold, but would have an interest, through TCL, in Harmony, Blyvooruitzicht, ERPM and Durban Deep

Harmony, Durban Deep and ERPM reacted very quickly to movements in the gold price, and this would be reflected in TCL's earnings and dividends

He said these mines could "take off" with a higher gold price, and believed this would eventually happen "Our mines are big, and low grade, and when the gold price moves up the percentage rise in the marginal mines is much greater than for the low cost producers"

The benefits of TCL's expansion of its coal interests have been building up over some time, said Mr Petersen, and will continue growing.

Earnings for the current year, ending September 30, will not show substantial growth, but next year, with improved earnings from coal and gold expected to begin moving upward, profit growth should be better

Mr Petersen said that while TCL would like to take out all of RMP's minorities, the group would accept the situation if there were not enough acceptances for the offer. "We did not expect to take 100% of Rand Mines Properties at the outset, so will not be disappointed if it does no become a subsidiary"

There were very few institutional investors in RMP, said Mr Petersen, and while there were some shareholders with "significant" parcels of shares, they had not been canvassed to support the offer

Stew 17/9/81

Iscor sacks men for refusing new shift times

260 / 1184 / 1184 / 8114

A number of workers who refused to work new shift times at Iscor's rod-mill in Newcastle have been dismissed, according to the company's general works manager, Mr C J van Vuuren

"More than a quarter" of the 150 workers in the department were at work yesterday, he said, and the mill was operating at slightly reduced capacity

Mr van Vuuren said the new four-day, 12-hour shift system which sparked Monday's unrest had been "forced on management by circumstances" The mill's capacity had to be reduced, and the new schedule made this possible without retrenchments.

Many workless after Iscor labour dispute

Star 18/9/81

~~144~~ ~~189~~ ~~187~~ 260

DURBAN — An undisclosed number of workers at Iscor's Newcastle plant have left their employment after a dispute over working hours.

The publicity secretary of the Black Allied Workers Union (Bawu), Mr B E Khumalo, put the figure at 150

He said the workers were paid off because of their strike in protest over the introduction of new shifts

The issue that sparked this week's walkout was the rationalisation of shifts, which were reduced from 18 to 12 a week. This caused several redundancies.

The works manager at Iscor, Mr C J van Vuuren, who disputed the number of workers who walked out, said the steps taken by his corporation were caused by prevailing economic conditions.

Mr van Vuuren said that no one had been paid off but 98 had resigned and taken their discharge.

"There is a difference," he said.

"We tried to reallocate labour to other departments but the workers have been given contradictory and misleading statements. This led to discontent with the result that the 98 took their discharge," Mr van Vuuren said.

The rest of the labour force was continuing to work in the rod mill and in other departments.

"There is a worldwide recession in steel. The rod mill produces primarily for export but we have not had any orders for two months and we do not think any new orders will be forthcoming," said Mr van Vuuren.

The mill had to run 24 hours a day because start-up time was four-and-a-half to five hours which meant that amount of time was lost each start-up day

The only answer was two 12-hour shifts a day. This was accepted by all except the 98 who had quit their jobs, Mr van Vuuren said

SA can now meet total ammo needs

Star 18/9/81 260

Armscor was now able to supply the entire ammunition needs of the South African Defence Force, the chairman of the corporation, Commandant P G Marais, said in Pretoria today.

He was speaking at the official opening of the last phase in an expansion programme by Pretoria Metal Pressings, an Armscor subsidiary

Commandant Marais said 141 different types of ammunition required by the army, air force and navy, could now be manufactured in South Africa.

No country in the world could be totally self-sufficient in armament production.

In the case of ammunition South Africa had set a goal to become totally self-sufficient because regular import of ammunition in a clandestine way was virtually impossible, Commandant Marais said.

Ammunition was an expendable product which had to be replaced continuously

It had become clear with the adoption of the arms embargo against South Africa by the United Nations that the most vulnerable aspect of the supply of armaments to the Defence Force was ammunition.

He said the current expansion would be the penultimate Armscor ammunition plan to be officially put into operation.

This brought Armscor to the end of an important expansion phase.

R625 million which had been spent on expansion of Armscor's facilities since the introduction of the UN arms embargo would have been spent on other projects had South Africa had the choice.

Survival

But the armament factories established since 1977 would stand as a monument to South Africa's will to survive.

"These factories will be in production for several generations and long-term financing has therefore been utilised so that the next generation will also contribute towards repayment of the investment, Commandant Marais said

He said that during the recent Operation Protea in Angola ammunition worth millions of rands had been used

Equipment losses, however, could the counted in "mere thousands of rands,"

The R90-million extension to the small-arms ammunition plant at Pretoria Metal Pressings was completed in 30 months

The plant officially opened today was able to manufacture the most sophisticated types of rapid-fire ammunition used by any Defence Force in the world, Commandant Marais said. — Sapa.

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construction sset, and capitalise the
interest cha

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SA now makes all its own ammo

RDM 19/9/87

260

ARMSCOR was now able to supply the total ammunition needs of the South African Defence Force, the chairman of the corporation, Comdt P G Marais, said in Pretoria yesterday.

He was speaking at the official opening of the last phase in an expansion programme by Pretoria Metal Pressings, an Armscor subsidiary.

Comdt Marais said 141 different types of ammunition required by the army, air force and navy could now be manufactured in South Africa.

No country could become 100% self-sufficient in the production of armaments, he said.

Even the biggest powers like the United States and Russia would always be dependent on imports.

"In the case of ammunition, however, the goal was set to become 100% self-sufficient because the regular imports of ammunition in a clandestine way is virtually impossible," Comdt Marais said.

Expendable

Ammunition was an expendable product which had to be replaced continuously.

The best weapons system and the most efficient fighting forces in the world could be brought to a complete standstill through a lack of ammunition.

It had become clear with the adoption of the UN arms embargo against South Africa that the most vulnerable aspect of the supply of armaments to the Defence Force was ammunition.

The R628-million spent on expanding Armscor's facilities since the arms embargo would have been spent on other projects if South Africa had had the choice.

But the armament factories established since 1977 would stand as a monument to South Africa's will to survive.

"These factories will be in production for several generations, and long-term financing has therefore been utilised so that the next generation will also contribute towards repayment of the investments, Comdt Marais said.

Millions

During Operation Protea in Angola, ammunition worth millions of rands had been used, while equipment losses had cost only a few thousand rand.

The R90-million extension to the small-arms ammunition plan at Pretoria Metal Pressings was completed within 30 months, while the new rapid-fire ammunition plant took only 22 months to reach production.

The plant was now able to manufacture the most sophisticated types of rapid-fire ammunition used by any defence force in the world.

Mr John Maree, chairman of PMP and executive vice-chairman of Armscor, said the rapid-fire production complex was the biggest pre-constructed concrete structure in the southern hemisphere.

The total cost of the expansion programme was R176-million. — Sapa.

Escom plans to rebuild Matla chimney

22/9/81

Econ 260

Mail Reporter

ESCOM will soon issue tender enquiries for the reconstruction of the Matla chimney which fell to American demolition man Jim Redyke's exlosives in July.

Tender inquiries will be issued within the next few weeks, Escom said in a statement yesterday

One of the flues in the tower collapsed in August last year, killing two workers and injuring seven

Sapa reports that the contract will differ from the previous one in that it will include both the design and the construction of the chimney

Firms who previously tendered for Escom chimney contracts, but who do not provide these all-round services, will in future have to form consortiums or forgo the opportunity to tender for Escom

An Escom spokesman said this policy was applicable to all civil engineering contracts at Escom power stations.

Publicity

Matla was demolished amid a blaze of publicity Twice as high as the Carlton Hotel, the crippled smoke stack was "popped" by demolition expert Jim Redyke

But things did not go as planned and, instead of falling length-ways, the tower crumbled into a spectacular heap

Matla was one of the tallest structures of its type in the world

Redyke is considered one of the world's most experienced men in this field His company has carried out more than 50 demolitions in and outside the United States

Sasol predicts profit rise and div growth

RDM 30/9 (260)

By DAVID CARTE

SASOL will not achieve an increase in earnings or dividend in its first half but profit for the full year should rise, "permitting reasonable dividend growth" says the chairman, Dr D P de Villiers, in his annual report

Dr De Villiers warns that the contribution of Sasol 1 and its subsidiaries this year is likely to be "limited" due to lower international oil prices and a cost squeeze

Also, volumes at Sasol 1, Sasol's major profit producer, will not increase, except for the sale of coal to Sasols 2 and 3

"In fact,...the commissioning of Sasol 2 will in the next few years have an increasingly adverse effect on the production of petroleum-based Sasol 1 activities"

Dr De Villiers says Sasol 2 will become the main source of profit growth in the near future. Sasol 2 showed its first profit in December 1980 and is expected to declare its maiden dividend in the second half of the current financial year.

Continuity of production still needs improvement but Sasol 2 will attain normal full production in the course of 1982 Sasol 2 was completed within budget of R2 503-million.

Sasol 3 is 80% complete 31 months after the decision to go ahead and will reach full capacity in 1984 or 1985. It is still within its original budget of R3 276-million. Once Sasol 2 and 3 are in full production, SA's dependence on imported energy will be reduced "considerably" from the current 23%.

According to Dr De Villiers, Sasol's immediate priorities are to get Sasols 2 and 3 to full production, to eliminate bottlenecks and improve the plants

Sasol will not contemplate a fourth Sasol "before the second half of the decade".

"I feel that the Sasol organisation must be given a breather before embarking on another mammoth project. Being able to give the required attention to the rounding off of the two Secunda complexes will be in the best interests not only of our shareholders but also of the country"

Dr De Villiers indirectly invites other private sector companies to start synthetic fuel production

"Unless other industrial groups are prepared to make investments in large synthetic fuel projects, and pretty soon at that, we are likely to find that the share of SA's indigenous production will, instead of rising steadily after the middle of the decade, be diminishing fairly rapidly as a result of the continued growth in the consumption of liquid fuels"

Dr De Villiers says the industry has Government's assurance that local fuel prices will be allowed to follow international ones He says the present tariff protection of 15% is modest considering the strategic importance of the industry

"Whatever tariff protection is granted from time to time, it should, as at present, apply uniformly to all producers of indigenous fuels."

Dr De Villiers strongly endorses the way Sasol's plants were financed He says the major obstacle to large synthetic fuel plants internationally was the huge capital investment required and the long time that elapsed between investment and income flow.

He says "it may be necessary for the Government to assume the role of a temporary entrepeneur in partnership with private investors", pointing out that Government's original investment in Sasol 1 not only earned dividends but was repaid sevenfold in 1979, when the company was listed.

"The Government will in due course earn a realistic and satisfactory return on its investment is Sasol 2 and 3 in the form of interest, dividends and capital gains"

Dr De Villiers is gratified at the enthusiasm of organised agriculture to Sasol's plan to make a complete range of fertilisers.

He says Sasol stated its intention of making fertilisers 21 years ago The announcement was enthusiastically received by smaller fertiliser producers and Sasol put "the then smaller firms on the road to becoming part of the fertiliser establishment".

Determination

Dr De Villiers says the step is part of the SA chemical industry's move away from oil-based to coal-based raw materials. He says Sasol will act responsibly, so as not to upset local markets

"The new fertiliser project demonstrates our determination....to take timeous action to ensure a better balance between our upstream and downstream activities in petro-chemicals, of which Sasol is the most important producer."

In this program, all absolute values of the discriminant less than 10^{-10} are treated as zero. This handles possible errors occurring in the value of the discriminant due to computer representation of real type values, truncation, and roundoff. The criteria for these limits vary with the nature of the problem and the manner in which a particular computer tr... computations.

(3) Paragraph 3.2.4, example (2), contains an arithm... used for testing odd/even integers The followi... expression might be used.

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IF((N/2)*2-N) 1 GO TO 100,200
10 ROUTINE FOR ODD INTEGERS
20 ROUTINE FOR EVEN INTEGERS
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Cape Town power cost hike of 13,5%

RDM 1.10.81

(260)

Mail Correspondent

WITH the Cape Town City Council announcement yesterday that electricity tariffs are to rise by 13,5% from today, Cape Town has reaffirmed its ranking as the most expensive city for electricity consumers among the four largest municipalities in the country.

For a Cape Town householder used to paying R24 for consuming on average 600 units a month, the bill will go up to R27. Comparable approximate figures for Johannesburg are R19, Durban R19,50 and Port Elizabeth R22.

Some consolation for Capetonians is that in the northern suburbs like Goodwood and Parow, directly supplied by Escom, electricity costs are even higher than in Cape Town. A householder there using the average 600 units is paying R31 monthly and will be paying R33 when Escom's rates go up next year.

Some good news for Cape Town is that in July the city council abolished the 10% surcharge on all monthly accounts of R30 or less paid after the due date. This limit has now been raised to R35.

New rate

Reasons given in the past for Cape Town's high electricity rates were that transmitting costs from up-country sources had to be covered. Cape Town was also much farther away from coal sources and thus had to pay more for coal for its own power stations.

The new domestic rate for Cape Town is 4,39c a unit, compared with 3,86c which householders were paying until yesterday. The service charge for domestic users has gone up to R1,10c from 98c.

This is the third time in three years that Cape Town's electricity rate has been increased. At the end of 1978 it went up 12%, in March 1980 6,3% and 12,5% in November last year.

A city council statement yesterday explained that inflationary influences outside its control had necessitated the latest hike.

Factors

Major factors were increases in the tariffs of Escom (which suplies more than half of the city's power), the cost of coal (the city buys its own for the Table Bay and Athlone power stations), salaries and wages, capital charges and the cost of stores and materials.

The single largest factor was the projected increase in Escom's tariff next year. Besides this, Cape Town had to live with the fact that Escom did not have adequate generating capacity to meet the national demand, and had to make up the local shortfall at additional cost by means of the city's own generating plant — that is, the Athlone and Table Bay coal-fired stations, the Steenbras hydro-electricity installation and two gas turbines.

260 FM 2/10/81

Sasol Limited

Chairman's review for the year ended 27 June 1981

In this, the second annual report of Sasol Limited, I am pleased to report on another year of achievements Amongst these, significant highlights were the final completion of construction of Sasol Two within the October 1975 budget, the good progress made in the commissioning of this complex and the excellent progress with the construction of Sasol Three

The construction accounts of Sasol Two have been closed and, as predicted last year, the project has been completed within the October 1975 budget of R2 503 million There has in fact been a saving of R3,9 million

On the production side at Sasol Two all the main production units have been placed in operation It has already been demonstrated that many of the individual units are capable of producing at or beyond their design capacity However, continuity of production still needs to be improved considerably This is normal and was to be expected Adjustments are carried out when necessary in order to achieve full and continuous production In accordance with the original plan, it is still expected that normal full production will be reached during the course of 1982

Sasol Two showed its first profit in December 1980, but taking into account the accumulated loss prior to December a net loss of R20 2 million accrued during the year All indications are that the loss will be recovered in the present financial year and that, as initially anticipated, sufficient profit will be generated to ensure a Sasol Two dividend at the year end A net positive cash flow from the operations of Sasol Two was, however, achieved during the year under review

Construction of Sasol Three is proceeding apace Only 31 months after the decision to erect Sasol Three was taken in February 1979, construction on site passed the 80 per cent mark This is indeed an outstanding achievement by contractors, sub-contractors and the Sasol project team and they deserve our thanks and congratulations

The anticipated cost of the Sasol Three project remains within the original budget of R3 276 million The first production of gas is expected early in 1982 and that of oil during the second half of the year Full design production is not expected to be achieved before the 1984/85 financial year

The ever increasing flow of liquid fuels from the Sasol Two complex is tangible evidence of South Africa's determination to be more self-sufficient in energy and in particular in motor fuels With both Sasol Two and Sasol Three in full production, the South African dependence on imported energy, which previously stood at approximately 23%, will be reduced considerably

It can be truthfully said that South Africa has taken the lead in the world in establishing an economically viable synthetic fuels industry Sasol contributes the lion's share in this remarkable achievement After completion of our two mammoth projects the biggest industrial jobs ever undertaken simultaneously on one site anywhere in the world, Sasol will of necessity be preoccupied with establishing full and continuous production Furthermore, as is usual in complexes of the scale and technical sophistication of those at Secunda, we shall have to concentrate on eliminating bottlenecks and making plant improvements on a planned basis We learnt at Sasol One that this is absolutely essential if the capabilities of the plant are to be exploited to their fullest and that this is the only way to obtain optimised production even beyond the original design capacity

During the year it has been said on behalf of Sasol that we shall not be able to contemplate the erection of a fourth oil from coal plant before the second half of the decade I feel that the Sasol organisation must be given a breather before embarking on another mammoth project Being able to give the required attention to the rounding off of the two Secunda complexes will be in the best interests not only of our shareholders but also of the country

Unless other industrial groups are prepared to make investments in large synthetic fuel projects, and pretty soon at that, we are likely to find that the share of South Africa's indigenous production will, instead of rising steadily after the middle of the decade, be diminishing fairly rapidly as a result of the continued growth in the consumption of liquid fuels

Much has already been done to establish a South African framework to promote the expansion of a synthetic fuels industry The industry has government assurance that it will adhere to the principle established more than forty years ago that the prices of indigenous products will be allowed to follow international oil prices Worldwide, the risk of investing in alternative fuels has to be and is measured against the medium and long-term outlook of international oil prices

The South African indigenous fuels industry has been granted a tariff protection applicable on a uniform basis The present tariff protection of less than 15% is relatively modest for an industry of such strategic importance It may become necessary to review periodically the level of tariff protection, either upwards or downwards, granted by government to the industry This will depend on the escalation of capital and operating costs on the one hand and on the outlook of future crude oil prices on the other

It is this combination of tariff protection and the prospect of price increases for their products over the years which will determine whether investors will be prepared to commit the necessary capital to synthetic fuel projects Whatever tariff protection is granted from time to time, it should as at present, apply uniformly to all producers of indigenous fuels This will ensure that the most economic means of production are employed at all times

In dealing with the established framework for promoting the expansion of the South African synthetic fuels industry, I should like to refer to an often repeated truth Effective synfuel projects require hugh capital investments and a long period transpires between the initial investment and income stages During our worldwide activities as consultants and licensors on alternative fuel projects and also on evaluating the South African position we came to the conclusion that this was still in free economies the major obstacle for these projects to get off the ground In our experience it is generally accepted that in this industry more government involvement than merely the granting of tariff protection is required

In the South African context it may become necessary for the government to assume the role of temporary entrepreneur in partnership with private investors This should apply to all large capital intensive synfuel projects aimed at reducing our dependence on imported crude oil Such an entrepreneur s role will be similar to that assumed by government in the case of Sasol Two and Sasol Three The relative scale of government participation would depend on the requirements of the investing group concerned In the case of Sasol, once our Secunda plants are profitable the relative assistance required will be much smaller than in the two previous cases

The government will in due course earn a realistic and satisfactory return on its investment in Sasol Two and Sasol Three in the form of interest, dividends and capital gains Likewise all other future projects in which the government may decide to participate should in my view provide that government funds should earn their full keep in commercial terms for so long as they remain in the venture

This possibility has been discussed between the government and Sasol and it was pointed out that considerable cash sums will become available to the government from time to time as it disposes of its investments in Sasol Two and Sasol Three We also reminded government that original investments in Sasol One which commenced in the 1950's not only earned dividends but were repaid sevenfold in 1979 We were therefore pleased that the Minister of Mineral and Energy Affairs referred to this possibility during the discussion of his vote in Parliament earlier this month

With these adjustments to the structure for promoting the establishment of new synthetic fuel plants South Africa can continue to lead the world in the field of synthetic fuels and at the same time ensure that the industry remains an economically viable one in which there is the widest possible participation of industrial groups and private investors

Your company s issued shares rose by 49 million to 375 million on 16 April 1981 and the final R98 million was received, from participants in terms of the prospectus for the private placing of 245 million ordinary shares A total of 375 million shares is now listed on The Johannesburg Stock Exchange and private shareholding in your company is 70%

Profit before tax increased by R73 6 million to R281 8 million and the net taxed profit for the year was R166,4 million compared with R121,7 million the previous year The profit for the second half-year was as foreseen in our interim report approximately the same as during the first half-year

A final dividend of 10,5 cents was declared bringing the total dividend for the year to 20 cents per share This compares with 15,5 cents (annualised) for the previous year A total amount of R70 345 000 was paid out as dividends for the year under review

The increase in profit is mainly due to a satisfactory improvement in the profitability of most main activities of the group an increase in interest earned on short-term investments and profits earned on the sale of coal to Sasol Two Increases in prices of many coal derived and petroleum products produced and sold by the group were to some extent offset by rising costs Throughput in some operations was slightly reduced but in others, notably the supply of gas to Gascor, there was an increase Turnover increased by R131 million to R1 462 million Of this amount R423 million accrued to the state and the South African Railways The latter amount also includes excise duty and levies going to the State Oil Fund and the Equalisation Fund Every litre of Sasol's liquid fuels production whether coal based or oil derived, attracts the same full liability for excise duties and State Oil Fund Equalisation Fund and other levies applicable to the rest of the oil industry

Group profit for the present year should show an improvement permitting a reasonable dividend growth but at a lower rate than last year For the first six months however, an increase in earnings and dividends should not be expected The contribution of Sasol One and its subsidiaries to the growth in profitability of the group in the current year is limited Refineries and indigenous producers of liquid fuels are likely to be in a cost squeeze during the current year or at least for as long as international oil prices stay at their present levels In the short term the volume of production from Sasol One activities will not increase, except for the sale of coal to Sasol Two and Sasol Three In fact, as always anticipated, the commissioning of Sasol Two will, in the next few years, have an increasingly adverse effect on the production of petroleum-based Sasol One activities The main source of growth in profitability of your company at this stage will therefore emanate from Sasol Two It is expected that Sasol Two will declare its maiden dividend in the second half of the 1981/82 financial year

The enthusiasm shown by organised agriculture and the co-operatives for our June announcement that Sasol intends producing and marketing a complete range of fertilizer products was indeed gratifying

This announcement was very nearly 21 years to the day after an announcement by Dr F J du Toit Sasol s first chairman, that Sasol would, in addition to its ammonium sulphate already produced, proceed with the production of synthetic ammonia, nitric acid ammonium nitrate and limestone ammonium nitrate The 1960 announcement was also enthusiastically received by the agricultural sector and the smaller members of the fertilizer industry The general opinion was that this step by Sasol would lead to healthier and freer competition in the trade The more established part of the fertilizer industry however, vigorously opposed our 1960 decision We are pleased to know that those opponents in later years co-operated enthusiastically with Sasol within the fertilizer sector and that Sasol was able to put the then smaller firms on the road to becoming part of the fertilizer establishment

Our plans for the production of a complete range of fertilizer products and the direct marketing of these products to the agricultural sector stem from the broader objectives announced in my previous review concerning the future role of Sasol in the vital movement of the South African chemical industry away from petroleum towards coal as its main source of raw material In this and other similar projects Sasol will act responsibly so as not to upset unduly the operation of local markets nor to duplicate production and other facilities unnecessarily

This new fertilizer project demonstrates our determination in the interest of our shareholders to take timeous action to ensure a better balance between our upstream and downstream activities in petrochemicals of which Sasol is one of the most important producers

The capital investment for the new facilities to be constructed at Secunda by Sasol Secunda Fertilizers (Pty) Limited will be financed out of your group s cash flow Construction will be completed at the end of 1983 and production will commence early in 1984

Conclusion

It gives me great pleasure to thank all the people of Sasol for their enthusiastic co-operation hard work and dedication

During the financial year, Sasol moved its headquarters to Johannesburg, resulting in the transfer of some seventy families to the Reef We thank them for their willing co-operation and undiminished enthusiasm

Allow me to extend a special word of appreciation to Mr J C Hoogendoorn, one of our general managers who retired during the year for his considerable contribution over 27 years towards the technical and scientific prosperity of Sasol

To our managing director, Mr J A Stegmann, and his management team the board wishes to extend its deepest appreciation The well equipped team of inspired workers established by their efforts must be ranked as one of our most valuable assets I am also extremely grateful for the continued support and loyalty of my colleagues on the board

D P de Villiers
Chairman

Johannesburg
30 September 1981

R20 000 in Armscor bursaries

CT 5/10/81

260

Staff Reporter

THE chairman of Armscor, Mr John Maree, has announced details of 10 new bursaries worth a total of R20 000 for coloured employees of the State-owned corporation

Speaking at an annual staff meeting in Cape Town on Saturday, he told the Armscor workforce that 10 new bursaries — each worth about R2 000 a year — would be made available for full-time study at the Peninsula Technicon

Mr Maree said it was Armscor's policy to ensure that equal educational and training opportunities were available to all its employees and the corporation was keen to attract "promising" young men and women of all races to share in its "dynamic development"

Armscor regarded its workers as its "greatest asset" and it was therefore not surprising that more than 10 000 employees had received technical training in the past year

The most visible aspect of Armscor's concern for its work force in the Cape was found in its housing schemes, Mr Maree said

these points, peripheral to the main question are introduced out of context.

Study offer for Armscor workers

RDA1 5 10 87

260

Mail Reporter

THE chairman of Armscor, Mr John Maree, has announced details of 10 new bursaries worth a total of R20 000 for coloured employees of the State-owned corporation

Speaking at an annual staff meeting in Cape Town on Saturday, he told the Armscor work force that 10 new bursaries — each worth about R2 000 a year — would be made available for full time study at the Peninsula Technicon

Mr Maree said it was Armscor's policy to ensure that equal educational and training opportunities were available to all its employees and the corporation was keen to attract "promising" young men and women of all races to share in its "dynamic development"

Greatest asset

He said Armscor regards its workers as its "greatest as[illegible] and it was therefore not surprising that over 10 000 employees had received technical training in the past year

It was significant that Armscor had moved "decisively and rapidly in establishing excellent pension and medical funds providing equal benefits to all employees"

Mr Maree said the most visible aspect of Armscor's concern for its workers in the Cape was found in housing schemes for coloured employees, such as those in Salvepark and Macassar

Armscor now an industrial giant in SA

Ev Post 6/10/81

~~254~~

260

By SHIRLEY PRESSLY

IN only 12 years of existence the Armaments Corporation of South Africa (Armscor) has grown into an industrial giant to rival in size the massive Barlow Rand group — the nation's biggest private enterprise undertaking

This was disclosed exclusively to the Evening Post by a spokesman for the armaments organisation

The entire range of products flowing from Armscor's eight manufacturing subsidiaries and from a large number of factories in the private sector, has never been disclosed

Secrecy shrouds the development of all new weapons, but since the introduction of the United Nation's arms embargo on November 4, 1977, a number of highly sophisticated weapons systems have been shown to the public from time to time

Armscor reports that the recent Operation Protea against Swapo bases in Angola was a triumph for the comparatively young South African armaments industry

Many — though by no means all — of these weapons were employed during Operation Protea and some, such as the 127mm multiple rocket launcher, were battle tested for the first time By all accounts it performed beyond all expectations

Among the most recent develoments in South Africa's arsenal are the widely acclaimed 155mm G5 gun howitzer, freely acknowledged by experts to be the most advanced system of its kind in the world It has 100% local content

Armscor's 127mm artillery rocket launcher was one of the weapons systems that made its debut during Operation Protea Designed to combat the Russian "Red Eye" or "Stalin Organ" first encountered by South Afrcan troops in the 1975 Angolan war, it is wholly manufactured in this country

One of the "surprises" of Operation Protea was the destruction of at least one Russian-built T34 tank by a Ratel Infantry Combat Vehicle

This high speed, long range armoured personnel carrier has been specially designed and built for the rugged South African conditions, and carries only light armaments, since its function is to transport infantry safely into combat zones

The Ratel proved its versatility and value by taking on a tank and demolibilisng it completely

The Eland armoured car was another vehicle which performed admirably

Other vehicles which played a major role in Operation Protea were the Buffel anti-mine troop carriers and the wide range of Samil trucks, which include ambulances, mobile workshops and recovery vehicles

Ammunition costing millions of rands was used during Operation Protea Every type of ammunition required by the army, air force and navy is now manufactured in South Africa

Thanks to a R168 million expansion programme at Armscor's ammunition plants, 141 different types of small arms and quick fire rounds can now be supplied to the Defence Force

This means that South Africa is totally self sufficient in respect of all its ammunition requirements

Prices expected to spiral after Escom increase

R7 M10-81 (25) 260 (55)

By GERALD REILLY

THE first price shock of the new year — and it won't be the last — was announced yesterday, a hike of 13% in Escom's power charges from January

The vicious cycle of producers and manufacturers scrambling to compensate for inflated production costs, by raising consumer prices, would follow the same pattern as this year, Pretoria sources said yesterday

Government administered prices, against a background of an inflation rate which economists warn will still be between 14 and 16%, would all rise again during 1982

And in spite of the fact that the economic growth rate was expected to fall below 4% next year it was not likley to harden the Government's attitude to farmers and industrial demands

This year the Government submitted to every demand for a hike in administered prices

Exploitation

They included bread, milk, mealie meal, wheat, cement, bricks and fertilizers

The PFP spokesman on finance and economy, Mr Harry Schwarz, has called on the Government to protect the consumer from widespead "exploitation"

Labour leaders have also called for a closer look at profit margins in industries where product prices are Government controlled

President of the Federal Consultative Council of Railway Staff Associations Mr Jimmy Zurich said yesterday "It's like wild cat chasing its tail, and no one is prepared to call a halt"

He warned that if prices next year rose on the same scale as this year the troubled labour scene would worsen

A basic cause of the recent wave of strikes was the inability of wages even after increases, to ensure the maintenance of living standards, Mr Zurich said

Escom shock: some local insulation

RDM 9 10 81 185 260

By DAVID CARTE and CHERYL VAN EYSSEN

JOHANNESBURG and Soweto electricity users will be partially protected from Escom's latest price increases.

A spokesman for the Johannesburg Electricity Department told the Rand Daily Mail that because Johannesburg generates most of its own electricity, Johannesburg users would pay only about a third of Escom's price hike

Johannesburg supplies Soweto with electricity, so Soweto users will also enjoy partial protection

Escom yesterday announced price increases averaging 13,1% for the country as from January 1, and warned that higher coal prices will probably make the average increase 14,3%

Johannesburg will be charged 12,4% more — slightly less than the national average Escom supplies only 35% of Johannesburg's needs, so local users can expect to pay only 4,3% more

Sandton is supplied directly by Escom, so electricity users there will probably pay the full 12,4% extra

Other Reef councils, such as Randburg, buy electricity wholesale from Escom and charge users retail rates They have not yet decided how much of the increase to pass on

Switch-off

Dr Nthato Motlana, chairman of the Committee of Ten, said the electricity hike would put electricity even further beyond the means of blacks

"When the expensive township electrification scheme is finished, nobody will be able to afford the power and there will be a massive switch-off", said Dr Motlana

But an Escom spokesman said the higher electricity price would not put electricity significantly further beyond the means of black consumers

"We expected the average black family to spend between R30 and R50 a month on electricity If the family spends R50 now, and assuming the full increase were passed on, it will spend a maximum of R6,50 a month more"

Economists interviewed yesterday said the increase would lift the cost of living "significantly"

They said the price increase, effective from January 1, 1982, was less than the inflation rate and on its own, would not lift the consumer price index drastically

But, said Standard Bank chief economist, Mr Andre Hamersma, because electricity was used in nearly every home and nearly every product, the increase would ripple through the economy and the final impact on inflation would be "quite significant"

Another economist pointed out that Escom provided more than half of the total energy used in SA and that "13% added to the cost of that will run to several hundreds of millions of rands"

Biggest

Escom said the latest increase was the biggest in the past four years, and this was the first time it exceeded 10%

"In real terms," said Escom senior general manager, Mr David van der Walt, "electricity today is cheaper than it was in 1960"

He said the increase was necessitated by the "exceptionally high inflation rate", high interest rates, continued interruptions in electricity supplies from Cabora Bassa and sustained growth in electricity demand

Interest was Escom's biggest cost factor last year, accounting for 27% of all costs. The interest rate it pays for its funds has risen 2,1% to 13,3% in the past year

Generation costs were lifted by, among other things, inadequate generating capacity and less economical old power stations being brought into commission to fill the gap caused by Cabora Bassa cut-offs

The hardest hit part of the country is Orange River where electricity tariffs will soar by 15,2% Other hikes were 12,4% in the Free State, 14,3% in Natal, 14,7% in the Eastern Transvaal, 15% in the Western Cape, 12% in the Northern Cape and Border

ESCOM FM 9/10/81 260

Behind the price hike

Escom's standard tariffs will be increased by an average 13,1% from January 1982

This double digit increase has been brought about by a combination of adverse circumstances (*FM* May 15) and breaks a run of three consecutive years in which tariff increases were kept well below 10%

The rises for the last three years were 4,1% in 1979, when the inflation rate was 13,1%, 7,3% in 1980 (inflation rate 16,5%), and 5,5% in 1981 (inflation rate 14%)

Escom explains, however, that the increase in standard tariffs does not fully reflect the anticipated rise in average cost per kW/h — which it expects to go up somewhat more — about 14,3%

Escom's "standard tariffs" include a built-in mechanism for adjusting energy charges in accordance with rises in coal prices The anticipated adjustment for this factor explains the further increase to 14,3%

It will afford SA only modest consolation that the latest increase may still not exceed next year's anticipated inflation rate (which could be over 14%) and that the real cost of electricity will have fallen significantly over the period 1978-82

One major problem has been the absence of electricity supplies from Cahora Bassa, which compelled Escom to make use of its oldest operational power stations — with inevitably higher running costs Historically, high interest rates have also had their influence, while sustained growth in demand has put pressure on the capital programme

As Escom explains, the Electricity Act requires the corporation to balance expenditure and income. At the beginning of 1981 there was already an accumulated deficit on the electricity account, which will probably be aggravated by a further deficit incurred during the current year

Not only is the shortage of generating capacity having an adverse effect on costs, but it is also acting as a constraint on aggregate electricity sales Thus Escom is not receiving revenue which it would have earned by meeting SA's needs in full

The increasing rate at which new equipment has been commissioned means that Escom has had to raise loan capital at a high rate, which has worked through strongly into average financing costs

There is also an ominous warning for the future Escom says that the rate of contribution towards the Capital Development Fund and the Reserve Fund has been reduced "as a comparatively satisfactory level of internal funding is being maintained at present"

But further reductions could mean problems in financing Escom's expansion programme — the clear implication is that at least part of the 13% hike will go to maintain contributions to the funds at an adequate level

Contained within the average 13,1% is a measure of variation between the different regional undertakings (see box), as the income and expenditure account of each network has to balance The greatest increase (15,2%) applies to the Orange River undertaking and the smallest (12%) to the northern Cape and Border

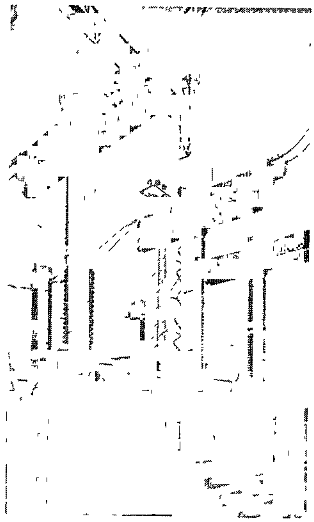
Escom says it is considering a change in the accounting method used to compute tariffs, subject to approval by the Electricity Control Board The changes would apply to the western Cape, Orange River and Border undertakings These changes would eliminate the high tariff surcharges now in force in those areas But the new standard tariffs have been calculated to bring in the same total income as at present

The three undertakings are being charged for electricity in the 1981 year at a rate which incorporates a tariff rebate of 25% The new standard tariffs, if approved by the board, will achieve effective tariff increases of 14,7% for the western Cape and the Orange River and 12% for Border The new rebate structure would be 14% for the western Cape and Orange River, and 16% for Border

Another change proposed is to reduce certain extension fees in rural areas

The issue of tariffs, painful though it is, is overshadowed by the even more damaging threat of inadequate supply On this point, it would be wrong to look for early relief from Escom's woes, except in the increasingly unlikely event of a consistent resumption of full supply from Cahora Bassa And looming further ahead is the tricky question of whether Koeberg's approximately 1 900 MW will be delayed by the intractable dispute over nuclear fuel between SA and the US (*FM* May 1)

Unfortunately for SA, there are limits to the pace at which new coal-fired generating capacity can be planned, ordered and installed, irrespective of the availability of finance So if SA's growth rate stays high, the unfamiliar experience of peak period power cuts in winter is likely to become an annual discomfort



Escom power . . . double digits for the first time in three years

ESCOM

Undertaking	Current tariff rebate or surcharge	Proposed tariff rebate or surcharge from Jan 1982	Effective tariff increase for calendar year 1982
Rand & OFS	Rebate 3%	Surcharge 9%	12,4%
Natal	Surcharge 5%	Surcharge 20%	14,3%
Eastern Tvl	Rebate 5%	Surcharge 9%	14,7%
Western Cape	Surcharge 20%	Surcharge 38%	15,0%
Northern Cape	Rebate 25%	Rebate 16%	12,0%
Border	Surcharge 12,5%	Surcharge 26%	12,0%
Orange River	Surcharge 65%	Surcharge 90%	15,2%
Weighted average tariff increase			13,1%

FM 9|10|81 (260)

SASOL

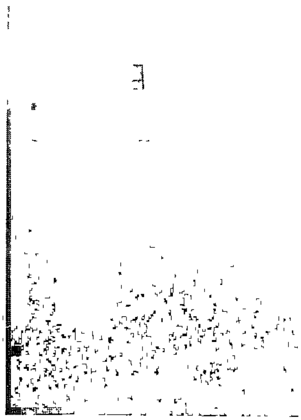
Facing a cost squeeze

Activities. *Produces liquid fuels, pipeline gas and petro-chemical products from both coal and crude oil Owns 52,5% and has access to 70% of the capacity of National Petroleum Refiners (Natref)*
Chairman: *D P de Villiers, managing director J A Stegmann*
Capital structure: *375m ordinaries Market capitalisation R1 508m*
Financial: *Year to June 27 1981 Borrowings long- and medium-term, R51,6m Net cash R158,1m Debt equity ratio 8,7% Current ratio 1,6 Group cash flow R191m Capital commitments R273m*
Share market: *Price 402c (1980-81 high, 493c, low, 330c, trading volume last quarter, 2,4m shares) Yields 11,0% on earnings, 5,0% on dividend Cover 2,2 PE ratio 9,1*

	'78	'79	'80	'81
Return on cap (%)	25,8	25 3	25 8	30 1
Turnover (Rm)	833	923	1 331	1 462
Pre-tax profit (Rm)	115	146	208	282
Gross margin (%)	14,6	16,7	16,4	19,7
Earnings (c)	19,4	22 4	32,4	44 4
Dividends (c)	2,6	2 6	15,5	20
Net asset value (c)	—	152	177	203

Note Comparative figures for 1978 and 1979 are based on the accounts of Sasol 1 The group was constituted in its present form with effect from the 1980 financial year All per share data has been related to the present issued capital of 375m shares

It is unusual for a company to actually invite competition in its main sphere of activity, but that, in effect, is exactly what Sasol is doing In his annual statement chairman David de Villiers calls on other industrial groups to embark on large synfuel projects, saying that unless they do, "and pretty soon at that," the trend of reducing SA's dependence on imported liquid fuels is likely to be reversed during the second half of this decade



Sasol ... more competition would be healthy

For Sasol's part, it expects to be fully occupied for the next few years in bringing the two Secunda facilities to full potential. This will require the elimination of bottlenecks, which will inevitably become apparent as production increases

Consequently, says De Villiers, the group will not be in a position to contemplate a start on Sasol 4 before the late Eighties The implication is that such a facility would be unlikely to come into production before the end of the decade

De Villiers believes that other groups should benefit in the same way as Sasol in terms of State financing until their synfuel projects become profitable He points out that the long lead times in construction are often a stumbling block in getting such projects off the ground and that State assistance should therefore go beyond mere tariff protection

Meanwhile, the build-up of production at Sasol 2 is continuing apace and normal full production is expected to be achieved during the course of 1982 — in line with the original schedule This suggests that the prospectus statement that Sasol will probably acquire the remaining 50% of this facility from the IDC in 1984 still holds good

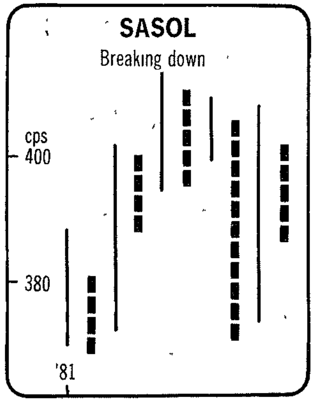
Of more immediate interest to Sasol, however, is that Sasol 2 is expected to pay its first dividend at the end of the current financial year This, and the continued increase in coal sales to Sasol 2 and 3 (which contributed R12,7m to pre-tax profits last year), are seen at this stage as being the main profit growth points for the listed company

In the case of Sasol 3, gas production is scheduled to commence early in 1982, to be followed by oil during the second half of that year Full production (and presumably a maiden dividend) is expected during the 1984-1985 financial year The prospectus gave a possible takeover date for the other half of this facility as 1986

The profit outlook for the current year, based on management's views, seems to be sluggish, although it should be remembered that their forecasts have proved consistently conservative from the outset On the other hand, profits to date have exceeded expectations mainly because of increases in world oil prices, which automatically reflect in group selling prices

With the oil market in its present state, however, the more likely outlook for this year is that Sasol will find itself in a cost squeeze The profit contribution from the petroleum-based activities of Sasol 1 will, furthermore, tend to decrease progressively as production at Secunda builds up This was already evident to some extent last year when combined profits from crude oil refining and naphtha processing declined from 40% to 38% of the total, although this was still above the 33% prospectus forecast

In a nutshell, then, profit growth this year depends on the extent to which the Sasol 2 dividend and income from additional coal



sales exceed the shortfall from crude oil-naphtha activities This is difficult to predict with any accuracy, but the 19% improvement achieved during the second half of the year, after a 62% gain in the first six months, might be a pointer

At this stage, therefore, I would look to a dividend total of 24c (20c), yielding a prospective 6,0% at the present market price of 402c This makes the share somewhat expensive on short-term considerations, although there is no question that Sasol should be part of long-term portfolios

Brian Thompson

Escom's shocker will fuel inflation

RDM 10/10/81 (260)

By GERALD REILLY

COMMERCE and industry spokesmen yesterday expressed concern at the inflation shock waves which will be created by the 13% increase in Escom power tariffs from January next year

And the PFP spokesman on finance, Mr Harry Schwarz, called for "another" close and urgent look at the whole financial structure of the corporation

He said repeated tariff increases — they had risen by more than 140% since 1975 — were a major part of inflation

Power was a basic input throughout commerce and industry and the effect of higher tariffs had an immediate impact on the price spiral

Similar fears were expressed by leaders in the private sector

Concerned

The chief executive of Assocom, Mr Raymond Parsons, said Assocom was concerned at the likely inflationary impact of the increases

Assocom believed that unless the so-called administered prices decisions were co-ordinated with overall anti-inflationary policy and the business cycle the chances of a substantial reduction in the inflation rate remained poor

There was little purpose in pursuing a monetary and fiscal policy designed to curb overall spending and rising costs if certain State corporations, with their monopolies avoided that discipline by simply putting up prices

Assocom therefore hoped that the study of the economic advisory councils of administered prices would be completed soon so that sound guidelines for the pricing and financial policies of State corporations could be laid down for the future

Problem

A major problem was the extent to which capital expenditure of corporations ought to be financed from current revenues

Mr Schwarz said a serious feature of the power price increase was it would create inflationary expectations and at least some prices would rise in anticipation of the January tariff hike

The Government, he said, appeared to be dealing with inflation only by seaking to control the money supply and was not tackling the problem of controlling costs

Escom owed the country a satisfactory explanation for the series of increases over the past two years The question of financing capital spending from current revenue should also be investigated

Escom offers that tempt the investor

ESCOM ROM 12/10/81 (260)

ESCOM is showing considerable imagination and initiative in one of the two loans with which it will be coming to the market next week. In addition to a conventional loan issued at par, it will offer another with a 10% coupon but with a deep discount.

HAROLD FRIDJHON — in the money markets

This means that Escom — and its two merchant banks, UAL and Senbank — are trying to tailor the "merchandise" to the market's needs They are going all out to design stock which will sell

For those who want the fixed-interest stock, there it is But for those institutions — and traders — who want flexibility there will be the discount stock

It is apparent that the buying pattern on the gilt and semi-gilt markets has been closely studied There is a marked preference in the market for discount stocks and the issue appears to have been designed to meet this preference — which is a refreshing change from the old rigidities

Discount stocks do not move too wildly when rates fall and the market goes into a bull phase Low-coupon stocks are more volatile in bull markets because they are more popular

One can infer from this Escom action that it and its advisers appear to believe we are approaching the top plateau of rates and that long-term rates will not run away Whether we are at the peak, particularly if one looks back and notes the four percentage points rise in the past 18 months

Another innovation is that the discount stock will be reissued at any time in the next three years This suggests that the tap will be open wide and that periodically new issues of the stock will be made

I do not doubt that the discount stock will prove attractive to institutions who appear to be changing their investment patterns A little more than a year ago they were trading in equities and locking up their gilts Now it would seem that they are locking up their equities and turning to trading in gilts.

The rates on the new stock will be announced on Thursday or Friday and the lists will open on October 20 for a week

The market is trying to assess just where the rate will be pitched Escoms are trading at 13,28% to 13,30%, so it is expected that the bankers who will test the market this week will try to get 13,3%, but might be pushed to 13,35%

If these rates are anything to go by the discount stock would be issued at about R75% — redeemable at par R100 in 2007 But the capital value of the stock will appreciate as soon as the downward movement in rates begins

Escom will not settle its rate until the results of the Government issue are announced The market appears to believe — and this is pure guesswork — that at least R300-million will be taken up of the long-dated, particularly as some major institutions regard rates as having peaked.

Guesses about the success of the short-term, three-year loan are a little wilder While some market traders talk to R200-million, I think this is on the high side after the Reserve Bank has been rolling over much of the maturing loans

Secondary market activity was quite high last week with RSAs at 13,23% and the 8½% down to 13,19% Many institutions regard the yield curve as being flat for the immediate future and prefer to go short without losing yield.

* * * *

THE money market has experienced heavy demand for paper with rates inclined to be marginally easier for November and December, but with a marked reluctance to buy January maturities

Everyone in the market prefers to remain short With the discount houses in the bank, there is still a large deficiency in the banking system although the amount of Reserve Bank accommodation has fallen from R699-million to R468-million

It is expected that this balance will continue to decline until near the monthend when it will increase to about R450-million

Next month should be fairly comfortable, but in December there will be increasing tightness with heavy tax payments due That tightness might remain until after the February big-tax monthend

It is because of this that January investments are not attracting much support — except at a price It is probably for this reason that the Treasury bill rate rose by five points to 11,40%. This week's bills mature in the second week of January

The three-month bankers' acceptances rate is still quoted at 13,75%, but there has been some trading at 13,6% and there are offers in the market at 13,5% These are discount rates

While very short call rates are way down, monthend money with asset covering is quoted at 13% and at 11,5% on straight deposit.

Year money appears to be bypassing the banks who are nominally quoting 14,75% with the building societies quoting around 15%, but with rates subject to negotiation depending on their day-to-day requirements

The discount houses are selling November BAs at 13,4% discount (13,6% yield), December at 13,55% discount, but January is quoted at 13,65% for a 14,125% yield

NCDs are shading the BA rate in the shorter periods, but the rate is widening for January for which a yield of 14,5% is being demanded

STEEL TECHNOLOGY

FM 13/11/81

~~189~~ 260

Iscor breaks through

Environmentalists relax Iscor is no longer eyeing the coking coal deposits under the Kruger National Park as hungrily as before — thanks to a new steel-making process which could ultimately lessen its dependence on the country's scarce coking coal reserves

In a few weeks the Iscor board will award the main contract for a R150m direct-reduction facility at its Vanderbijlpark works Designed to produce between 600 000 t and 720 000 t/year of sponge iron, it will be the world's biggest by far

It represents a bold commitment to a new technology which has gone through many costly teething problems in much smaller plants around the world

If it performs to specification, the days of producing iron and steel from conventional blast furnaces could be numbered in SA This also applies to many other countries short of coking coal

Steelmakers the world over will thus watch the performance of the new plant with great interest As one enthusiastic engineer put it "SA could one day become a Mecca in steel production"

The direct reduction process involves burning middle-grade coal in the presence of raw iron ore in a giant rotating kiln or tube, 80 m long and 5 m round The iron ore emerges from the kiln as lumps of porous sponge iron which is 97% pure

This can then be loaded directly into electric arc furnaces for conversion into high grade steel

To make an equivalent product by traditional methods, a highly-polluting blast furnace, employing scarce coking coal, and an oxygen furnace are required

Capital cost for the direct reduction process is lower than for the traditional process, but it is more energy-intensive

But energy from the middle grade coal is cheap and plentiful in SA and end production costs should be marginally lower

Iscor will optimise energy use by generating steam in a waste-gas boiler with by-product gases which the process gives off It will be the first time this has ever been attempted

Iscor was originally pushed into its pioneering project by the national shortage of high grade scrap used in its electric arc furnaces at Vanderbijlpark Scrap will be supplemented by the sponge iron produced by direct reduction

Without the new plant they would have been threatened with periodic closure through lack of suitable charge material

However, if all goes well the benefits of lower costs, no reliance on coking coal and low pollution will be much more important

Another advantage is that direct reduction kilns do not have to be big to be economical Minimum size for a blast furnace is around 1 Mt/year capacity

Iscor's plant will consist of four independent units with a capacity of between 150 000 t and 180 000 t each This means that it can enlarge its capacity by more comfortable, smaller steps

Iscor's blast furnaces in Pretoria are old-fashioned and highly polluting Some time ago it was prevented by a court injunction from adding more for reasons of environmental control Now direct reduction kilns could enlarge the capacity of these works without undue pollution

The breakthrough puts a new complexion on the economics of Iscor's coal mine at Ellisras

Exploited primarily as a source of coking coal, the corporation was obliged to find a market for the large quantities of accompanying lower grade steam coal to help cover its mining costs

This led to Escom's giant Matimba power station project nearby

The coal committed to Escom which was once of no use to Iscor, could now be used in its direct reduction process

Four international tenderers are competing for the direct reduction plant contract They are Krupp, Lurgi a consortium Davy-McKee and Direct Reduction Corporation, and Allis-Chalmers

Lurgi appears to be the frontrunner as it has the most experience in the field It also has big contracts on other projects with Escom and Sasol

ISCOR'S RESULTS

Declining exports of iron ore and steel due to depressed world markets were the main reason for Iscor's profit drop to R62,9m (R77,5m) this year, says Chairman Dr Tommy Muller in the Corporation's annual report

However, the corporation again showed a strong positive cash flow, amounting to R372m (R356m) There was also an improvement in the debt ratio which now amounts to 42% (49%)

Total steel sales dropped to 5,1 Mt (5,5 Mt) and iron ore sales to 11,7 Mt (14,5 Mt) Export sales of steel declined to R334m (R454m) and iron ore sales to R204m (R221m)

The big decline in iron ore export tonnage was partly offset by a higher dollar price attained This represented an additional R1,20/t

"Considerably higher ore prices are needed, and this can only be achieved if international steel prices are increased," says Muller

Domestic steel sales rose to 3,86 Mt (3,76 Mt), and total turnover of R1 918m (R1 798m) nearly touched R2 billion Liquid steel production was 7,1 Mt (7 4 Mt)

"It is expected that the slowdown and even reduction in steel demand, which has been experienced in the consumer goods industry, will continue," says Muller "It should, however, be counteracted to some extent by an expected steady demand for steel in the construction industry and for infrastructural purposes"

A range of low-alloy steel products called Supraform and Supraform TM was launched They are highly formable products suitable for complicated pressings and are relatively strong

This year installation of in-pit crushers and electric trolley systems for rear dump trucks at Sishen and Grootegeluk mines will save about 24m litres of fuel a year

The decommissioning of diesel-driven power stations at Uis and Rosh Pinah mines will save 10 Ml of fuel a year They now draw from the Swawek grid

260 SWITCHED IN

FM 13/11/81

After a lengthy break caused by sabotage to the transmission lines from Mozambique, hydroelectric power is once again flowing to the Escom grid from Cahora Bassa Escom now has access to the full 1 400MW for which the transmission lines were designed Supplies had become intermittent as long ago as April 1980, and the deficit in supply undoubtedly contributed to last winter's power cuts

The lines had been reportedly cut by anti-Frelimo guerrillas operating in northern Mozambique, and the continued activities of the guerrillas had prevented repair teams from reaching the lines

And in a concurrent announcement, (*FM* this issue) Framatome disclosed that nuclear fuel will be available in good time to load the Koeberg I nuclear reactor, with a capacity of over 900MW, and due to be commissioned at the end of 1982

The combined effect of all this good news will be to allay much of the fear that SA will be significantly short of power over the next few years (*FM* May 15) But only the passage of a considerable period without further sabotage to the Cahora Bassa lines will restore full confidence in the continuity of supply

Escom to remain top borrower

RDM 15/10/81 ~~(85)~~ (260)

By JOHN MULCAHY

ESCOM is likely to remain South Africa's major capital spender for at least the next 10 years, making substantial demands on the domestic and foreign capital markets.

Dr Joop de Loor, Director-General of Finance, in supporting a motion at the Assocom congress in Durban yesterday that thew Government ensure correct priorites were accorded to State capital spending, said one of the main tasks of the capital priorities committee was to monitor Escom spending.

The motion before congress called for greater control over expenditure by State corporations, and said the Department of Finance should determine the limits to which capital programmes should be financed from revenue.

Dr De Loor said there had to be an element of self-financing of future capital spending from current revenue, and financing was already monitored by the capital priorities committee.

He stressed that capital spending had to be divided into continuing long-term expenditure, such as on Escom, the Railways and the Post Office, and ad hoc expenditure, required by the "small spenders", Iscor and the SABC

The Cape Town Chamber of Commerce expressed concern that neither Escom nor Iscor was required to submit for approval annual budgets, although Escom did consult the Department of Finance on its loan proposals

A related motion, tabled by the Pretoria chamber, and calling for the establishment of an additional private-sector consultative body to advise the Cabinet on State spending priorities, was defeated after an explanation by Dr De Loor on budgetary machinery.

Firstly, said Dr De Loor, there was the capital priorities committee, which considered major elements of long-term capital expenditure One example was the decision to raise the coal-export ceiling, involving hundreds of millions of rands, and which was considered a high priority becasse of its foreign-exchange earning potential.

Expenditure bottlenecks had been caused because of the conscious attempts by the Government to reduce real capital spending, and it was reaching the stage where the State had to be more slective because of limited funds

Defence was regarded as the top priority, followed by education and housing, and requirements for the other sectors had to fall in line.

Once the inputs from the high priority long-term projects were received, they had to be matched with the current year's Budget requirements.

Mr Denis Paxton, a past president of Assocom and a member of the Economic Advisory Council, said that whatever machinery there was to monitor expenditure, it was disturbing that there were numerous bodies, from the public and private sectors, which were "trying to jump the queque"

Levies in any form were a means of circumventing budgetary capital allotments, said Mr Paxton. The Department of Community Development, in trying to borrow money from building societies, aimed to "get around" the priorities

IN A TERSE statement Assocom yesterday confirmed that it was considering a merger with the Federated Chamber of Industries It said "The Assocom domestic session of congress yesterday considered the possibility and feasibility of a merger between Assocom and the Federated Chamber of Industries Assocom agreed that the matter be investigated further jointly with the FCI with a view to formulating recommendations for submission to both organisations as soon as possible" RDM 15/10/81 (30) ~~(182)~~ ~~(138)~~

Appeal to keep power tariffs to minimum

15/10/81 260

~~165~~ ~~260~~ ~~267~~ ~~262~~

Mercury Reporter

DURBAN'S Management Committee is being asked, with the poor and aged in mind, to limit electricity tariff increases to domestic users to an 'absolute minimum' when Escom puts up its prices

The appeal is from Councillor Cornelius Koekemoer in a letter to Town Clerk Gordon Haygarth following Escom's announcement that its Natal tariffs will increase by 14,3 percent on January 1

Councillor Peter Mansfield described the appeal yesterday as 'clever politics but poor economics' which would hurt those whom Mr Koekemoer was trying to protect

Mr Koekemoer said Escom's announcement had come as a 'tremendous shock'

Together with inflation — which was running at about 15 percent — the proposed increase was a cause for anxiety among middle-income and upper-income people

It was enough to cause 'near desperation' among elderly people and families in sub-economic income groups, he said

'A recent survey has shown that the high cost of electricity has caused many senior citizens to reduce their preparation of hot meals to two per week and the plight of these people is, to say the least, heart rending'

He said the City Council was not obliged to pass on the whole of Escom's increase to consumers He warned Manco that 'any further substantial increase in tariffs can result in increased consumer resistance by way of reduced consumption and a significant switch to gas appliances

Mr Koekemoer pointed out that although the council had helped ratepayers by making contributions from the city's Electricity Development Fund to the Rate Fund, not all electricity users were ratepayers

Grateful

'The direct benefit that non-ratepayer consumers derive from rates relief is negligible,' he said

Tafta's executive officer, Mr Michael Claye, said pensioners would be grateful for any special concession which would keep down their cost of living

It was very likely that some of them were not having hot meals at all

'On a pension of R109 a month, what kind of flat accommodation can you get for R50? On top of that you've got electricity charges and you've got to buy food,' he said

Mr Mansfield said Mr Koekemoer's proposal would seem, at first glance, to be of benefit to the elderly and others living on low incomes, but the reverse was true

The City Council by failing to pass on Escom's increased tariffs would inevitably have to increase rates

PM praises arms industry

CT 16/10/81

(260)

THE spin-offs and benefits South Africa derived from its arms industry were much bigger than originally anticipated, the Prime Minister, Mr P W Botha, said yesterday

Opening a new explosives factory at Krantzkop near Wellington, Mr Botha said one of the most important benefits to South Africa had been that R3 800 million in defence spending had stayed in the country

"The armaments industry also provided a tremendous stimulus for technological development in South Africa

"Due to armaments contracts, the electronics industry for example, developed at a much faster rate than ever would have been the case if progress was dependent on commercial markets alone"

This had been true also of many other technologies contained in the wide spectrum for armaments, he said

"It is a fact that South Africans now have the opportunity to study and develop in certain fields of technology that did not exist a few years ago and would not have been created, if it was not for the armaments industry," he said

Forefront

Armscor, because it had to maintain its lead in weapon research and development, would for many years remain in the forefront of technology and provide opportunities to young South Africans which no other industry could possibly provide

'One of the most obvious and important benefits is the fact that over the past five years R3 800m allocated in the defence budget for armaments was spent inside the country Due to the Armscor policy that the maximum use should be made of private industry, by far the biggest part of this significant sum, flowed smoothly through to the private sector

New chemical plant will supply SADF

CT 16/10/81 (360)

Staff Reporter

A NEW chemical factory at Krantzkop near Wellington, which will supply the SADF with rockets and explosives for bombs, was officially opened by the Prime Minister, Mr P W Botha, yesterday.

The factory is owned by Somchem, the main contractor for explosives and propellants in the Armscor group

A spokesman for Somchem said at yesterday's opening ceremony that two countries had "assisted" South Africa in setting up certain of the manufacturing processes employed, but he did not name the countries concerned

Construction of the new manufacturing plant was necessitated by the rapid expansion of production capacity at Somchem's Somerset West plant, to the point where no further expansion there was possible

In order to fulfill the increasing requirements of the SADF for Somchem's products, the company was forced to consider building a second factory, and the Krantzkop site, 20km north of Wellington, was chosen

Construction began in April 1979, and on November 4 last year — exactly three years after the United Nations imposed its arms embargo against South Africa — Krantzkop's administrative staff moved into their new offices on the site

The manufacturing plant incorporates the latest technology, and one of the processes employed is functional in only two other countries

The TNT manufacturing section, "normally one of the messiest", according to a spokesman for Somechem, is "so clean you could eat your proverbial breakfast off the floor"

Somchem has embarked on a project to preserve the natural fauna and flora on the terrain, and is consulting with the Department of Nature Conservation in order to protect the rare species of flora found in the area

A variety of game is also found near the factory, and Somchem plans to introduce more species

● Somchem originated in 1962 as a subsection of AECI when an agreement was signed with the government whereby AECI would establish a factory for local production of explosives and propellants for military purposes

In 1971 Somchem was registered as a full subsidiary of Armscor, and today Somchem manufactures a wide range of propellants, explosives and rockets required by the SADF

The new chemical plant at Krantzkop that was opened yesterday by the Prime Minister, Mr P W Botha

Iscor's new incentives for the steel products export scheme could herald a rosier future for local steel product manufacturers

Iscor steps up assistance to exporters

S. Times 18/10/81

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ISCOR is increasing by 30% the rate of assistance payable to exporters under its steel export promotion scheme for all export shipments undertaken on or after October 1.

Iscor's new largesse is seen as yet another move to aid the local steel product manufacturers in their export drive

"Our steel products mark-up is very low, profits are marginal and we labour under the disadvantage of having to compete at exceptionally low prices internationally," says Hymie Flekser, managing director of L Flekser Steel, which exports primarily structural sections to the US, Africa and Indian Ocean islands

By Vera Beljakova

"Any aid and incentives from Iscor will only help us get our products to the market at lower and therefore more competitive prices," says Mr Flekser, whose group steel merchandising arm was sold for R6-million last month to Macsteel

"The new incentives will help especially those manufacturers whose steel content in products is very high," explains Eric Samson, chairman of Macsteel, the country's largest privately owned steel merchant, whose turnover reached R250-million this year

Iscor's current rate of assistance of 12,5% for steel products and 4% for tinplate products will now be increased to 16,25% and 5,2% respectively

"Provided the qualifying percentage added value is attained," explains Iscor, "maximum assistance paid for exporting steel products will increase from R100 to R130 a ton of net steel content

"This will be paid when the average net FOB price a ton of exports per consignment exceeds R800

"For fabricated tinplate products, the maximum amount of assistance will be increased from R20 to R26 a ton of net steel content, and will be payable when the average net FOB price a ton of exports per consignment exceeds R500"

BUSINESS SPECIAL TECHNOLOGY Compi

Computer link from Iscor to its mines

8/a 19/10/81

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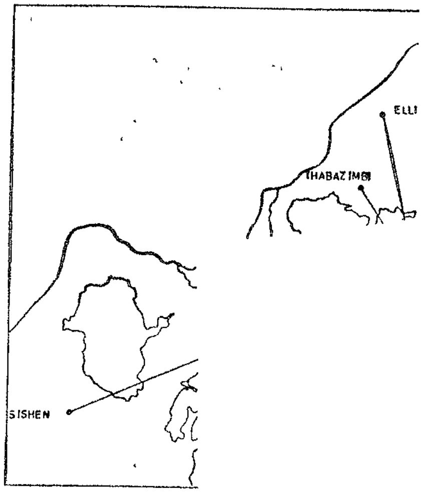


With the Primenet comm
mining can easily and in

One of the most extensive and sophisticated on-line computer service networks is coming onstream for the mines of Iscor.

By the end of 1981 six powerful Prime superminis based at the northern Cape's Sishen iron ore mine, the north-western Transvaal's iron-ore mines at Thabazimbi, the Ellisras open-pit coking-coal mine, and Natal's huge Durnacol underground colliery will be linked through Primenet to Iscor's data-processing centre in Pretoria

IMPLEMENTED

A seventh Prime computer at Iscor's Newcastle works, where a graphics and a steel-rolling calibration application are being implemented, will also be hooked into the system at a later date The networking project began in 1979 and the first minicomputer was installed in January 1980

Mr Abie Fullard, manager of Iscor's mines-computer systems, said that mine-management skills and resources were being taxed not only by the magnitude of such schemes as the development of the Richards Bay coal and the Sishen-Saldanha iron-ore export projects but also by the sudden price fluctuations in overseas markets, the ever-increasing price of capital development, and the shortage of skilled manpower and environmental constraints

The objective of Primenet was for the computer service to assist Iscor's mine managements in their decision-making. All the information needed by mine managements was on hand but there was increasing insistence that it be readily accessible in the right form at a time it was needed most

A centralised DP system to serve mines so far flung was impracticable because the Post Office communications system in 1979 was not such that acceptable communication response times could be guaranteed, especially to distant sites such as Sishen and Ellisras.

NOT FEASIBLE

The alternative — total decentralisation — was also not feasible as each mine would have to have its own system, a call on manpower quite beyond Iscor's resources Furthermore it was difficult to obtain and retain staff capable of, for example "three-dimensional optimisation for pit-planning" at remote sites because people of this calibre and experience wished to remain near to the mainstream of technological development on the Witwatersrand

Iscor chose distributive data processing strategy — keeping the full DP development in Pretoria but "decentralising processing horsepower" by siting minicomputers at the mines and manning these with data capturing and operations staff who were much easier to attach to mine staff

Sowetan 20/10/81

182 260 189

300 Iscor workers sacked

BY JOSHUA RABOROKO

ABOUT 296 black Iscor workers were dismissed from their duties after a two-day pay strike last week, the company's industrial relations manager, Mr H Liebenberg, said yesterday.

Speaking from Vereeniging Mr Liebenberg said the workers — mostly employed as shunters — were dismissed after several warnings that they go back to work and to negotiate with the management from within.

He said despite these warnings the workers "chose to stay away from work and the management decided to do away with them." They were paid all their remaining salaries and other benefits.

Most of the workers came from the homelands such as Transkei, Ciskei, KwaZulu and other areas and did not belong to any trade union which could have voiced their grievances, according to informed sources.

But, Mr Liebenberg said the workers were fully represented by their departmental heads.

The workers stayed away from work last Tuesday after they had made several representations to the establishment.

"We told them that at no stage will they receive a further salary increase this year. They were also told they will get their next pay rise next July but they would not listen.

"We warned them that if they did not go back to work then they should consider themselves dismissed from their employment. Despite this warning the workers did not listen," he said.

The dismissal of the workers from the company means they will have to vacate their rooms at the Iscor Hostel near Sebokeng township because in terms of regulations only Iscor workers might stay at the hostel.

However most of the dismissed workers have already gone back "home" after receiving their salaries and other benefits. Some of those who are remaining are expected to leave the hostel soon.

Sasol clash with Big Three feared

260

RDM 23/10/81

By JOHN MULCAHY

SASOL should not be allowed to integrate forward until Sasols 2 and 3 are fully commissioned and at least half of the three Sasol plants are owned by the public.

Mr Terence Le Roux, a consulting techno-economist, told the National Development and Management Foundation Business Outlook conference in Johannesburg yesterday he had no objection to Sasol's eventually becoming a major manufacturer of end-use chemicals, plastics and resins "though I do object to these investments being financed out of internally generated funds"

Mr Le Roux warned that Sasol's forward integration plans would clash with those of AECI, Sentrachem and others.

Sasol needed to have an active involvement in the conversion of its feedstocks into chemicals to be part of the industry's growth, but the precedent for its forward integration plans had been set by AECI and Sentrachem

The established chemical companies were objecting to Sasol's intention to become more actively involved in chemical manufacture, realising that Sasol could absorb much of the industry's investment growth because it had access to what they considered to be an endless supply of internally generated funds

The South African chemical industry was at a critical stage of its development, said Mr Le Roux, with investment decisions being taken that would make it the most capital-intensive in the world

A consequence of this was a change in the cost structure of the industry, which in the long term would reduce the chemical industry's ability to weather domestic economic recessions

SA's three major chemical companies — AECI, Sasol and Sentrachem — were making important decisions which would change dramatically the structure of the chemical industry.

AECI and Sentrachem in 1980 were in the top 12 international chemical companies, when judged on sales growth, and in the top 30 on the basis of profit growth

Chemical company executives in SA would have to take into account the changes taking place in the industry or they would make similar mistakes to those of European manufacturers

In Europe overcapacity was at the root of the problems facing the chemical industry, and to a large extent this was caused by companies making decisions without noting changes.

SA's chemical industry was moving into "big time" capital-intensive projects — Coalplex, the Newcastle synthetic rubber project, a large coal-based ammonia plant from Fedmis, and at least one large coal-based methanol plant

The major problems associated with these projects were that capital-intensive processes had high fixed costs, and coal-based processes were notoriously capital-intensive

By international standards the SA chemical companies did not have a high return on capital, said Mr Le Roux, and the new capital-intensive projects would not make it any easier for them to improve returns

Inflation in the cost of capital plant was the next serious problem facing the chemical industry

FM 30/10/81 (260)

ESCOM LOAN

In deciding to accept almost R111m, or roughly half of what it received in response to its latest bipartite stock issue, Escom has created the largest non-government loan in the history of the SA capital market

Underwriting banks UAL and Senbank say that the response to the loan application totalled R222,4m, from which stock to a rand value of R110,8m was issued As one of the loans was sold at a deep discount, the nominal value of the stock issued was R138,7m

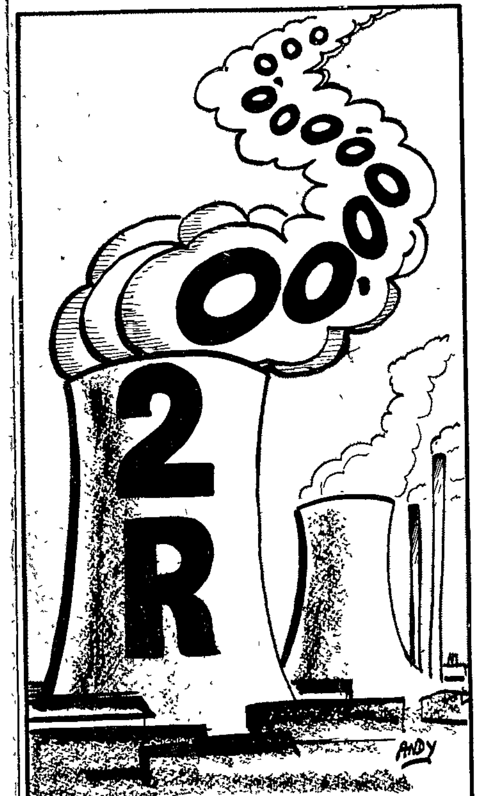
The discount stock, numbered 154, was sold at R76,70%, giving an effective yield of 13,24% on its 10% coupon Not surprisingly, the bulk of the applications — nearly R198m — were directed to it The other stock, loan 155, was sold at par and carried a coupon of 13,20% Both loans have a term of 26 years

Senbank and UAL say the loans drew a wide spread of applications — 220 in all — and most were between R2m and R3m, which lays a sound market basis for their re-issuing Especially encouraging, adds Senbank's Pieter du Toit, was the number of small investors who applied The minimum allotment was R100, putting it well within the reach of most individuals

ESCOM CONTRACT FM 20/11/80
An American company Combustion Engineering, wins a R780m Escom contract to build six 600 MW boilers at Escom's proposed C power station 260

R200 000-m injection from Escom

SUN TIMES (B.T.) 22/11/81 260



By COLIN BOWER

AT current money values and prices, Escom will be spending on average R3 000-million a year till the end of the century on extending power systems

According to figures released to Business Times, Escom will need to spend R60 000-million in real terms, or R200 000-million in inflation-related terms, to meet the country's predicted electricity needs by the year 2000

These figures are based on an average annual growth rate in electricity demand of 7%, and on an average inflation rate of 10%

This means a bonanza for local and overseas suppliers of turbines, generators, boilers and other electrical plant, for civil contractors and for suppliers of ancillary goods and services

Present Escom installed capacity is 21 000 megawatts Calculated on the basis of an average annual GDP growth rate of 5%, this figure will have to increase to about 72 000 megawatts by the year 2000

Coal-fired plant will have to provide nearly 90% of this capacity

Upon completion of the Matla and Duvha power stations, an additional 16 similarly sized power stations will be needed

The planned Tutuka, Lethabo, Matimba and Station C power stations are on the drawing board, and reduce the balance of power stations required to 12, each one of which must be provided with a committed coal supply

While acknowledging the severe demands which will be placed on its resources, Escom is confident that it will be able to meet this phenomenal programme

A major objective is to ensure supply of 8 000-million tons of coal According to Escom's chief officer (fuel and water) Ian Tudhope, a number of options for procuring supply are being investigated at the moment These include

- Feeding power stations from diversified coal sources
- Burning coal of lower quality
- Working with producers to develop multi-product mines, thereby optimising coal usage

Bearing in mind the present transition to dry-cooled generating stations, it is believed that it will be possible to obtain adequate supplies of water

Escom's other major problems lie in the areas of skilled manpower supply and loan capital availability In regard to the former, the commission is in the grip of a problem that is endemic to the country as a whole

In regard to the latter, however, overseas suppliers of capital equipment, enjoined in a battle to find markets in a recessionary world economy, have been willing to provide finance facilities along with their hardware

This in fact is one of the factors discouraging local companies from establishing a turbine-generator manufacturing capability in South Africa, since

Major power station contracts awarded by Escom since 1974

	Turbine generators	Boilers
Matla	MAN/Alsthom Atlantique Consortium R200m	Babcock Engineering R200m
Duvha	GEC Engineering R200m	L & C Steinmuller R200m
Tutuka	GEC Engineeering R350m	L & C Steinmuller R530m
Lethabo	MAN/Alsthom Atlantique Consortium R350m	Babcock Engineerin R530m
Matimba	MAN/Alsthom Atlantique Consortium R300m	Consortium Stein Industrie EVT R700m
Station "C"	Memorandum of understanding issued but no official announcement until early December	Combustion Engineering R780m

ning), Bruce Norman, indicates that critical problems in the supply of coal to meet the country's electricity needs may arise after 2000, by which stage it will have become necessary to use alternative energy sources

"Unless there is a major

Joint US-Sasol gas plant in use by 1983

260
STAR 25/11/81

Own Correspondent

The commercial-scale fine coal gasification plant being put up at Secunda as a joint venture by the US-based Westinghouse Electric Corporation and Sasol should be in operation by 1983, Sasol said in a statement

Sasol, as world leader in oil-from-coal technology, was an obvious choice for a partnership which promises to benefit both parties — Westinghouse can try out its system much faster than would otherwise be possible and Sasol hopes to find a use for excess fine coal from its Bosjeespruit mine and elsewhere

Opportunity

Mr William H Peace, general manager of the Westinghouse synthetic fuels division, described the agreement with Sasol as a rare opportunity of demonstrating Westinghouse's technology on a commercial scale much sooner than it could otherwise have done

"As a result of this project, we will be able to make this clean and efficient gasification technology available as a practical, commercial product in the United States and elsewhere much earlier than anyone had hoped

"We believe it can reduce significantly the costs of producing synthetic fuels from coal."

Successful

Speaking for Sasol, Dr A H Stander, senior general manager and joint managing director of Sasol 2 said his company looked forward to the successful commercialisation and demonstration of the Westinghouse process

Sasol's main purpose in co-operating with Westinghouse was to help to establish a system capable of handling the fine coal produced in many South African mines — a system which could ensure optimum use being made of coal resources

Mr John D Holmgren, technology and operations manager for the synthetic fuels division, said the Westinghouse technology had been under development since 1970 and had received financial assistance from the US Government, the Gas Research Institute and other organisations.

"Its competitive advantages include the ability to use many types of coal plus high system efficiency and low water use

The gasifier has undergone more than 7 000 hours of operation at a 35-ton a day pilot plant in Pennsylvania, meeting all Government environmental standards for air and water purity"

The Westinghouse plant at Secunda will gasify 1 200 tons of coal a day, with Sasol getting the benefit of the gas produced and licensing rights for third parties, in which it will get a half share

SASOL CONTRACT 260

The R60m contract for the construction of Sasol's nitrogenous fertiliser plant at Secunda is awarded to UHDE GMBH, the SA subsidiary of Hoechst AG.

FM 4/12/81

UND CLAIM

Few can equal quality...

F.M. 11/12/81 (260)

Chairman's Review

Phosphate development Corp. Ltd.

Historic Summary

The Corporation celebrates its thirtieth anniversary this year and it is therefore appropriate to review the development of the Corporation and the role it has played in South Africa s economy

Like all European countries South Africa experienced a shortage of phosphate rock after the Second World War The position improved marginally during the late 40 s but with the outbreak of the Korean War in 1950 the supply position deteriorated and the prospect for future supplies caused much concern

At that time Morocco was the main world-wide distributor of phosphate rock and South Africa was virtually entirely dependent on this source for its agricultural industry

In March 1951, Mr D J R van Wijk, the then chief of the Chemical Services Division of the Department of Agriculture and Controller of Fertilizers stressed the seriousness of the fertilizer situation and recommended that the mineral claims of Dr Hans Merensky at Phalaborwa be investigated as a first step in establishing a domestic phosphate industry

At the request of Dr Eric Louw, then Minister of Economic Affairs, Iscor acted as trustee for the proposed phosphate company Iscor acquired 315 base mineral claims from Dr Hans Merensky, and 1 810 base mineral claims from the Palabora Phosphate and Vermiculite Company On August 18 1951 the Phosphate Development Corporation was registered as a Company with a share capital of R2 million granted by the State through the Industrial Development Corporation

The early years required great perseverance and pioneering skills A mine had to be established in an isolated and dry area of the bushveld where no infrastructure existed, and construction commenced in 1953 Each item of material and equipment had to be transported over impossible roads It took an entire day to journey to Pietersburg only 210 kilometres away! Water had to be pumped many kilometers from the Olifants River and the Corporation purchased a second hand electric power generating plant from Rhodesia to supply its own power

In spite of many problems and setbacks the establishment of Foskor continued and on August 27, 1955 the then Prime Minister, Adv J G Strijdom, officially commissioned the plant

The first commercial consignment of phosphate rock was despatched to African Explosives & Chemical Industries Ltd during October 1955 This was transported in lorries over dirt roads to Mica Station, 50 kilometres from Phalaborwa

The transportation of goods by road to and from Mica created a major cost burden and it was decided to negotiate with the S A Railways for the extension of a branch line from Hoedspruit The Administration undertook to provide this branch line on condition that Foskor made good all operational losses to the S A Railways

The first train entered Phalaborwa Station on February 22, 1963

For several years the railway line operated at a loss, but traffic to and from Phalaborwa increased, especially when the Palabora Mining Company (PMC) started producing copper Today the annual gross income to the Railways on this line from traffic to and from Foskor alone, amounts to R35 million

Due to the inhospitable region and the hot conditions, housing facilities received top priority from the beginning Temporary dwellings were initially erected on site, but the Corporation made an early start with the planning and development of the town of Phalaborwa The first house was

Dr J P Kearney

completed in July 1954 The Corporation developed four town extensions before the local authority undertook this responsibility

Today, Phalaborwa, with 14 000 inhabitants, is regarded as a model town

Initially fertilizer producers encountered problems with the processing of Foskor phosphate rock Credit is due to the scientists and technicians of Foskor who found a solution to the metallurgical problems related to the unique ore body Through perseverance in research, the quality of the product was so improved that by 1957 it was totally acceptable Few producers in the world today can equal the quality of the phosphate rock produced by Foskor

Continued research led to the development of methods for the successful processing of pyroxenite as well as foskorite ores

Extensions to the original plant were then commenced On August 7 1965 the enlarged plant was officially opened at a ceremony performed by the then State President, Mr C R Swart

In 1969 the Corporation realised its original object by supplying the entire requirements of phosphate rock for South Africa In 1970 another milestone was reached when production exceeded one million tons per annum

Thereafter larger expansion programmes were embarked upon, resulting in a current plant capacity of 3 5 million tons of phosphate rock per annum Approximately 50% of the total production is utilised in the local market, while the balance is used in the production of phosphoric acid for export purposes and for direct export

It gives me great pleasure to be able to relate the success story of Foskor I have personally been privileged to be associated with this great company for the last 20 years

I would like to take this opportunity of paying tribute to the three previous Chairmen of the Board

Dr Frans du Toit had the unenviable task of creating Foskor Even after Foskor was established he had to face much criticism Heavy financial losses were incurred for the first five years It was in these early years that Frans du Toit slowly but surely placed the Corporation on a firm footing It was with much pride that he was able to announce in his Chairman's Review for 1959 that for the first time after eight years of operation, the Corporation had a profit of R107 020

In 1961, Dr du Toit was succeeded by Dr Hendrik van Eck, who was also intimately involved in the initial establishment of Foskor He knew how near South Africa came to food shortages during the Second World War, and appreciated how vital Foskor was to future agriculture in South Africa

In 1970 Dr Etienne Rousseau became Chairman The same talents and efficiency with which he established SASOL were dedicated to Foskor, and in the short span of four years he helped to develop Foskor Regretfully, due to many other duties he relinquished his Chairmanship of Foskor, but he will always be remembered for his sterling contribution

I would like to pay especial tribute to former directors, and in particular those who helped in the early difficult years

Their contribution to the success of Foskor should not be underestimated

To the present directors, my sincere thanks for their loyalty, their knowledge and perception which has been fundamental to the development of Foskor I am sure that they too share pride in the achievements of this Corporation

I would now like to mention the employees of this Corporation who, irrespective of their position, are the real backbone of Foskor Many have served more than 25 years in the Company and to each and every one I wish to express the thanks and appreciation of the directors and myself

Price constant for third year

Domestic Phosphate Rock Sales

Phosphate rock is produced from ore obtained from three sources, i e pyroxenite mined by the Corporation, foskorite and pyroxenite mined by PMC and stockpiled under agreement on the Corporation s claim areas and also phosphate-bearing tailings pumped in slurry form from PMC to the plant Over the past two financial years the contribution by the different sources to the total production was as follows

	1979/80	1980/81
Pyroxenite mined by the Corporation	4%	—
Foskorite ex PMC	39%	48%
Phosphate bearing tailings ex PMC	57%	52%
	100%	100%

The production of phosphate rock from the PMC tailings carries no cost in respect of mining, loading, crushing and milling, whilst materials from the other two sources do carry these costs For the year under review production cost in respect of foskorite ore, for instance, was 108% higher than that for the PMC tailings which product is reserved for the domestic market

The tempo of production of phosphate rock from PMC tailings is determined by the amount of tailings available, the phosphate content thereof and the mineralogical composition of the tailings These factors are related to PMC's mining programme which is adjusted according to their copper production, and therefore not within the control of the Corporation Notwithstanding the unpredictability of this situation the PMC tailings remain an advantageous source of raw material

It remains the policy of the Corporation to utilise the cheapest source of raw material for the domestic market, *thus keeping the domestic price as low and stable as possible*

Production tonnage from PMC tailings was 16% lower for the past year compared with the previous year as both the tonnage of tailings received and the phosphate content were substantially lower This factor, together with an increase of 14,6% in domestic sales resulted in the domestic demand exceeding the PMC tailings production by 11% A more expensive source of raw material had to be utilised therefore, with a resultant increase in production costs and the net income on phosphate rock sa es for domestic use decreased by 24%

Due to good results achieved in the previous year, an amount of R2 million had been placed in reserve for production cost stabilisation, in order to make provision for future possible adverse conditions Thus *the controlled price for phosphate rock in the domestic market remained constant for the third consecutive year* and in view of general price escalation this is indeed an achievement! In fact in real terms there has been a decrease in price

Export Market

The net income from phosphate rock sold for conversion in the phosphoric acid market has decreased appreciably compared to the previous financial year This decrease was the result of an over-supply of phosphoric acid on the world market which affected South African exporters of phosphoric acid This situation was mainly due to the collapse of the Brazilian market, and export restrictions to Russia imposed by the previous administration in the USA Approximately 68% of previous South African exports were sold in Brazil

The decrease in phosphate rock from Foskor used in phosphoric acid exports amounted to 424 000 tons, or 28% less than the previous year, and 799 000 tons or 43% less than the forecast provided by the consumers at the beginning of the year for 1980/81

In an effort to assist the phosphoric acid exporters Triomf and Fedmis the rock sold to them by Foskor was based on a price covering Foskor production costs only For the year 1981 a loss is expected to result as neither Fedmis nor Triomf has been able to process the estimated tonnage of rock Unfortunately, Fedmis increased the capacity of its phosphoric acid plant by 50%, and these extensions were completed during November 1980

The latest predictions for phosphoric acid exports show no improvement within the foreseeable future

It is of the utmost importance that the Corporation controls its exposure to such a volatile market, and to meet this situation the Corporation is at present actively involved in the creation of an export market for surplus phosphate rock This will not in any way compete with phosphoric acid in the export market, as the phosphate rock will replace the high quality Kola rock marketed by Russia in Europe, which is expensive and erratic in supply

Apart from Russia, the Corporation is the only producer in the world able to offer volcanic apatite phosphate rock Because of its low organic matter content the Foskor rock is especially suitable for the manufacture of speciality phosphates and for nitro-phosphate fertilizer, a product made mainly in Europe and Japan

The Corporation intends to reserve 250 000 tons of phosphate rock per annum for the development of the export market This can be achieved without prejudicing present commitments to the domestic market or the phosphoric acid exporters

By-products

The production of copper and baddeleyite from foskorite ore is incidental and varies appreciably from year to year In production planning only the phosphate content is considered and the copper and baddeleyite content is secondary For example, the copper content of the ore over the past two financial years amounted to 0,25% and 0 19% respectively The net income derived from copper production compared with the previous year showed a decline of 51% of which 70% is attributable to the lower copper content of the ore, and 30% to the decrease in the average copper price based on the London Metal Exchange

Better prices were obtained for baddeleyite concentrate although production results are subject to the same fluctuations

It remains the policy of the Corporation to utilise the income derived from copper and baddeleyite sales expressly for the expansion of phosphate rock production for the advantage of the domestic market

Productivity

The table below illustrates the degree to which price increases were effectively controlled as reflected in the unit cost of phosphate rock produced over the past five years

	Contribution to total costs	Actual price increases	Effective cost increases (decreases) as reflected in the cost of phosphate rock
Salaries and wages	24%	47%	12%
Reagents	23%	19%	17%
Maintenance costs	13%	66%	38%
Mill rods	5%	98%	18%
Power	9%	69%	25%
Fuel	4%	194%	33%
Water	1%	12%	(26%)
Coal	1%	63%	(12%)
Incoming freight	1%	49%	(42%)

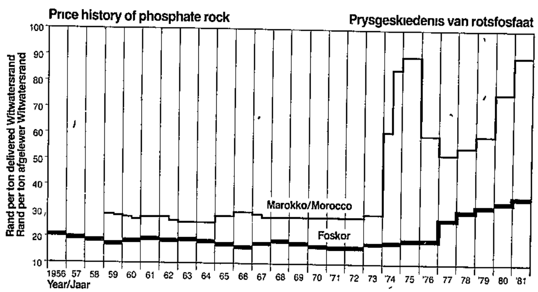
During this period of five years the actual selling price of phosphate rock for domestic use increased by only 22%, and in real terms it has in fact decreased by 26% a remarkable achievement This is attributable to the fact that the Corporation has curtailed cost increases by means of increased productivity loss control and continued research for more efficient production methods (Refer to graph)

Furthermore, a mobile gyratory crusher with a capacity of 2 700 tons per hour, eliminating the use of haul trucks, has recently been brought into operation The use of this crusher, with a height equal to a six storey building and a mass of approximately 900 tons, offers important advantages Not only will a saving on further capital equipment be possible, but an appreciable saving in diesel fuel and mining costs will also result

A new beneficiation process for pyroxenite ore, the Corporation's largest source of ore is presently being developed This process will eliminate the use of water, chemical reagents and energy for drying, resulting in appreciable cost benefits Various overseas patents have been registered and a large scale pilot plant will come into operation towards the end of the year

A new agreement with PMC was dealt with in the previous annual report This ensures that the Corporation will participate in the expansion of the PMC mine whereby the supply of phosphate enriched tailings will be extended by five years Advantages will also result from the lower mining costs in respect of foskorite and pyroxenite ores due to greater tonnages of ore being mined by PMC The Corporation is also investigating a trolley system whereby tractive power for haul trucks will partially be converted from diesel to electrical power

The Corporation received the National Institute for Productivity s highest award for 1980 for exceptional achievement in the increase of productivity



Higher rail tariffs increased delivered prices during 1980 and 1981 The price free on rail Phalaborwa has remained constant since 1979

30 JAAR DIENS AAN DIE LANDBOU • 30 YEARS OF SERVICE TO AGRICULTURE • FOSKOR

after tax decreased from R... compared with the previous year ... million in the year under review
In order to comply with the requirements for price determination purposes an amount of R633 000 in respect of the 1979/80 financial year and R913 000 in respect of the 1980/81 financial year has been transferred from net income to a reserve for the replacement of machinery and equipment. Financing of plant extensions resulted in loans during the year under review increasing by R19 million

Production and Sales

Production and sales in respect of the various products were as follows

	1979/80 Ton	1980/81 Ton	Increase (Decrease) %
(a) Phosphate rock			
Ore processed	19 103 000	18 141 000	(5)
Production	3 259 000	2 992 000	(8)
Sales			
Domestic use	1 509 000	1 729 000	15
Export purposes	1 494 000	1 070 000	(28)
Total	3 003 000	2 799 000	(7)
(b) Copper			
Production	13 948	8 319	(40)
Sales	13 886	8 783	(37)
(c) Baddeleyite			
Production	6 071	5 530	(9)
Sales	5 483	5 053	(8)

Research and development

As a result of successful research during the past year, 60% of the imported flotation reagent, acacia gum, was replaced by locally obtained guar gum. Relatively few reagents are now being imported and research for local substitutes is continuing.
A new process for the beneficiation of phosphate from fine PMC tailings has been developed on pilot plant scale, with good results. A feasibility study for the production of 500 000 tons of phosphate rock from this source has been completed and as soon ... ... with the ... ... one from the ... ... contact zone will be placed at the Corporation's disposal. This ... does not react favourably to the present flotation processes and an extensive research project has been launched to develop new metallurgical processes.

Projects

The contractors concerned with a rationalisation programme of R23 million encountered serious problems in fulfilling their obligations in the specified time due to the acute shortage of supervisory personnel and trained workers. This delayed completion of the project for ... months.

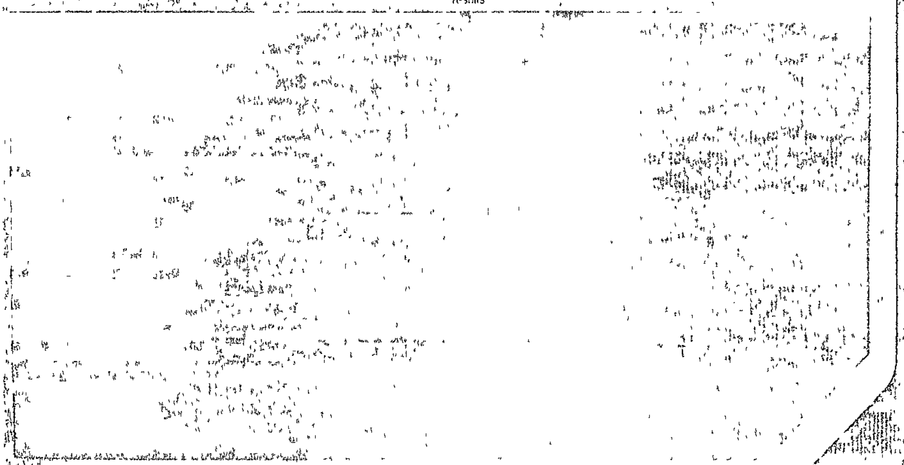
Housing

A programme for providing housing for black employees was satisfactorily maintained in ... in the neighbouring state of Lebowa, and all employees have now been resettled there. Approximately R1,5 million per annum has been spent on the project over the past three years. A project involving a further R1,2 million for housing of black single employees is presently being undertaken.
A building programme in Phalaborwa for the erection of 73 houses for white employees has been completed, bringing the total number of houses for employees at Phalaborwa to 608. A further 2... houses are presently being erected.

Safety achievements

The Corporation maintained its leading position in the field of industrial safety during the past year by winning three awards from the National Occupational Safety Association.
Through the continued efforts of our employees, the Corporation was presented with
- The highest award, ... the Nosa ... for the 8th year in succession;
- a special award as runner-up of the Terry Trophy for 6 980 802 man hours worked without a disabling injury, and
- a special award as runner-up of the Terry Trophy for the best performance improvement.

I would like to congratulate the personnel on these achievements and express a special word of appreciation to the National Occupational Safety Association and the Government Mining Engineer and his personnel for their special contribution to these results.



The mobile gyratory crusher which was commissioned in 1981

Contributions by other organisations

I would like to express my thanks and appreciation to the undermentioned organisations
- South African Railways for the exceptional co-operation of its officials;
- the Phalaborwa Water Board
- ... ...ora Mining Company for its excellent co-operation during the year;
- the Electricity Supply Commission for its efforts to maintain its power supplies under sometimes difficult conditions

Directors

... J d Kitshoff and J A J Pickard retired as directors of the Corporation on 31 October 1980 and 13 August 1981 respectively, and I would like to take this opportunity of expressing my sincere thanks and appreciation for the service rendered by them. I would like to welcome Mr P ... Theron who was appointed with effect from 1 November 1980.

General

On behalf of the Board of Directors, I wish to express a special word of thanks to the Managing Director, Mr ... J ...istorius and to the management and personnel for their excellent efforts and loyal service during the year under review.

Price constant for third year

Domestic Phosphate Rock Sales

Phosphate rock is produced from ore obtained from three sources, i e pyroxenite mined by the Corporation foskorite and pyroxenite mined by PMC and stockpiled under agreement on the Corporation s claim areas and also phosphate-bearing tailings pumped in slurry form from PMC to the plant Over the past two financial years the contribution by the different sources to the total production was as follows

	1979/80	1980/81
Pyroxenite mined by the Corporation	4%	—
Foskorite ex PMC	39%	48%
Phosphate bearing tailings ex PMC	57%	52%
	100%	100%

The production of phosphate rock from the PMC tailings carries no cost in respect of mining, loading, crushing and milling, whilst materials from the other two sources do carry these costs For the year under review production cost in respect of foskorite ore, for instance, was 108% higher than that for the PMC tailings which product is reserved for the domestic market

The tempo of production of phosphate rock from PMC tailings is determined by the amount of tailings available the phosphate content thereof and the mineralogical composition of the tailings These factors are related to PMC s mining programme which is adjusted according to their copper production and therefore not within the control of the Corporation Notwithstanding the unpredictability of this situation the PMC tailings remain an advantageous source of raw material

It remains the policy of the Corporation to utilise the cheapest source of raw material for the domestic market *thus keeping the domestic price as low and stable as possible*

Production tonnage from PMC tailings was 16% lower for the past year compared with the previous year, as both the tonnage of tailings received and the phosphate content were substantially lower This factor together with an increase of 14 6% in domestic sales resulted in the domestic demand exceeding the PMC tailings production by 11% A more expensive source of raw material had to be utilised therefore with a resultant increase in production costs and the net income on phosphate rock sales for domestic use decreased by 24%

Due to good results achieved in the previous year, an amount of R2 million had been placed in reserve for production cost stabilisation in order to make provision for future possible adverse conditions Thus *the controlled price for phosphate rock in the domestic market remained constant for the third consecutive year* and in view of general price escalation this is indeed an achievement! In fact in real terms there has been a decrease in price

Export Market

The net income from phosphate rock sold for conversion in the phosphoric acid market has decreased appreciably compared to the previous financial year This decrease was the result of an over-supply of phosphoric acid on the world market which affected South African exporters of phosphoric acid This situation was mainly due to the collapse of the Brazilian market and export restrictions to Russia imposed by the previous administration in the USA Approximately 68% of previous South African exports were sold in Brazil

The decrease in phosphate rock from Foskor used in phosphoric acid exports amounted to 424 000 tons, or 28% less than the previous year, and 799 000 tons or 43% less than the forecast provided by the consumers at the beginning of the year for 1980/81

In an effort to assist the phosphoric acid exporters Triomf and Fedmis the rock sold to them by Foskor was based on a price covering Foskor production costs only For the year 1981 a loss is expected to result as neither Fedmis nor Triomf has been able to process the estimated tonnage of rock Unfortunately Fedmis increased the capacity of its phosphoric acid plant by 50%, and these extensions were completed during November 1980

The latest predictions for phosphoric acid exports show no improvement within the foreseeable future

It is of the utmost importance that the Corporation controls its exposure to such a volatile market, and to meet this situation the Corporation is at present actively involved in the creation of an export market for surplus phosphate rock This will not in any way compete with phosphoric acid in the export market as the phosphate rock will replace the high quality Kola rock marketed by Russia in Europe which is expensive and erratic in supply

Apart from Russia, the Corporation is the only producer in the world able to offer volcanic apatite phosphate rock Because of its low organic matter content the Foskor rock is especially suitable for the manufacture of speciality phosphates and for nitro-phosphate fertilizer, a product made mainly in Europe and Japan

The Corporation intends to reserve 250 000 tons of phosphate rock per annum for the development of the export market This can be achieved without prejudicing present commitments to the domestic market or the phosphoric acid exporters

By-products

The production of copper and baddeleyite from foskorite ore is incidental and varies appreciably from year to year In production planning, only the phosphate content is considered and the copper and baddeleyite content is secondary For example, the copper content of the ore over the past two financial years amounted to 0,25% and 0 19% respectively The net income derived from copper production compared with the previous year, showed a decline of 51%, of which 70% is attributable to the lower copper content of the ore and 30% to the decrease in the average copper price based on the London Metal Exchange

Better prices were obtained for baddeleyite concentrate although production results are subject to the same fluctuations

It remains the policy of the Corporation to utilise the income derived from copper and baddeleyite sales expressly for the expansion of phosphate rock production for the advantage of the domestic market

Productivity

The table below illustrates the degree to which price increases were effectively controlled as reflected in the unit cost of phosphate rock produced over the past five years

	Contribution to total costs	Actual price increases	Effective cost increases (decreases) as reflected in the cost of phosphate rock
Salaries and wages	24%	47%	12%
Reagents	23%	19%	17%
Maintenance costs	13%	66%	38%
Mill rods	5%	98%	18%
Power	9%	69%	25%
Fuel	4%	194%	33%
Water	1%	12%	(26%)
Coal	1%	63%	(12%)
Incoming freight	1%	49%	(42%)

During this period of five years, the actual selling price of phosphate rock for domestic use increased by only 22% and in real terms it has in fact decreased by 26% a remarkable achievement This is attributable to the fact that the Corporation has curtailed cost increases by means of increased productivity loss control and continued research for more efficient production methods (Refer to graph)

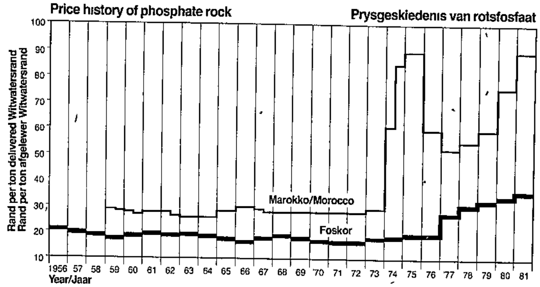
Furthermore, a mobile gyratory crusher with a capacity of 2 700 tons per hour, eliminating the use of haul trucks, has recently been brought into operation The use of this crusher, with a height equal to a six storey building and a mass of approximately 900 tons, offers important advantages Not only will a saving on further capital equipment be possible, but an appreciable saving in diesel fuel and mining costs will also result

A new beneficiation process for pyroxenite ore, the Corporation s largest source of ore is presently being developed This process will eliminate the use of water, chemical reagents and energy for drying, resulting in appreciable cost benefits Various overseas patents have been registered and a large scale pilot plant will come into operation towards the end of the year

A new agreement with PMC was dealt with in the previous annual report This ensures that the Corporation will participate in the expansion of the PMC mine whereby the supply of phosphate enriched tailings will be extended by five years Advantages will also result from the lower mining costs in respect of foskorite and pyroxenite ores due to greater tonnages of ore being mined by PMC The Corporation is also investigating a trolley system whereby tractive power for haul trucks will partially be converted from diesel to electrical power

The Corporation received the National Institute for Productivity s highest award for 1980 for exceptional achievement in the increase of productivity

Price history of phosphate rock — **Prysgeskiedenis van rotsfosfaat**



Higher rail tariffs increased delivered prices during 1980 and 1981 The price free on rail Phalaborwa has remained constant since 1979

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