

Public State GOVT.

State Interprise

1986

Escom case due in Feb

By Sheryl Raine

The first round in the row between Escom and one of its former top managers is likely to take place in the Industrial Court in February.

According to the registrar of the court, Escom has filed answering affidavits in reply to allegations of unfair dismissal filed last month by Dr Jacob de Bruyn.

"We are now awaiting Dr de Bruyn's reply and once pleadings have closed, a date for the case will be set. The case should be heard some time in February," said

the registrar, Mr Henne Coetzee.

Dr de Bruyn (36) was internal audit manager at Escom before being dismissed on December 3. He has a doctorate from the University of South Africa.

In papers before the court Dr de Bruyn alleges unfair labour practices and dismissal. He is asking for reinstatement.

The case centres on issues of security clearance, allegations of shortcomings in Escom's accounting, financial controls and employment conditions.

Dismissed Escom manager drops case

STAR 17/1/86
260
By Sheryl Raine

One of Escom's former top managers, who was dismissed at the end of last year, has suddenly withdrawn his case against the electricity giant in the industrial court.

Dr. Jacob de Bruyn (36), who has a doctorate in auditing from the University of South Africa, held the position of internal audit manager. He was dismissed on December 3 last year after the Security Branch of the SA Police told Escom that Dr de Bruyn could not be granted a top secret security clearance.

Claiming that he had been unfairly dismissed without a proper hearing and that the security reason was not the true reason for his dismissal, Dr de Bruyn filed papers against Escom in the industrial court during December. He demanded reinstatement.

Escom filed lengthy answering affidavits. Dr de Bruyn this week withdrew his case against the corporation.

An application to the Minister of Manpower for a conciliation board to settle the dispute is still pending.

STAR 20/1/86
Escom loan consolidation success (260)

The results of the Escom consolidation scheme have been announced with almost R1 360 million of Escom's loan No 163 (10,5 percent 2004) being placed with investors, excluding Escom's own funds

The scheme consists of an offer by Escom to repurchase 16 of its issued loans (redeemable between March 31, 2001, and April 1, 2006) at the original

purchase price or current book value. These loans are to be replaced by the newly-created loan No 163

Stock with a nominal value of R1 351 million has been purchased and surrendered for switching into loan No 163 since the opening of the offer. That amount represents more than 80 percent of the total nominal amount of the loans being consolidated — Sapa

Randburg electricity rates go up 14 pc

Electricity tariffs for Randburg residents were increased by 14,3 percent this week due to an effective 15,6 percent rise in Escom tariffs

This was announced at a special meeting of the Randburg Town Council last night.

The first electricity accounts at the increased tariffs will only be rendered in March. The monthly increase for the average household is expected to be about R10,73.

A statement issued by the council said it had been forced to raise the

tariffs — despite pledging in May that it would not do so in the current financial year.

This was because the increases in Escom tariffs meant a further expenditure of R1 167 million in this financial year for the council. This could not be absorbed with a budget already "cut to the core", the statement said

Escom increases comprised a 10 percent rise in the general tariff, a 3 percent rise for tariff restructuring and a 2,6 percent increase due to the higher coal price.

City power 'among world's cheapest'

By Shirley Woodgate,
Municipal Reporter

STAR

24/1/86

concession was granted for the production and delivery of gas for lighting, heating and power for a population of little more than 3 000

Johannesburg's electricity tariffs are among the lowest in the world, according to the City Electrical Engineer, Mr Wessel Barnard.

Mr Barnard told the SAIEE's historical group that the official view of the Newtown cooling towers was that they were unsafe and "had to go"

In a paper presented last night to the South African Institute of Electrical Engineers, Mr Barnard traced the history of 80 years of electricity supply to the city

He continued: "This contrasts with two of the Kelvin power station towers which were underdesigned and developed cracks. They are being repaired at considerable cost, using a method that has not been employed elsewhere in the world."

He said "Johannesburg boasts one of the largest and most sophisticated municipal electrical undertakings in the world, with a maximum demand approaching 1 300 MW and income exceeding R300 million administered by a staff of 3 500."

"Today, nearly 60 years after people came from all over the country to wonder at the magic of I W Schlesinger's first traffic controller, erected at the intersection of Rissik and President streets, the city boasts 800 traffic lights

This was a far cry from 1888, when the first

Iscor begins
fraud probe
into cash

pay-offs

ARGUS 2/11/86
The Argus
Correspondent

260

JOHANNESBURG.—
A top-level internal
fraud investigation is
taking place at Iscor's
Vanderbijlpark com-
plex, a spokesman
said.

It concerns the al-
leged granting of
work contracts by a
senior employee to
private firms in re-
turn for cash pay-offs,
according to one
source.

The Iscor spokes-
man would not say
how much was in-
volved or who had
been named in the in-
vestigation.

When approached,
several employees at
the Vanderbijlpark
plant refused to pass
comment, saying a no-
tice had been circulat-
ed ordering them not
to discuss the allega-
tions.

Taxation knocks FS gold mines

JOHANNESBURG — The beneficial effects of the higher average rand gold price of R27 119 a kg achieved by the Free State mines, administered by Anglo American Corporation, were reduced by substantially higher taxation and State's share of profit of R391,7m (R304,6m). This rise was partially attributable to lower capital expenditure of R114,4m (R162,9m).

Production

The shorter quarter also resulted in lower production figures for the quarter.

Area mined dropped to 972 000 m² (994 000 m²) and tonnage milled declined by 146 000 tons to 516 6000 tons.

Consequently gold production fell by 1 297 kg to 27 157 kg.

Total costs rose by R6,1m to R388,1m and unit costs were generally higher.

The average cost in rand per ton milled rose

6,4c to R77,71 a ton milled.

The higher rand gold price has resulted in Free State Geduld recording a 20,4 percent increase in pre-tax profit to R83,6m.

Lower capital expenditure, down to R10,6m (R32,7m), led to an increase in the provision for taxation and State's share of profit to R45,1m (R21,4m), a 110 percent increase.

This resulted in a decline in profit after tax of R9,4m to R38,5m.

Gold production declined by 9,5 percent to 6 525 kg.

This was a result of a slight decrease in grade to 5,55 g/t (5,91 g/t) and a 9,7 percent decline in area mined to 249 000 m².

Tons milled at 1 176 000 were down by 3,6 percent, while unit costs rose to R86,8 a ton milled, a 4,9 percent increase.

President Brand's profit before tax at R89,2m rose by 16,2 per

cent. This was largely at tributable to the higher rand gold price.

However, the rise in provision for taxation and State's share of profit to R21,2m (R1,8m) saw a 9,1 percent decrease in profit after taxation to R87,9m.

The previous quarter included a R8m tax free dividend from Welkom.

Capex

Capital expenditure dropped by R6,7m.

Production results were generally lower this quarter with tons milled decreasing by 27 000 to 852 000 tons.

However, this was offset somewhat by an increase in grade to 5,32 g/t (6,21 g/t).

Area mined declined by 4 000 m².

Gold production at 5 386 kg showed a decline of 1,3 percent due largely to the shorter production quarter.

Unit costs rose by seven percent to R78,65 a ton milled.

The high rand price of gold produced a 37,1 percent increase in President Steyn's pre-tax profits to R88,4m.

However, a higher provision for taxation and State's share of profits of R48,4m contained the after tax profit to a 17 percent increase on the previous quarter to R40m.

Capital expenditure decreased to R12,1m (R18,1m).

Production results showed a slight decline with tons milled down by 3,7 percent to 973 000 tons.

There was a slight rise in grade to 5,85 g/t (5,6 g/t) and this helped maintain gold production at 5 690 kg, an eight percent decline on the previous quarter.

Costs

Unit costs rose by R4,95 to R80,29 a ton milled.

Western Holdings profit before taxation rose a massive 38,8 percent but a higher provision for taxation and State's share of profit of R52,1m (R12,1m) resulted in a 4,1 percent decline in after-tax profit to R78,2m (R81,6m).

There was a decline in production largely due to the shorter production quarter and this saw a 1,6 percent drop in tons milled to 2 165 000 tons.

Grade declined to 4,41 g/t (4,56 g/t) and these factors contributed to the 4,8 percent drop in gold production to 9 556 kg.

Unit costs were contained at R65,09 a ton milled (R63,70 a ton milled), a two percent increase.

Capital expenditure dropped to R41,2m (R54,9m).

Slimes

Joint Metallurgical Schemes' profit decreased slightly. This was partially caused by the shorter production quarter.

Profit at R20,9m was down by two percent on the previous quarter.

Slimes treated were down 6,4 percent to 1 153 000 tons resulting in a lower gold production of 785 kg (835 kg).

Uranium oxide production was reduced by 10,7 percent to 140 710 kg. However, acid production rose to 88 726 tons (88 227 tons).

— Sapa



Mrs Niki Basson has returned as public relations office to the Heerengracht Hotel in Cape Town after a 12-month stay in the United States.

Unless otherwise stated all financial news in this issue was compiled by Paul Doid and sub edited by Godfrey Heynes.

Iscor's steel exports up 50%

Own Correspondent

PRETORIA — Domestic sales of steel slumped last year but there was some hope of a recovery in the second half of 1986. Iscor's senior general manager, marketing, Mr Nels Olivier, said yesterday.

However, export steel sales increased by more than 50 percent and the corporations allround performance last year was "excellent".

Domestic sales

Frasers boosts turnover

JOHANNESBURG — Fraser turnover reached a record level in the first three months of its financial year, being some 27 percent up on the same period the previous year.

The Smart Centre Credit Clothing division performed particularly well in the first three months, with a turnover increase of 166 percent, with the aid of the newly acquired Top Centre clothing chain.

The chairman, Mr Donald Campbell, predicts that turnover for this year is likely to top 1985.

Frasers furniture division has made a remarkable recovery since hire-purchase restrictions were lifted last year — Sapa

Rand steady at \$0,4365

JOHANNESBURG — The rand closed steady at \$0,4360/70 after a quiet and uneventful trading day, slightly up from a sharply lower \$0,4343/53 close here on Tuesday, mainly due to a weaker dollar and a steady gold price, dealers said.

It opened trading at \$0,4350/60 in fairly nervous conditions in reaction to its steep decline on Tuesday amid strong dollar demand, but failed to recover further in steady two-way trading.

The financial rand closed slightly lower at \$0,3275/3325 against \$0,3300/50 close on Tuesday.

Against other major currencies, the rand closed at

- US 04380/70
- UK 3,2060/0400
- Germany 1,0400/20
- Switzerland 0,8790/8810
- Netherlands 1,1750/80
- France 3,1905/55
- Japan 84,40/60

— Reuter

NATIONAL BANK LIMITED

Results and dividend announcement

for the year ended December 31, 1985 which are set out below

1985	1984
3 267 916	2 710 636
(2 929 350)	(2 507 776)
338 566	202 860
(157 318)	(87 106)
181 248	115 754
(94 643)	(38 876)
86 605	76 878
17 052	9 905
103 657	86 783
(13 041)	(15 349)
90 616	71 434
(60 925)	(55 124)
29 691	16 310

72 531	58 025
61 363	57 227
R 913,0m	638 1m
R18 704,3m	16 669 4m
R16 908,4m	15 276 6m
R15 068,1m	13 706 1m

ISSUE

168,9c

151,6c

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Escom: second nuclear station?

DURBAN — Development pressure in Natal may soon force Escom to begin scouring the province's coastline for possible sites for a second nuclear power station.

Although Escom has yet to make a decision on whether to build another nuclear power station, an R8 000 000, six-year-search for a future station site began in October last year.

In an interview yesterday, Mr Marius Rautenbach of Escom's communications department, confirmed that of 19 selected candidate areas along the whole of South Africa's coastline, "suitable areas have been identified in Natal".

But investigations were currently focused on two candidate areas, to the east and west of Port Elizabeth.

"The decision to start the investigation in the Eastern Cape arose not from any preference, but because of development pressure.

"There is definitely a lot of pressure in Natal, as there is along other parts of the Cape coast, and a decision on where to start investigating

next, will probably have been made by the end of the year".

Escom says that although a decision on whether to build a second power station might only be taken in 10 years' time, "basic prudence dictates that viable sites should be identified as soon as possible, so that both government and local planning authorities can take them into account and avoid conflict over land use".

"Only when all 19 areas have been investigated will it be possible to establish from the total picture which areas should be preferred," Mr Rautenbach said.

Escom has declined to confirm that a site under consideration was a spot near Zinkwazi, at the mouth of the Tugela River in Natal.

Since the search began in October, Escom has been concentrating its investigation on a 60 km stretch of coast between Cape St Francis and the Tsitsikama River mouth.

More detailed investigation of a second candidate area, about 120 km long, and between the Sondags River mouth

and Cape Padrone, would begin towards the middle of the year.

Investigation involved mapping areas of population distribution and detailed geological surveys to determine the vulnerability of the area to earthquakes and earth movements.

"Once we have completed our detailed investigations we may find that from the 19 areas we have chosen, only some are really suitable for the purpose".

Mr Rautenbach said Escom should know by the end of March whether there were any serious geological faults in the first candidate area, west of Port Elizabeth.

"If we find serious faults there, we will probably tell the people straight away that we are no longer interested," said Mr Rautenbach.

He said a decision on whether to build another nuclear power station was "still some time off" probably in the 1990s.

"But even if we were to announce a decision tomorrow, it would be another 10 years before

the station was actually operational".

Escom's senior general manager, Mr Ian Macrae has said he believes nuclear power from fission and fast-breeder reactors seemed the best alternative to coal likely to be available commercially in the next 20 years.

DISPATCH

Power supply for Jabavu Centre

CP Reporter

A PERMANENT electricity supply — with a capacity to supply 300 houses with power — is being installed at the new-look Jabavu

Community Centre in Soweto. Soweto's electrical engineer, R. Edu Toit, said a cable would carry power from the Mordaka 132kv sub-station to the centre.

When work is completed at the beginning of February, the centre will have 1000kva — enough power to supply 300 houses with electricity.

Tips on better business

By SELLO SERIBE

THE NCR Corporation of SA will hold a two-week seminar for black businessmen from February 3

NCR public marketing manager AH van der Linden said the seminar — at the National Exhibition Centre near Baragwanath Hospital — will be held in close conjunction with the Greater Soweto Council.

It will address areas of vital importance to retailers, including finance

and administration, modern retail merchandising techniques, stock management, marketing strategy, communication and group problem-solving.

Among the highly qualified lecturers are Elsie Khojlewanyo and Florid Mdluli.

The fees are R70 and R110 for different courses. Participants will be awarded certificates of success after completing the courses.

The cost of installing permanent electrical power is R90 000, and was arranged by All Time Promotions, who have taken over the promotion of trade shows in Soweto from Adele-Lucas Promotions.

ATP, headed by a black businessman and a member of the Soweto Chamber of Commerce, will run two shows annually for the next five years. The first show will be held in April.



CAM Tint 8/2/88

14 dismissed during SABC probe into 'irregularities'

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Staff Reporter

FOURTEEN employees have been dismissed as a result of an internal investigation into "alleged irregularities" at the SABC, the director-general, Mr Riaan Eksteen, said yesterday

During a five-month investigation, which was "almost completed", disciplinary steps were taken in 39 cases, he told a news conference yesterday.

"A few outstanding matters have been passed on to the Commercial Branch of the South African Police," Mr Eksteen said

He would not elaborate on the police investigation

Of the 39 cases in which disciplinary steps had been taken, 14 staffs were dismissed, four were being "phased out", five transferred to other departments and seven demoted. Another four employees were given below-average increments and another five had compensated the corporation for losses incurred.

31 employees were warned

Mr Eksteen did not specify the amount of money the SABC had lost as a result of the irregularities. Thirty-one employees were warned, but no action taken against them, while another 39 allegations were without foundation, he said.

Of the remaining 20 allegations, one person had died in the interim, some employees had left the SABC and other outside organizations involved, over which the corporation had no control.

The five-month investigation was "painful but essential" for the SABC, staff were hurt and the corporation's reputation suffered, he said.

Control measures had been improved to try to prevent any further occurrences of this nature.

Mr Eksteen said one such control was to ensure that each employee wanting to do freelance work, either for an outside organization or in another department within the SABC, had to get written permission.

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Capricorn Time

Weekend Edition & Homefile

FOUNDED 1976 SATURDAY, FEBRUARY 8, 1986 40c (7)

'Sweeping changes' to SATV, radio

Staff Reporter
 SWEEPING changes in television and radio programming and "simulcasting" — the broadcasting of original language soundtracks for TV programmes on radio — were announced by the Director-General of the SABC, Mr Riaan Eksteen, yesterday.

Among the changes were that continuity announcers

would no longer be used from April 1. Instead, "the method used successfully by TV4" to announce and advertise programmes would be introduced.

Mr Eksteen said intensive study and research had gone into the planning of the new TV1 schedule and that market research had identified specific tendencies and viewer patterns.

He said the SABC had to survive financially with due consideration to its entertainment, educational and information functions and greater competition in the future — specially from cable television which is to be introduced later this year.

Mr Eksteen also announced several changes in television programme scheduling.

Peak viewing time would remain between 7pm and 9.30pm and the language switchover would still be at 8pm.

TV1's news scheduling would be changed as follows:

The 4pm news will be discontinued.

Early evening news: 5.45pm to 6pm.

Main news: 8pm to 8.30pm,

Including the weather forecast at the end.

Late news: Before closing, news flashes lasting two to three minutes.

Network:
 Mondays 9pm to 9.30pm.
 Wednesdays 9.30pm to 10.15pm.

Network:
 Tuesdays 9.30pm to 10.15pm.
 Thursdays 9pm to 9.30pm.

The 30-minute Network/Network programmes will have no advertising breaks, and the 45-minute slots will contain advertising breaks up to a maximum of five minutes.

Sundays' schedules were still being considered and any changes would also be effective from April 1.

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 To page 2

From page 1

The new general programme schedule will be as follows:

4pm to 5.45pm: Educational, children's and magazine programmes, including repeats

5.45pm to 6pm: News.

6pm to 7pm: Youth programmes, repeats of TV4 programmes, comedies, sport and music.

7pm to 8pm: Entertainment (serials).

8pm to 8.30pm. Main news and weather forecast

Tuesdays/Wednesdays:
 8pm to 9.30pm: Entertainment (serials).
 9.30pm to 10.15pm: Network/Network.

10.15pm to close: Programmes for minority audiences, which can be alternated with TV4 repeats, sport, music and films.

Mondays/Thursdays.
 8.30pm to 9pm: Entertainment (serials).
 9pm to 9.30pm. Network/Network.

9.30pm to close. Programmes for minority audiences, which can be alternated with TV4 repeats, sport, music and films

Fridays/Saturdays.
 8.30 to close: Entertainment programmes, sport, films and music.

A feature of the new schedules of TV1, TV2, TV3 and TV4 was that the overlapping of programmes would be eliminated and that dubbed programmes of which the original soundtracks broadcast on radio, would not clash on the four channels

This would allow the SABC to use certain radio transmitters to broadcast the original language and soundtrack of a specific television programme.

Scheduling of TV2/3 was being investigated and finalized to provide greater unity of programmes offered on the four channels.

Mr Eksteen also announced sweeping changes in radio.

The old Springbok Radio channel will be converted into an education radio service, while Radio 5's medium wave transmitter in Johannesburg is to be used to start a new station aimed at the urban black.

The new stations would be known as "Radio 2000" which would be educational and "Radio Metro", which would provide news and entertainment and would be a commercial station.

The SABC would be looking towards educational and private concerns to help with financing, he said.

3-209

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Complaint against Koeberg contractors

Staff Reporter

11/2/86

THE Industrial Court is to hear a complaint of unfair labour practice against a French sub-contractor at the Koeberg nuclear power station following the removal of a Cape Town trade union leader's security permit.

The site permit of Mr Cecil Theys, chairman of the Electrical and Allied Trades Union of South Africa (Eatusa), was withdrawn by Escom officials on December 12

Union officials allege this was after a meeting between Escom, the security police and a representative of C Gee Alsthom, the French electrical sub-contractor employing Mr Theys.

They have accused the company of "victimising" Mr Theys and of "an unfair labour practice"

HEAD OFFICE

The company denies attending the meeting and claims it had no say in the issue of security permits, which was done by Escom.

A representative of the International Metal Federation (IMF), Mr Brian Fredericks, said details of the matter had been referred to the head office in Geneva, who would liaise with French union affiliates

These included FLM, a major metal union at car manufacturers Renault. He could not "give detail" of possible strategies "at this stage", but did not rule out union action.

Mr Theys is still employed by C Gee Alsthom, but cannot work as he is unable to enter Koeberg power station. Officials claim he has not been paid since the end of December.

FULL COMPENSATION

Eatusa has demanded that C Gee Alsthom ensure the "physical reinstatement" of Mr Theys or pay him full compensation to the end of the company's contract at Koeberg.

Mr M Janot, deputy-site manager for C Gee Alsthom, refused to comment on any of the points raised, saying it was a "company matter". He confirmed that Mr Theys was still employed by C Gee Alsthom

In a prepared statement Escom said "Mr Theys's permit was withdrawn in accordance with Escom's responsibility in terms of the National Keypoints Act."

The matter was heard by the Industrial Council for the Electrical Contracting and Servicing Industry (Cape) last week and has been referred to the Industrial Court.

BUS DAY 12/2/86 260

Escom to spend R3,6bn

ESCOM plans to spend R3,6bn this year to cover capital expenditure, servicing of local and foreign debts and working capital. Only R300m will be tapped from foreign sources.

The utility revealed yesterday it had already pre-placed 55% — or R2bn — of its funding needs; with R1,4bn in 90- and 180-day project bills that can be rolled over continuously; R300m in the form of an import credit scheme and the remaining R300m from refinancing of assets for employee housing.

This leaves about R1,6bn for the local capital market in 1986. But of this amount, about R300m has already been privately placed with certain financial institutions.

ALAN SENDZUL

This means that R1,3bn worth of loan stock is to be earmarked for the local capital market.

SA Transport Services (Sats) is also rumoured to have concluded a number of big private deals that have not gone directly through the market.

Last year Escom spent R1,9bn in the domestic market, after a budgeted amount of R1,6bn, although about R300m was switched onshore from the 1985 foreign loan programme of R1,5bn.

Sats — the other major borrower — will release its 1986 funding plans on February 19 when Minister of Transport Hendrik Schoeman delivers the

Transport Services Budget.

Posts and Telecommunications will make its figures known a week later.

Once the total public corporation funding picture has been delivered, pension fund managers should be better-placed to estimate how many bonds they will be able to pick up for their portfolios.

Escom's funding needs are R1,3bn down on last year because of cutbacks on the number of capital projects.

Capex has been scaled down by an estimated R1,1bn over the next four years.

Several projects, including nuclear power and hydro-electric plants, have also been shelved.

BUS DAY 12/2/86 278 251

Police shoot dead 13-year-old schoolboy

POLICE shot dead a 13-year-old Atteridgeville, Pretoria, schoolboy on Monday during a class boycott by hundreds of pupils.

A spokesman for the Police Public Relations Division in Pretoria said Daniel Mothupi, 13, a Standard Five pupil at the Mboweni Higher Primary School, was killed when a policeman fired a rubber bullet

Business Day Reporter
and Sapa

at youths stoning a police vehicle.

A man was shot dead and another seriously injured by a mob in Maraisplaas, Mossel Bay, resident whose house was stoned by a mob on Monday night.

A policeman was injured in

KwaDabheka, near Durban, in an attack on a bottle store.

Police fired shotguns and used tearsmoke to disperse a mob which was throwing petrol bombs at SAP vehicles in Clermont, near Durban.

A bus in Atteridgeville was damaged by stone-throwers and a cafe was set alight in Bridgeton, near Oudtshoorn.

CAP TMS 13/2/86
260

Dispute over Koeberg permit

Staff Reporter

THE case of a worker claiming he was prevented from working at the Koeberg nuclear power station on the advice of security police, and that his employer did little to protect his interests, is to come before the Industrial Court.

The dispute is between the French company C Gee Alsthom, which employs electrician Mr Cecil Theys, and is a sub-contractor at Koeberg, and Mr Theys's legal representatives, the Legal Resources Centre.

Mr Theys contends that the withdrawal of his security clearance effectively cost him his job and constituted an unfair labour practice. The hearing, scheduled for next month, is believed to be the first of its kind involving a French company operating in South Africa.

A spokesman for Mr Theys's trade union, the Electrical and Allied Trades Union, said the case had been brought to the attention of the European Parliament, the European Economic Community and French labour unions.

An Escom legal adviser confirmed that Mr Theys had first been told by Escom that the permit withdrawal had been on the advice of the police, but said "it was later found that the police were not involved".

The police have also rejected Mr Theys's allegation, and have said: "It is the right of any employer to decide on termination of any employee's employment."

Mr Theys said that in December last year his Koeberg work permit had been withdrawn. He believed this was related to his detention last November after allegedly taking part in a candlelight procession.

The assistant legal manager of Escom, Mr BF Rheeder, said he had told Mr Theys that the security police had recommended the withdrawal of his permit.

"But I found that I had been mistaken," he said. "After further investigation, I found that Koeberg security had actually wanted the withdrawal of the permit. For reasons of security I cannot disclose the reason for this."

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Com- 13/2/86
Tuis

SABC porn: Three men dismissed

Own Correspondent

DURBAN — The three men responsible for giving Natal a glimpse of a pornographic movie during the news on TV1 on Tuesday night, were making a copy of the porn video

The men, who have not been identified, have been "summarily dismissed"

The men allegedly put a cord into the wrong socket cutting out the 7pm news bulletin and replacing it with the hardcore pornographic film "The Devil in Miss Jones"

Viewers then saw a man and a woman making love

The regional director of the SABC in Natal, Mr Willie Luwes, said he had investigated the unscheduled broadcast.

In a strongly worded statement the director-general of the SABC, Mr Riaan Eksteen, said "The irresponsible activities of certain staff members in Durban which impeded the broadcast of TV's main

news bulletin and inconvenienced and upset viewers in large parts of Natal, are totally inexcusable"

Mr Eksteen added: "When any staff member participates in an activity that impedes the proper functioning of any service of the SABC, or uses any facility of the SABC improperly, I will not hesitate to consider every possible disciplinary action"

As a result Mr Eksteen said he had decided to "summarily dismiss" those responsible

The men have many years' service among them and were described as "loyal", "reliable" and "highly respected" and as having had good work records

It is believed one of the men had nearly 30 years of service with the SABC, while another was said to be "one of the best" at his job

One of the men involved had been dubbing the film for one of the others when the incident occurred

Electricity: Sandton to avert crisis

By Janine Simon

13/2/86
260

Steps are being taken to avert a possible electricity supply crisis in the central business district of Sandton.

Next month senior Eskom and Sandton Town Council officials will meet to thrash out a long-term solution to the problem.

Last year Eskom officials predicted that parts of the Sandton CBD could face an electricity supply crisis unless another sub-station was put up.

Sandton municipality — which is to take over the electricity supply system from Eskom — said then that Eskom would have to buy or expropriate the land necessary for the sub-station.

Eskom has since installed additional cables and transformers at Sandpark sub-station.

But these would cope with the expected increase in demand for only about 18 months, said Eskom's Distribution Area Manager, Mr Dennis Ackermann.



There are no skeletons in traffic officer O G Promnitz's cupboard, only a string of achievements that put him among the best first aid instructors in the country. He has been awarded a special advanced diploma for scoring more than 90 percent, the highest percentage in South Africa in the St John Ambulance lay lecturer's examination. He went straight back to work at the department's training centre where he passes on the tricks of the trade to traffic cops who may one day need to save a life on the road.

Seeking a solution to education crisis

Education Reporter



13/2/86

An international conference "To Educate the Human Potential" will be held at the Johannesburg College of Education from July 3 to 5.

Organised by the Montessori Society of South Africa, the conference has been called, they say, to try to solve the education crisis in this country.

"South Africa is at an education turning point. Ways have to be found to provide all South African children with quality educational opportunities," said the conference secretary, Mrs Wendy Hartman.

The conference will examine education at a primary and primary level and its purpose is to assemble a forum of people in the forefront of education throughout the world.

Speakers will include Mr Tony Buzan, an expert on learning methods and the potential of the human brain, and Mrs Renilde Montessori, a primary teacher trainer in Toronto, Canada, and granddaughter of Dr Maria Montessori.

Other speakers will be Dr John Bremer, director of the Institute of Philosophy in South Carolina, and Dr Barbara Clark, author of many publications and a staff member at the Division of Specialised Education at California State University.

Delegates can attend several workshops and educational exhibitions.

The closing date for registration is March 30. Application forms are available from the Conference Secretariat, 457 Sussex Avenue, Lynnwood, Pretoria 0081, telephone (012) 47-2304.

Escom switch to brighter side of life

Staff Reporter

A MAJOR programme has been launched to restructure Escom, the R24-billion company which supplies 94 percent of South Africa's electricity

A new management team led by chairman Mr John Maree, formerly executive director of Barlow Rand and senior general manager Mr Ian McRae has committed itself to a two-year programme to improve customer service, management systems, financial controls and cost savings, according to an Escom statement

Detailed planning is complete and a nationwide restructuring of the company's vast activities is under way in which the two major functions of generation and distribution will be separated

The new programme follows the De Villiers commission of inquiry in 1984 whose recommendations were accepted by the Government. It aims at decentralising management authority and responsibility by creating self-contained "strategic business units" which will function against clearly defined performance targets.

Although the new moves are unlikely to result in a drop in the price of electricity, Escom officials believe future increases will be kept reasonable

Escom aims to reduce its staff from 66 000 to 60 000, although no retrenchments are planned.

Escom also announced a formal policy regarding equal employment opportunities for all and said an "integrated approach" to make progress in this connection would be formulated by next month

Employee morale

Mr Maree said the two-year target date to complete the transformation of Escom into a creditable business was practical because of its vast size and a legacy of problems, including a poor public image and low employee morale

"Most important, we don't want to make claims and promises that we can't immediately fulfil.

"But I want to stress that we are totally committed towards achieving our goals and we have a management team with the skills and dedication to do so," he said

Because of Escom's size it would not be possible to eradicate shortcomings entirely but he promised to deal "firmly and effectively" with irregularities and problems

CAP T 7/12/85 15/2/86

Escom aims to become more efficient

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ESCOM, the 62-year-old utility company previously seen as a faceless bureaucracy, is to undergo a two-year restructuring programme which should result in more than R3,5-billion being saved over the next five years.

The restructuring aimed at improving customer service, management, and cost efficiency, was announced by Escom's chairman, Mr John Maree, at a press conference in Johannesburg yesterday.

Mr Maree said that ultimately the savings should filter through to the consumer, but it was more likely that Escom — which supplies 94 percent of South Africa's electricity and has fixed assets of some R24 billion — would be able to contain tariffs below the annual rate of inflation.

Escom's new management team, led by Mr Maree and senior general manager Mr Ian McRae, has committed itself to turning the company "into a business that will be a credit to its employees and the country as a whole".

Mr Maree said two years was a practical goal for the achievement of transforming Escom because of the organization's vast size and because of a legacy of problems including a poor public image and low employee morale.

Escom presently employs 66 000 people.

'Open-door policy'

He said Escom was disposing of its faceless image by a new "open-door policy of communication, both internally and externally".

Mr Maree asked the public for patience and understanding, and also to come forward with any problems or suggestions.

"The old days are finished, when Escom didn't talk. We will not keep a tight-lipped silence anymore. We have nothing to hide."

Other priorities were to increase productivity and to uplift staff morale.

A new power marketing division will promote the safe, efficient and cost-effective use of electricity by municipalities, industry, the agricultural and domestic consumers.

Management authority and responsibility will be decentralized by creating self-contained business units which will function against clearly defined performance targets — Staff Reporter and Sapa

Escom to cut 6 000 jobs

DISPATCH
15/2/88
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Dispatch Reporter EAST LONDON — Escom is to cut back on 6 000 jobs by the end of the year as part of a drive to streamline the company.

The current staff of 66 000 will be reduced to 60 000

The national restructuring of Escom will see three key changes embodied in the new structure, affecting the Eastern Cape region and others

Escom's head office will be streamlined and the engineering sector reorganised. The two major functions of generation and distribution will be separated and strategic business units, of a size which can be managed effectively, will be established

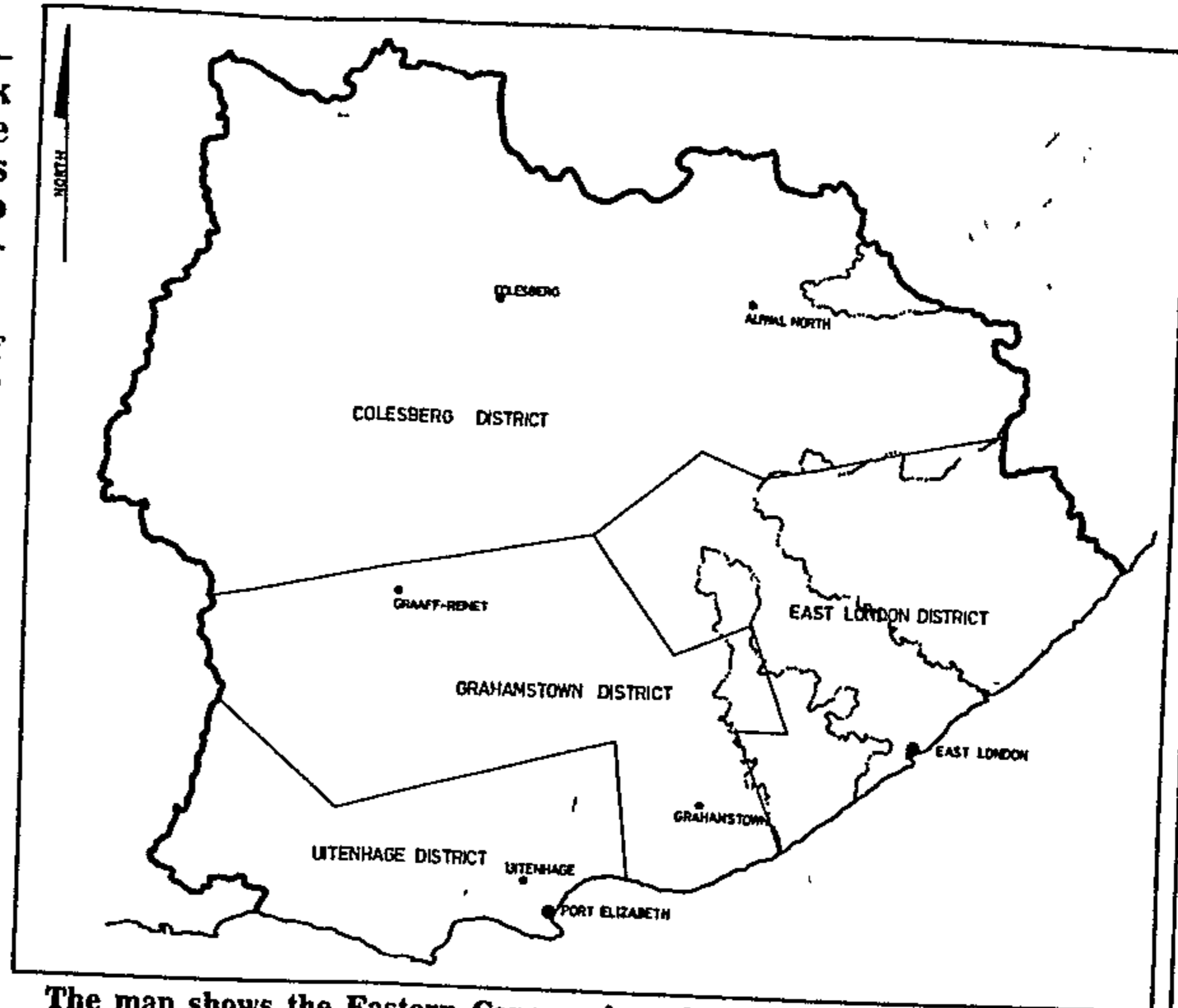
The previous six geographic regions which were responsible for both generation and distribution have been replaced by a generation structure consisting of 29 power stations grouped into five generation divisions and a distribution structure consisting of 12 regions grouped into two divisions.

The first phase of the new structure became effective on January 1 this year, and the final structure will be fully implemented by December 1989.

Commenting on how the changes would affect the Eastern Cape, Escom's Eastern Cape regional manager, Mr Ken Garman, said here yesterday

"We must bear in mind the main purpose of the reorganisation, which is to form strategic business units. These units will be run as far as is practical along business lines

"We will adopt a more business-like attitude, coupled with greater awareness of our cus-



The map shows the Eastern Cape region of Escom, divided into the four districts of Colesberg, East London, Grahamstown and Uitenhage. The first two areas will fall under an area manager in East London, the other two under Port Elizabeth.

tomers' needs," he added.

Mr Garman explained that as a result of the decision to split the generation and distribution functions, the power stations in the Eastern Cape would form a business unit on their own

This included the West Bank and Port Rex power stations in East London, plus the two hydro stations on the Orange River, Hendrik Verwoerd and Van Der Kloof

Heading this business unit would be Mr Hans Pennells, resident in East London

The Eastern Cape region would then form an other business unit which would control the distribution of electricity in the Eastern Cape with the headquarters remaining in East London. The function of the region would then be to purchase power from the generation division and distribute it to Escom's customers in the area

Mr Garman said to cope with the large Eastern Cape region, of over 200 000 square kilometres, Escom had divided the region into two areas, each headed by an area manager.

These managers would form part of the regional management team together with other heads of department and would be stationed in East London.

"Their duties will be to ensure the smooth functioning of the distribution process which will be handled through four district offices, each headed by a district manager," Mr Garman said

The East London and Colesberg districts will report to the East London area manager, Mr Bernard Lindstrom, while Uitenhage and Grahamstown districts will report to the Port Elizabeth area manager, Mr Lindsay Carswell

The district managers' offices will be situated in the towns mentioned

and their main function will be to provide customer service.

"We will delegate authority to the district managers so they can deal with most of the customers' needs right on the spot

"The purpose is to reduce the long lines of communication which have tended to give Escom a bureaucratic image. We would like the district manager to be seen as 'Mr Escom' in his district," Mr Garman explained

Mr Garman also emphasised Escom's move from a sales approach to a marketing approach

"This means a greater sensitivity and awareness of the needs of the customers, both existing and potential. This also means meeting the customer's needs in the best manner we can," he said.

Mr Garman said as part of the new marketing function, Escom would also encourage load management and energy conservation

Escom to make big savings in costs

JOHANNESBURG. —

Escom announced yesterday it expects to save at least R3,5-billion over the next five years as a result of restructuring the R24-billion utility service that supplies 94% of the country's electricity and most of that consumed by Lesotho, Swaziland, Mozambique and Botswana

The savings would be achieved by decreasing capital expenditure, slimmer borrowings, shelving some projects and deferring certain power plant programmes

The restructuring of the corporation would also result in vast savings, said the new chairman John Maree at a Press conference yesterday

Escom is ditching its previous three-tier managerial system for a more streamlined two-tier system.

Escom is to decentralise into smaller, more efficient units, which will be run on more businesslike lines

Tighter financial controls will be implemented in order to prevent a climate in which fraud can flourish

Customer service is to be improved — Sapa

17/2/86

Bus Day

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Big Escom revamp

ALAN PEAT

ESCOM is to undergo a major restructuring programme over the next two years to bring its performance and philosophy into line with standard business management principles.

This is in addition to a saving of R1,5bn on projects cancelled or deferred in the 1985-1989 period, normal attrition of staff bringing the workforce down to 60 000 by the end of the year; plans to sell assets and use others more efficiently, and the possibility of privatising Escom's less important functions.

The electricity giant is rated among the top 10 utilities in the world, with fixed assets of

R24bn, staff of 66 000 and an annual turnover of more than R4,6bn supplying 94% of SA's electricity

"We have always been able to keep the lights burning, but criticism has been this has never been properly managed," says John Maree, chairman of the controlling body for Escom, the newly-formed Electricity Council.

The restructuring effectively converts the formerly unwieldy three-tier management structure into two tiers.

Apart from streamlining the head office function, Escom will have a far greater degree of delegation of management responsibility.

"The aim is to create self-contained strategic business units with staff complements averaging between 1 000-2 000 people," Maree says "These will function

against clearly defined performance targets, and be of a size to be effectively managed."

The prime move has been to separate the two entirely different functions of Escom — power generation and distribution

"This will allow the respective management teams to concentrate that much more fully on their specific area of the operation," Ian McRae, chairman of the management board and senior GM, told *Business Day*

"In simple terms this will mean burning less coal and reducing cost for the same output"

MONDAY, 17 FEBRUARY 1986

the agreement to which he referred in his reply to Question No 187 on 25 February 1985, (b) what amount was paid for it and (c) in respect of what date is this information furnished,

†Indicates translated version.

For written reply

General Affairs.
 HANSARD
 17/2/86
 W. J. SNYMAN asked the Minister of Education and Development Aid:†

(1) Whether the Government of Lebowa has purchased any more water condensation machines since the reply by the Minister of Co-operation and Development to Question No 83 on 17 February 1984; if so, (a) how many such machines (i) have been purchased since and (ii) are in operation at present and (b) how many litres of water are provided in this way for consumption,

(2) whether tests have been carried out to determine the average unit cost per litre of water, if so, what is the unit cost per litre of water?

The MINISTER OF EDUCATION AND DEVELOPMENT AID.

(1) Yes

- (a) (i) Two
 (ii) Four.

(b) Approximately 2 000 litres per day, depending on the humidity of the air

(2) Yes Between 13 and 17c per litre

HANSARD
 17/2/86
 M. F. J. KEROEX asked the Minister of Mineral and Energy Affairs.†

(1) (a) What amount of electricity has the Cahora Bassa Scheme supplied to the Republic since the conclusion of

(2) whether the Republic contributes financially to maintaining the supply of this electricity, if so, (a) what amount (i) was paid and/or (ii) is payable for this purpose and (b) in respect of what date are these figures furnished?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) (a) 152,5 GWh Since the conclusion of the agreement on 2 May 1984, Escom received electricity from this source only during January and February 1985.

(b) R381 397,91.

(c) 2 May 1984 to 11 February 1986

(2) No In terms of the agreement Escom makes no financial contribution towards the maintenance of power installations or power lines within Mozambique and pays only for electricity supplied.

(a) and (b) Fall away

Advertisements: amount spent on
 HANSARD - COL 70.
 134 Mr D. J. DALLING asked the State President. 17/2/86

(1) What was the total amount spent by the National Intelligence Service in 1985 on placing advertisements for any purpose in newspapers in the Republic,

(2) what amount was paid to each specified newspaper in the above regard in that year?

The STATE PRESIDENT.

(1) None

(2) Lapse.

Construction ²⁶⁰ industry hit by Escom cutback

By Frank Jeans

The recent announcement by Escom that it was pruning R700 million a year from its costs over the next five years was welcome news for the consumer, but for the troubled construction industry it was a severe blow.

To make a saving of that order the commission must hold back on some capital projects

There is even a possibility that work on the huge Majuba power station could be further deferred.

Majuba, a major development in South Africa's power network, was shelved for two years in October, 1984 — a blow for construction companies eagerly awaiting a share of the then R3,4 billion total contract value.

The Majuba "freeze" was due to be lifted at the end of this year and construction men were expecting the go-ahead for a massive spread of work which, in today's terms, could have reached the R4 billion mark.

Now, however, there is the chance that the Majuba contract will be put back on ice again.

At the Press conference to announce Escom's plans, Mr Ian McRae, senior general manager of the commission said "With demand for power down and our overseas borrowings cut from a projected R4 billion to R3 billion, Majuba could be deferred further."

Mr McRae emphasised, however, that no final decision on Majuba or any other Escom project had been made and said the commission was negotiating with contractors and suppliers in order to establish the feasibility and implications of further deferments of the generation expansion programme.

Escom is obviously being careful not to overreact to pressures to curtail long-term expansion plans, particularly during a severe recession.

A shortage of generating capacity, it should be remembered, would seriously damage future growth of the country.

A contractor who was very much in contention for the Majuba job in 1984, says "If Majuba is halted again, the industry will be plunged further into the depths of despair."

Escom to sell off large sections

LARGE parts of Escom's operations could be sold off to the private sector, says John Maree, chairman of Escom's governing body, the Electricity Council.

He says: "Escom should stick to what it does best, generation and transmission of power. We are very efficient and effective at that, but perhaps less so in other areas."

He believes other activities, such as distribution, should not be handled by Escom. He compares the utility with a

wholesaler, saying municipalities should be retailers.

"Peripheral activities like maintenance workshops and administering employees townships should be handed over to private enterprise," he says. "It should be part of Escom's philosophy to ask: Should we do this? If not, we should sell out."

● See Page 6

- meet policy-makers and opinion formers and to
- discuss matters concerning our bilateral interests with such persons

(e) Approximately R200 000,00. X

ESCOM losses
25/2/86
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*8. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs.

- (1) Whether, with reference to his reply to Question No 40 on 19 February 1985, Escom has suffered any further losses, if so, (a) what total amount was lost, (b) over what period, (c) how did these losses occur, (d) how were these losses discovered and (e) in respect of what date is this information furnished;
- (2) whether any action has been taken as a result of the discovery of these losses, if not, why not, if so, (a) what action and (b) when,
- (3) whether the management of Escom has taken any steps to prevent the recurrence of such losses, if not, why not, if so, what steps;
- (4) whether he will make a statement on the matter?

THE MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) No. It may be mentioned for the hon member's information that, as I undertook in the reply to Question 40, section 7(a), (b) and (c) of 12 February 1985 the relevant information was, after auditing, published in the 1984 Escom annual report (pages 14 and 44) and for his convenience I would like to quote the applicable section on page 14 of the said report.
- "The refusal of the authorities in the United States to release enriched uranium, under contract with the Department of Energy, obliged Escom

to find alternative supplies on the open market so that the power station could be brought into operation without undue delay. The problems involved in arranging these alternative supplies, together with the project delays arising from the sabotage in 1982, led to an excess stock of natural uranium feed (converted material) and enriched uranium in the United States, as well as surplus stocks of natural uranium ore concentrate in South Africa.

In 1983 it was necessary to write down the value of stocks of uranium feed and enriched uranium held by Escom in the United States because there had been a sharp reduction in the market price of such stock. The provision of R59,3 million required to write down the stocks to market value was done in accordance with normal accounting practice and included in the 1983 accounts.

In collaboration with and with the approval of the Atomic Energy Corporation and the South African government it was decided to dispose of all stocks of natural uranium feed and enriched uranium held in the United States. This was done mainly because it was unlikely that the authorities in the United States would release supplies of enriched uranium to South Africa or that there would be an improvement in the Dollar market price of the enriched uranium. The sale, finalised in 1984, resulted in a realised loss, including holding costs, of R56,8 million. This was R2,5 million less than the R59,3 million provided in 1983.

A comparison was also made between the costs of holding surplus stocks of natural uranium ore concentrate in South Africa for a prolonged period and selling surplus stocks at present-day prices. That indicated that it would be advisable to sell the surplus stock at present-day prices. This action resulted in a loss of R59,5 million, which is shown in the notes to the financial statements before deduction of the surplus provision on R2,5 million."

- (2) No. The losses were caused by circumstances beyond Escom's control.
- (3) It is unlikely that similar circumstances will again be encountered in future with resultant losses of this nature. Escom's new management has, anyhow, committed itself publicly to a new businesslike approach aimed at achieving a high standard of efficiency and at improving customer service. As part of the new philosophy considerable emphasis has been placed on thorough planning, strict budgetary control and good management information. In accordance with this, Escom's internal auditors report monthly to the management board and two independent auditing firms will report twice yearly to the Electricity Council.

(4) No

Alexandra: civil unrest
25/2/86
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*9. Mr D J DALING asked the Minister of Law and Order

- (1) Whether any civil unrest occurred in Alexandra in 1985, if so,
- (2) whether any inquiries have been instituted in this regard, if not, why not; if so, who is or was in charge of these inquiries,
- (3) whether these inquiries have been completed, if so, what were the findings, if not, (a) why not and (b) when is it anticipated that they will be completed,
- (4) whether any action has been or is to be taken as a result of the inquiries; if not, why not, if so, what action?

THE MINISTER OF LAW AND ORDER:

- (1) Yes
- (2) Yes, but in 348 instances cases which were related to civilian unrest, were investigated by the SA Police

(3) Yes, 343 cases are completed of which 297 were found undetected, 4 were found false, 36 were acquitted and 6 cases are still attended to in court.

(a) 5 Cases are still being investigated in an attempt to trace the suspects.

(b) It is not known when these investigations will be completed.

(4) Yes, 42 cases were brought to court

Alexandra: school boycotts
25/2/86
262
*10. Mr D J DALING asked the Minister of Education and Development:
Whether any school boycotts occurred in Alexandra in 1985; if so,

- (2) whether any inquiries have been instituted in this regard; if not, why not, if so, who is or was in charge of these inquiries;
- (3) whether these inquiries have been completed; if so, what were the findings, if not, (a) why not and (b) when is it anticipated that they will be completed,
- (4) whether any action has been or is to be taken as a result of the inquiries; if not, why not, if so, what action?

THE DEPUTY MINISTER OF EDUCATION:

- (1) Yes Only at secondary schools
- (2) Yes. The acting Circuit Inspector.
- (3) Yes The reasons for the boycott were:
- 3 1 Intimidation
- 3 2 Demands: Release of detainees; withdrawal of SAP and SADF
- 3 3 Complaints against one of the principals.

By Stan Kennedy
Escom, rated among the world's top 10 power utilities, has fixed assets of R24 billion, employs 66 000 and has a turnover of R4,6 billion.

It generates 60 percent of all the electricity produced on the African continent, and supplies 95 percent of South Africa's requirements and almost all the electricity consumed by Lesotho, Swaziland, Mozambique and Botswana.

With the recommendations of the De Villiers Commission of Inquiry in 1984, Escom was restructured. A new policy-making and controlling body, an Electricity Council, was formed, under the chairmanship of Mr John Maree, and a new management board chaired by Mr Ian McCrae, senior general manager.

Escom's redefined mission is now to provide the means by which customer's needs are satisfied in the most cost-effective way, subject to resource constraints and national interest.

What is most important is that its new strategy, which will be completed in the next two years, will develop Escom as a business that maximises the value of its products and services.

One of the men responsible for addressing the priority issues such as better planning, budgeting and management information systems, limiting cap-



Mr Ian McCrae
senior general manager

Expenditure, manpower management, asset management, supply-side management and Escom's image, is Mr McCrae, who over the years has "pursued the noiseless tenor of his way".

He said the aim was to decentralise management authority and responsibility by creating self-contained strategic business units which would operate against clearly defined performance targets, while bringing Escom closer to its customers.

Born in the Escom environment, Mr McCrae has been with the company for 40 years. His father worked for the Victoria

Escom strategy takes shape

Focus on planning, economies, labour and customers

Falls Transvaal Power Company, then later for Escom, for 45 years, and Mr McCrae was born on Escom property in Germiston 55 years ago.

After a year as an apprentice fitter and turner, he was granted a bursary to attend Wits University, where he gained his BSc in mechanical engineering. During his vacations he completed his apprenticeship at Wits Technikon, and his first major post was in the operational generation field as manager of Komal power station in 1961.

Later, he was appointed manager of the central generating undertaking and in 1977 he became deputy head of operations

In 1983, when the engineering group and the design and construction group were merged, he was appointed manager, engineering.

During his 40 years with Escom, had promotion come quickly enough or too slowly?

"All my promotion steps came in advance of my expectations. I would just move into a position and begin to settle down when, suddenly, I was whisked away to something else."

"There is still room and time to go further up the ladder." Forty years with the same company can often lead to people getting into a rut. What had motivated him over the years to overcome any feelings of ennui?

Motivation
"There were many opportunities to leave and develop, what I thought at these times, as a broader vision in developing my career. But the thing that kept drawing me back here was that Escom has always given me lot of challenges. It is in the nature of the environment. There is continual expansion and there are always more challenges during periods of growth."

On his task of motivating the 300 managers and 30 senior

managers, Mr McCrae said this burden was lightened because of the many opportunities for career development.

"My job is, instead, to address those problems which demotivate people as there are sufficient motivating factors."

"There is a great camaraderie between myself and my staff. If someone does not match up to my expectations, I will see what skills and talents he has and try to fit him elsewhere in the organisation. There is no question of firing someone because he does not live up to expectations as he can often perform better in another area."

On criticism of Escom by the news media, he said, "I am not afraid of criticism. I like it because it helps me to become a better manager. But what eats me is criticism which I can see is not based on fact but is a perceived situation."

"I have myself criticised Escom in the past for not being able to handle these situations better. We have allowed too much of that kind of thing to happen because we did not have the communications staff to handle our public image."

"When I moved into my present position, negativism was at its peak and morale was seriously affected."

"So I jacked up our communications and relationships with the media and brought in professional help."

In such a critical environment, was it possible to be always satisfied and contented with the decisions he made?

Mr McCrae admitted that many of his decisions had given him a lot of concern and had often kept him awake at night. It was very difficult, he said, not to make a mistake when so many vital decisions were necessary.

He leaves for Europe today on one his major assignments as chairman of the Management Board.

This will be to present to Escom's European suppliers a clear picture of the political and economic situation in South Africa and to negotiate with them over the possible deferment or cancellation of some of its projects.

This situation had been brought about, he said, by the world's banks refusing to issue new loans.

"These decisions have a big impact on our suppliers and we have decided to meet them face-to-face and tell them of our plans and strategy and to discuss some options. At the same time, we will try to get some financial assistance from them."

prospect of the Right's return to power is faced with less than total equanimity by the investment community

Eyes have been less on corporate news than on political tea leaves. Attention has been turning more to the consequences for financial markets — most notably, the package of privatisation sales promised by the Right — that could be in store after March.

One of the few proposals holding out direct promise for equities is the Right's plan to align tax treatment on bonds and shares. Fiscal treatment of equities, while made more generous under the Socialists, has failed to keep pace.

Some right-wing politicians have also been proposing measures that could open up French companies to the prospect of aggres-

sive takeover bids from outside groups — events seldom seen in Paris but which seem certain to become more common

The part of the Right's programme attracting far the most attention, however, is denationalisation. The Right has promised to sell off state stakes over the five-year legislative period in all nationalised banks and insurance groups as well as the six big industrial companies taken over in 1982.

The Socialist government has taken a leaf out of the book of the Earl of Stockton by accusing the Right of wanting to find a painless way to stock up state finances to finance tax cuts. There is also, however, modest pre-electoral propaganda in the fact that banks and industrial groups acquired by the state in 1982 for FF45 billion are now

worth, conservatively, FF150 billion

If the Socialist government still pretends to be against denationalisation, heads of nationalised companies are not so coy. Loik Le Floch Prigent, the Socialist civil servant appointed chairman of the nationalised chemical group, Rhone Poulenc, in July 1982, has come out publicly in favour of denationalisation. Executives at other state-owned corporations make no secret of active denationalisation plans.

The threat of state flotations puts a question mark over the absorptive capacity of the bourse. But since all the companies are interested in carrying out capital increases in tandem with selling state stakes, foreign investors will have plenty of choice of denationalisation issues in 1986. ■

FRANCOIS BOTHA

Outlining Escom's financing



Francois Botha is Funding Manager at Escom, SA's second largest borrower, which is in the news over its refinancing and rationalisation programme. The FM spoke to him about

Escom's refinancing plans in a climate where offshore funds are unavailable, borrowing long term is expensive, and local investors are reluctant to invest long.

FM: How has Escom managed to cut its external funding requirements from R4,9 billion last year to R3,6 billion?

Botha: We have been serious about cutting non-essential operating costs and improving efficiency. We aim to reduce our employees from 66 000 to 60 000. This should save R100m-R150m a year and will be done by not replacing people who leave, a retirement incentive programme and reviewing performance. We have also cut capital expenditure by deferring or cancelling projects. In addition, the initial expansion programme provided for capital expenditure to peak in 1985.

What is Escom's funding philosophy?

We have always had a conservative approach and try to maintain a sound debt equity ratio, healthy maturity structure with respect to loans, sufficient liquidity and finance ourselves 60% locally to lessen our dependence on particular markets.

Will the intended R1,1 billion reduction in capital expenditure and R1,4 billion reduction in operating costs over the four years to 1989 not harm the local economy?

Sure it will, and we are liaising with industry. Coal companies will be hit by lower growth in demand, as will the construction industry by less capital expenditure.

Will this not lead to an electricity shortage?

We can afford to defer electricity expansion as current commitments will lead to excess generating capacity. Load growth has been reduced to 5,5% from 7% as a result of economic slowdown.

Do you foresee problems raising some R1,6 billion on the local capital market?

No, provided there are no negative structural changes on the capital market. Some R2 billion of the total R3,6 billion funding requirements has been arranged, including R1,4 billion from local project-related financing and R300m from foreign import financing. The remaining R300m already arranged comes from special transactions with local investors.

This leaves R1,6 billion to be raised on the capital market, R1,4 billion of which will probably be borrowed on the secondary market (less than last year's R1,5 billion). The market feared that because of the difficulty in obtaining offshore funds we would have heavy local requirements. This has not happened.

What proportion of these loans will be raised on the long end?

Around 40%. It suits us to borrow on the medium to short end as we are paying nearly 18% on the long end. Even though investors want short stock we are resisting because we cannot overload our refinancing commitments. Our entire capital market funding operation should be complete by October, when we expect rates to start rising.

There is concern that Escom is merely deferring heavy borrowing to 1987-1988, when it has heavy commitments.

There is a bunching of foreign repayments due in 1987-1989 arising from expansion during the early Eighties, when we borrowed 7-9 year project-related loans on the foreign market. Efforts are being made to reduce commitments during these years and capital expenditure will be lower.

Last year Escom raised R1,3 billion offshore

(R1,5 billion in 1984). **What is the possibility of obtaining offshore funds this year?**

With the debt compromise the situation should gradually get easier, but will take time depending on political and economic developments. For 1986 we budget R300m offshore for import financing facilities. With improving sentiment we are cautiously optimistic that limited foreign funds will become available.

Escom recently consolidated 13 stocks into one. Are there to be further consolidation schemes?

This was done to improve marketability. Before the consolidation there were 94 loans in issue (worth some R20 billion) of which less than 10 can be considered marketable. The plan is to reduce this to 30 loans over the next few years, depending on the benefits of the present scheme.

What other plans does Escom have to improve marketability of its stocks?

We are active in the secondary market — our turnover was R11 billion last year. We are considering developing new instruments, such as entering the option market and issuing floating rate stock. We have been waiting for the Stals Committee to report but this is still to come.

Despite all this restructuring and refinancing, the differential between Escom and other stock has not narrowed.

The margin between Escom and other stock increased towards the end of last year after the debt moratorium, when it was perceived Escom would need additional capital locally. The margins have since narrowed and should narrow further once the market absorbs our improved funding situation.

Do you welcome moves to abolish cash from prescribed asset status and change the evaluation to market values?

As a large borrower we are naturally supportive of any move which will increase availability of long-term funds.

FIN MAIL
28/2/86

260

FACE
110 FACE

Bus. Day
3/3/86
Escom testing
the market 260

ALAN PEAT

EXCITEMENT at Escom's possible privatisation of its employee housing scheme is premature, says corporate communication manager Ewald Thal.

The scheme, with a current capital evaluation of about R250m, has been reported as up-for-grabs to five interested building societies — the Perm, Allied, United, NBS and Saambou.

"But we are not on the verge of making any sort of immediate decision," says Thal.

"We are simply testing the market.

"I must stress that we are not going out with the sole intention of privatising large chunks of Escom. That is not a priority. Our aim is to make the business efficient.

"We also have to think about the impact on employees."

PIP plan saves Iscor R97,5m

GERALD REILLY

ISCOR has achieved benefits amounting to R97,5m in the 1984/85 financial year through its productivity improvement programme (PIP).

This exceeded the objective by 34,9%, according to a corporation statement. PIP is an organised corporate savings programme aimed at stimulating, formalising, organising and developing the ideas of productivity-minded employees.

During the 1984-85 financial year 1 023 (21,7%) suggestions were received from the management category, while other employees submitted 3 699 (78,3%) and 2 299 suggestions were implemented. These included 489 (21,3%) suggestions from the management category.

This management participation was responsible for R89,5m (91,8%) of the total saving of R97,5m.

The PIP floating trophy went to Iscor's manager, mining products marketing and coal buying, Dr E Raats, for suggesting the erection of a briquetting plant at the Newcastle works coke ovens, to improve the quality of coke by briquetting about 35% of the coal mixture.

Since the commissioning of the Newcastle briquetting plant in April, 1983, a repetitive saving of R8,7m/year has been effected. A second such plant was commissioned at Vanderbijlpark in July 1983.

(c) Total expenditure

(i) Administration

	Financial year 1984/85	R
Salaries	17 103,51	
Contributions: Pension Fund	4 100,28	
Unemployment Insurance Fund	82,28	
Bonuses	2 324,94	
Workmen's compensation	157,62	
Medical services	659,40	
Contributions—Employer	135,45	
Agency costs: Development Board	12 689,58	
Printing and stationery	896,02	
Uniforms and protective clothing	70,07	
Insurance	2 654,95	
Service Charges	6 180,78	
Capital Development Fund: Interest	7 904,83	
Redemption	12 648,96	
Community Development: Interest	717,82	
Redemption	258,32	
Tools and plants	83,50	
Bursaries	200,00	
Subscription fees	239,60	
Postal services	147,50	
Subsistence allowances	669,72	
Telephone	772,76	
Allowances: Community Council Members	2 592,00	
Transport (private)	40,76	
Furniture and equipment	280,31	
Refreshments	53,71	
Entertainment	101,91	
Fuel	1 654,20	
Expendables	31,35	
Cleansing Materials	708,61	
Rent: Vehicles	1 978,20	
Implements	2 899,70	
Contributions: Rental reserves Fund	90,00	
School levy Fund	337,60	
Community Facilities Fund	10,00	
Maintenance Buildings	2 332,07	
Total	<u>R83 808,31</u>	
(ii) Development Schemes	R299 344,03	
(a) Building and/or renovation of housing	R3 464,03	
(b) Building and/or maintenance of roads and drains	R262 477,74	
(c) Provision of electricity, including street lights	R440,00	
(d) Refuse removal	R28 393,91	

Tug John Ross

96. Mr D J N MALCOMMESS asked the Minister of Transport Affairs

Whether the tug *John Ross* is being kept on call to his Department, if so, (a) what is the estimated cost thereof for the 1985-86 financial year, (b) to whom are these moneys paid and (c) on how many occasions during the said financial year has this tug been used for the purposes for which it is being kept on call?

The MINISTER OF TRANSPORT AFFAIRS.

Yes.

(a) R1 325 000,00

(b) Pentow Marine (Pty) Ltd, Cape Town

(c) Two

What was the balance in the Central Energy Fund at 31 December 1985?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

On 31 December 1986 the balance in the Central Energy Fund was R1 990 656.

In order to put the role of the Central Energy Fund and this amount in perspective it is necessary that cognisance should be taken of the following aspects.

(1) The present Central Energy Fund levy (formerly the State Oil Fund levy) of 4 c/ℓ on fuel is made up as follows.

Synthetic fuel projects	3,725 c/ℓ
Combating of oil pollution	0,055 c/ℓ
Management of stockpiling activities	0,220 c/ℓ

(2) Because the levies for oil pollution

combating and stockpiling are paid to the responsible organisations on a monthly basis and as the Fund no longer has a financial commitment towards Sasol Two and Three, the Fund is strengthened on a continuous basis by the 3,725 c/ℓ. The levy income of the Fund was approximately R216,8 million for the period 1 April 1985 to 31 January 1986.

(3) Since the privatisation of Sasol Two a partial capital repayment to the value of R887,6 million plus interest was made to the Fund. From this, however, an amount of R453,8 million which included profit on capital and interest, was paid back to the State Income Fund in respect of Parliamentary grants to Sasol Two and Three. Shares in Sasol Three were also purchased for R180,8 million while R18 million was made available to Escom.

(4) Further repayments of R300 million plus interest was made respectively by Sasol Two and Three. The Fund is furthermore strengthened as a result of interest on outstanding amounts payable by Sasol Two and Three.

(5) The outstanding commitment of Sasol Two towards the State is R1 091 million plus interest, while the projected value of Sasol Three's commitment is estimated at approximately R2 300 million. These amounts will accrue to the Central Energy Fund.

(6) The credit balance of the Central Energy Fund is in the first place owned by the motorist and it will be employed to the benefit of the motorist taking cognisance of priority requirements. The establishment of synthetic fuel plants is regarded as a first priority being in the best interest of the motorist and the country. If the contemplated synthetic fuel projects (including the Mossel Bay gas conversion project) be established, it is estimated that total financing requirement from the Central Energy Fund will peak at R6 133 million during 1991

HANS MEYER
6/3/86
R262 477,74
R28 393,91

6/3/86 (260) (20)

Escom, Receiver in GST dispute

B. Day

LINDA ENSOR

THE Receiver of Revenue has obtained court orders to attach Escom electricity account payments totalling more than R6m from Randburg and Benoni municipalities in lieu of GST which, it is alleged is outstanding.

Sales tax of R6m and R1 100 is alleged to be owed by Escom on equipment, services and contracting work at power stations throughout SA.

The orders were subsequently set aside by action of the Commissioner of Inland Revenue after discussions with Escom.

Ters Oosthuizen, GM Strategic Ser-

vices told *Business Day* yesterday there had been a long-standing dispute between Escom and local receivers of revenue in a number of magisterial districts over the interpretation of the Sales Tax Act

This was the first time, however, that legal action had been taken to recover the "shortfall".

"Escom has been paying purchase tax in terms of its reading of the Act. The receivers of revenue took action on the basis of a different interpretation and obtained court orders in

terms of the Act to attach payments of Escom electricity accounts," Oosthuizen said.

He said he had personally discussed the matter with the Commissioner. They had decided to call a "standstill" until the dispute had been resolved.

Previous negotiations with individual receivers of revenue had been conducted on a local level, without co-ordination, Oosthuizen said. However, the Commissioner had now taken control of the situation nationally.

Oosthuizen stressed that Escom had not failed to pay tax on such items as imported equipment.

(c)	(b)	(d)	(i)	(j)
1980/81	1980/81	1980/81	1980/81	1980/81
1981/82	1981/82	1981/82	1981/82	1981/82
1982/83	1982/83	1982/83	1982/83	1982/83
1983/84	1983/84	1983/84	1983/84	1983/84
1984/85	1984/85	1984/85	1984/85	1984/85
R123 616	R 60 605 227	R 72 526 382	R 960	R 960
R183 676	R 87 485 855	R 115 539 362	1 184	1 184
R218 867	R136 481 341	R35 305	1 126	1 126
R227 823	R37 953	R33 060	473	473
R407 244	R34 727	R34 727	857	857
R23 619	R37 148	R37 148	554	554
R19 984			726	726
R22 928			617	617
R21 960			473	473
R25 012			857	857
Older than 3 years:	Older than 2 years:	Older than 4 years:	Older than 5 years:	Older than 3 years:
1980/81	1980/81	1980/81	1980/81	1980/81
1981/82	1981/82	1981/82	1981/82	1981/82
1982/83	1982/83	1982/83	1982/83	1982/83
1983/84	1983/84	1983/84	1983/84	1983/84
1984/85	1984/85	1984/85	1984/85	1984/85
1 727	3 236	3 236	2 091	2 091
2 091	3 738	3 738	1 900	1 900
1 900	3 454	3 454	1 838	1 838
1 838	3 738	3 738	2 571	2 571
2 571	5 056	5 056		

- (a) The late submission of claims to insurers, in many cases shortly before the two year prescription period expires, with the result that insurers encounter problems in investigating the cause of the accident, and in particular to determine the merit of the case. In many cases the driver of the vehicle concerned as well as witnesses can also not be traced at that stage;
- (b) it is necessary in many cases to wait until the condition of the plaintiff has stabilised before negotiations aimed at settlement of the claim are commenced;
- (c) the unrealistic values attached to injuries by those injured. Such persons are not prepared to settle out of court which defers finalisation of the claim as litigation which may be deferred 12 months awaiting a trial date, must then take place;
- (d) insurers cannot effect payments at random from public funds unless proof is submitted that the driver of the insured vehicle was negligent and that the plaintiff sustained the injuries he avers;
- (e) lacking confirmatory evidence for example birth certificates, medical accounts, docu-

mentation in respect of loss of earnings, etcetera, with the result that insurers cannot determine the quantum of the claim;

(f) the failure of owners or drivers of insured vehicles to inform their insurers of accidents in which they were involved with the result that insurers only become aware of accidents when they are presented with claims which necessitates that the accident must be investigated from scratch;

(g) judgements are taken on appeal;

(h) the insurer has a right of recourse against the insured under certain circumstances, and

(i) claims in respect of minors where prescription has not as yet set in.

Supplementary reply to Question 100 on 6 March 1986, put by Mr B B Goodall (col 361).

Central Energy Fund
 100 Mr B. B. GOODALL asked the Minister of Mineral and Energy Affairs:
 HANSWERS 19/3/86
 What was the balance in the Central Energy Fund at 31 December 1985?

The MINISTER OF MINERAL AND ENERGY AFFAIRS.

- (1) On 31 December 1986 the balance in the Central Energy Fund was R1 990 656 688
- (2) In order to put the role of the Central Energy Fund and this amount in perspective it is necessary that cognisance should be taken of the following aspects
 - (1) The present Central Energy Fund levy (formerly the State Oil Fund levy) of 4 c/ℓ on fuel is made up as follows:
 - Synthetic fuel projects 3,725 c/ℓ
 - Combating of oil pollution 0,055 c/ℓ
 - Management of stockpiling activities 0,220 c/ℓ
 - (2) Because the levies for oil pollution combating and stockpiling are paid to the responsible organisations on a monthly basis and as the Fund no longer has a financial commitment towards Sasol Two and Three, the Fund is strengthened on a continuous basis by the 3,725 c/ℓ. The levy income of the Fund was approximately R216,8 million for the period 1 April 1985 to 31 January 1986.
- (4) No.
 - (a) With the exception of Venda the remaining independent states conduct their own third party business
 - (b) Venda
 - (c) In view of the repeal of Act 56 of 1972 during the current Session the present system of compulsory insurance of certain motor vehicles will be abrogated. All motorists making use of the roads in the Republic will, however, by means of a levy on fuel contribute to the Motor Vehicle Accident Fund (MVA-Fund) from which all future third party

- (3) Since the privatisation of Sasol Two a partial capital repayment to the value of R887,6 million plus interest was made to the Fund. From this, however, an amount of R453,8 million which included profit on capital and interest, was paid back to the State Income Fund in respect of Parliamentary grants to Sasol Two and Three Shares in Sasol Three were also purchased for R180,8 million while R18 million was made available to Escom.
- (2) how many Whites were hanged in 1985 for crimes of violence against (a) Blacks, (b) Coloureds and (c) Indians?

The MINISTER OF JUSTICE

- (4) Further repayments of R300 million plus interest was made respectively by Sasol Two and Three. The Fund is furthermore strengthened as a result of interest on outstanding amounts payable by Sasol Two and Three.
- (1) and (2) Blacks executed after having been convicted and sentenced to death in connection with crimes of violence committed against—

- (5) The outstanding commitment of Sasol Two towards the State is R1 091 million plus interest, while the projected value of Sasol Three's commitment is estimated at approximately R2 300 million. These amounts will accrue to the Central Energy Fund
- (a) Blacks 46
 (b) Coloureds 4
 (c) Indians 6
 (d) Whites 44
 (e) Blacks and Whites 2

- (6) The credit balance of the Central Energy Fund is in the first place owned by the motorist and it will be employed to the benefit of the motorist taking cognisance of priority requirements. The establishment of synthetic fuel plants is regarded as a first priority being in the best interest of the motorist and the country. If the contemplated synthetic fuel projects (including the Mossel Bay gas conversion project) be established, it is estimated that total financing requirement from the Central Energy Fund will peak at R6 133 million during 1991
- Coloureds executed after having been convicted and sentenced to death in connection with crimes of violence committed against—
- (a) Blacks 2
 (b) Coloureds 26
 (c) Indians 0
 (d) Whites 7

- (7) The credit balance in the Central Energy Fund is invested with approved financial institutions at the most advantageous interest rates
- Indians executed after having been convicted and sentenced to death in connection with crimes of violence committed against—
- Nil
- Whites executed after having been convicted and sentenced to death in connection with crimes of violence committed against—

- (a) Blacks 2
 (b) Coloureds 0
 (c) Indians 0

Handwritten: Crimes of Violence
 105 Mr D J DALLING asked the Minister of Justice:

Hoa

- (d) Whites 4
 (e) Whites and Blacks 1

Advertisements

111 Mr D J DALLING asked the Minister of Education and Development Aid:

- (1) What was the total amount spent by the Department of Development Aid in 1985 on placing advertisements for any purpose in newspapers in the Republic;

- (2) what amount was paid to each specified newspaper in the above regard in that year?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

- (1) R400,00
 (2) The Citizen R400,00.

Advertisements

124 Mr D J DALLING asked the Minister of Justice:

- (1) What was the total amount spent by the Directorate Justice in 1985 on placing advertisements for any purpose in newspapers in the Republic,

- (2) what amount was paid to each specified newspaper in the above regard in that year?

The MINISTER OF JUSTICE:

- (1) R1 630,72.
 (2) Sunday Times R902,72
 Rapport R728,00.

Handwritten: Stock theft
 135. Mr R W HARDINGHAM asked the Minister of Justice: R 202 414.

How many persons were convicted of theft of (a) small stock and (b) large stock in the magisterial districts of (i) Mooi Rivier, (ii) Kokstad, (iii) Himeville, (iv) Matatiel, (v) Bushman's Nek and (vi) Umzimkulu during 1985 or the latest specified period of 12 months for which figures are available?

The MINISTER OF JUSTICE:

The following information is for the year 1985.

	(a) Small stock	(b) Large stock
(i) Mooi Rivier	9	5
(ii) Kokstad	13	0
(iii) Himeville	10	14
(iv) Matatiel	1	11

(v) Bushman's Neck. Included in the statistics in respect of Himeville.

(vi) Umzimkulu: Umzimkulu is situated in Transkei and statistics are not available.

Handwritten: Detainees
 142. Mrs H. SUZMAN asked the Minister of Justice: R 202 414.

Whether any persons were detained in 1985 in terms of section 185 of the Criminal Procedure Act No 51 of 1977; if so, (a) how many, (b) for what period was each of them detained and (c) in respect of what crime in each case?

The MINISTER OF JUSTICE:

- (a) 16.
 Yes

Hoa

HANSARD 11/3/86
 Koeberg Nuclear Power Station
 *29. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:

- (1) Whether any workers attached to the Koeberg Nuclear Power Station have been exposed to radiation, if so, (a) how many, (b) on what dates and (c) what were the circumstances surrounding these incidents;
- (2) whether these incidents have been investigated, if not, why not, if so, (a) in what capacity was each of the persons who undertook the investigations employed and (b) what were the findings;
- (3) whether any action has been taken as a result; if not, why not, if so, what action?

The MINISTER OF MINERAL AND ENERGY AFFAIRS (Reply laid upon the Table with leave of House)

- (1) (a), (b) and (c) Two incidents on 19 February 1986 and a further incident on 27 February 1986 occurred under the following circumstances.

— Five radiation workers of a contracting firm assisting with refuelling at Koeberg removed a seal from the reactor head without conforming to laid down health physics requirements stipulating that respirators be worn during this operation. A small quantity of radioactive dust was dislodged. As a result of inhaling the contaminated air, these workers received between 1 and 10 millirem radiation dosage.

— Five contractors' staff removing lagging from pipework were subjected to unnecessary exposure of between 5 and 150 millirem from an adjacent tank containing radioactive material. They were working without a "permit to work" which would

have restricted their access to the area until after the tank had been drained.

— Radioactive material was lifted above water level in the fuel pool due to a spacer not having been used on the crane. When the mistake was realised, the staff concerned immediately lowered the material back into the water and the health physics team investigated, after which the staff stopped work. Health physics safeguards were in place at all times during the operation. Three Escom employees received between 10 and 15 millirem exposure, roughly the same as they would normally receive during a full shift on work of this nature.

These radiation dosages should be seen in the light that one chest X-ray photograph is equivalent to about 20 millirem while the natural background radiation at the Witwatersrand is between 55 and 190 millirem per year.

- (2) (a)

Yes

P M Semark, Chairman Escom Divisional Manager, (Nuclear Generation);
 B E Oaten, Power Station Manager, Koeberg;
 P J Wakefield, Production Manager, Koeberg;
 A C van Schalkwyk, Chief Officer, Nuclear Services, Koeberg;
 G Ives, Operations Department, Escom Head Office;
 Dr B H M Fitzpatrick, Head of Health Physics, Koeberg;
 M Harris, Senior Engineer, Outage Management, Koeberg;
 L D Olivier, Head of Nuclear Fuel Management, Koeberg

- (b) The finding was that certain procedures were not strictly adhered to, but that the in-depth protection provided by the radiation

monitoring programme ensured that the maximum exposure experienced by an individual during these incidents was only 3 per cent of the allowed annual limit and consequently nobody was exposed to radiation which was at all dangerous.

In all three incidents, the investigation indicated that the procedures and controls that were in place were adequate to prevent any excessive radiation dosage.

By the nature of the work at Koeberg, most staff are qualified as radiation workers. Stringent regulations are enforced by the Atomic Energy Corporation and any deviation from these standards is subject to immediate investigation by Escom.

- (3) In all cases, supervisors have been informed of the findings, controls have been tightened and retraining of all staff involved is taking place.

In the third case, the possibility of adapting equipment so that it cannot function without the necessary spacer is being investigated.

HANSARD 11/3/86
 Prison warders; charges of assault
 *30. Mrs H SUZMAN asked the Minister of Justice: *QCC 489*

- (1) Whether any charges of assault were laid by prisoners against prison warders in 1985, of so, how many charges;
- (2) whether departmental enquiries were held into these charges, if not, why not; if so, what were the findings;
- (3) whether any persons were convicted; if so, how many?

†The MINISTER OF JUSTICE

- (1) Yes, a total of 1 385 complaints of alleged assault were received and registered
- (2) Yes The South African Prisons Ser-

vice regards every complaint of an alleged assault on a prisoner by a member of the Prisons Service, no matter how petty, in a very serious light. In terms of the Standing Prisons Service Orders, every complaint of alleged assault must be registered in the appropriate register and properly investigated by the Commanding Officer. The minutes of the investigation must be forwarded to the Commissioner of Prisons together with a medical report indicating the nature and extent of the injury or injuries of the prisoner, if any.

Likewise, the assault on personnel by prisoners is also not tolerated and offenders are strictly dealt with. Fact is that the government will not allow selected officials to fall prey to perpetrators of violence.

In respect of 1 095 of the complaints of alleged assault on prisoners by members, no substance could be found after thorough investigation to institute charges against any member of the Prisons Service. Of the remaining 290 complaints a total of 42 was referred to the South African Police for further investigation while 248 complaints resulted in Departmental hearings in terms of Prison Regulation 71(1)(hh) read with Section 53 of the Prisons Act, 1959 (Act No 8 of 1959)

- (3) The results of the formal charges were as follows:

Trial in terms of Prison Regulation 71(1)(hh) read with Section 53 of the Prisons Act.

88 Members were found guilty on 85 charges.
 138 Members were found not guilty on 131 charges.
 32 Charges involving 33 members are still in the process of finalisation

Complaints investigated by the South African Police.

5 Members were found guilty on 6 charges.
 5 Members were found not guilty on 2 charges

which I do not have particulars available here that I, because I am willing to help hon members in this, would appreciate it if they would place any further question on the Question Paper

Central Energy Fund
11/3/86 463
 *22 Mr B B GOODALL asked the Minister of Mineral and Energy Affairs.

What total amount was collected on behalf of the Central Energy Fund in the latest specified financial year for which information is available?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS:

R1 503,1 million in respect of the financial year 1 April 1985 to 28 February 1986

National Road Fund

*23 Mr B B GOODALL asked the Minister of Transport Affairs

What (a) total amount was collected for the National Road Fund in the latest specified year, and (b) was the balance in this fund as at the latest specified date, for which information is available?

The MINISTER OF TRANSPORT AFFAIRS:

(a) and (b) The hon member is respectfully referred to Statement 2 on pages 100 to 101 of the Annual Report of the Department of Transport and of the National Transport Commission for the 1984/85 financial year which was tabled in Parliament on 31 January 1986 and wherein the required information has been published in detail
 I respectfully request the hon member to do his homework.

Locust infestation: insecticide

*24. Mr E K MOORCROFT asked the Minister of Agricultural Economics:

Whether his Department is using any

insecticide to combat the locust infestation in the Karoo region; if so, (a) what insecticide and (b) (i) what total quantity had been used as at the latest specified date for which information is available and (ii) over what period was it used?

†The DEPUTY MINISTER OF AGRICULTURAL ECONOMICS:

Yes, locusts are insects and are being combated with insecticide. [Interjections]

(a) Diazonon, Finitrothion, Lindane and BHC.

(b) (i) Diazonon 166 225 litres
 Finitrothion 66 000 litres
 Lindane 479 875 kg
 BHC 2 383 475 kg

(ii) From October 1985 until 28 February 1986

Mr E K MOORCROFT Mr Speaker, arising out of the reply given by the hon the Deputy Minister, is he aware of allegations that the measures being taken are inadequate to control the plague, and will he make a statement in this regard?

The DEPUTY MINISTER Mr Speaker, I can assure the hon member that adequate control measures are being taken. We are doing everything possible to combat the plague. It is, however, not possible under any circumstances to have absolute control.

†Mr H D K VAN DER MERWE. Mr Speaker, arising out of the hon the Deputy Minister's reply, can he inform the House how successful the application of the particular insecticides was in combating the locust infestation?

†The DEPUTY-MINISTER: Mr Speaker, with the exception of Lindane, which seemed to be unsuccessful in one of the developing stages of the wingless locusts, all the other agents were successful

Mrs H SUZMAN: Mr Speaker, further arising out of the hon the Deputy Minister's reply, could he tell the House whether any precautions are taken in order to prevent the

users of the insecticides from suffering any side-effects from those somewhat dangerous chemicals?

The DEPUTY MINISTER. Mr Speaker, yes, we are taking every possible precaution We have had special clearance from the Registrar of Fertilisers, Farm Feeds and Agricultural Remedies for the use of certain of those insecticides.

Alexandra: medical records removed
11/3/86 465
 *25. Mr P R C ROGERS asked the Minister of Law and Order

(i) Whether members of the South African Police removed any medical records of patients from a clinic in Alexandra recently, if so, (a) on what date, (b) how many, (c) on whose authority and (d) why;

(2) whether he will make a statement on the matter?

The MINISTER OF LAW AND ORDER:

(1) Yes

(a) 24 February 1986.

(b) 309 patient cards and one register, which was handed back to the clinic

(c) By virtue of a search warrant, issued by the Chief Magistrate of Johannesburg

(d) The South African Police had information at their disposal which indicated that persons who were injured during the recent unrest in Alexandra, received treatment at the clinic The management of the Alexandra clinic refused to supply information to the investigating officers or to render cooperation with regard to the investigation

Regional services councils
11/3/86 466
 *26. Mr E K MOORCROFT asked the Minister of Constitutional Development and Planning:

Whether any provision has been made for the representation on the proposed regional services councils of the Black South Africans living on farms in rural areas; if not, why not, if so, what are the particulars of the provision so made?

†The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(a) Yes

(b) By means of a "representative body" as defined in section 1 of the Regional Services Council Act, 1985 (Act 109 of 1985), any rural community can be represented on a regional services council.

Mitchell's Plan: population statistics
11/3/86 466
 *27 Mr P H P GASTROW asked the Minister for Administration and Economic Advisory Services

Whether population statistics on Mitchell's Plan are kept by the Central Statistical Services; if not, why not; if so, what was the (a) adult and (b) child population of Mitchell's Plan as at the latest specified date for which information is available?

The MINISTER FOR ADMINISTRATIVE AND ECONOMIC ADVISORY SERVICES:

Yes

(a) 32 273—19 years and older

(b) 32 032—0 to 18 years.

Population census 6 May 1980.

*28. Mr P H P GASTROW—Manpower—[Reply standing over.]



● One of the items of hardware on display ... the CB 470 System Cluster Bomb

SOUTH AFRICA is exhibiting an impressive array of newly-developed military hardware at the Fida International Air Show in Santiago, Chile.

The display, which opened on Sunday, is a showcase for Chile's booming defence industry and 128 exhibitors from 16 foreign countries are taking part.

For the first time suppliers from the South African private sector are taking part. The show ends on March 16.

Armcor executive GM Fred Bell said Armcor, in collaboration with the private sector, was one of the largest exhibitors at the show.

On display will be SA's first tandem combat helicopter, the Alpha HX1, and a locally-developed, expendable turbine engine.

Developed and manufactured in SA, the Alpha recently successfully com-

SA arms on show in Chile

~~254~~ BUS DAY

260 11/3/86

pleted its first test-flight.

Other products being exhibited are:

- The CB 470 System Cluster Bomb;
- Air-lowered parachute platforms;
- A 120kg pre-fragmented bomb;
- The GA 1 servo-controlled aircraft weapon-system, and
- A 20mm GI quick-fire cannon.

In addition, 40 other products manufactured by Armcor subsidiaries and private sector contractors are being exhibited. They have all been announced in South Africa.

Other countries participating are Brazil, the US, France, Britain, Finland, Argentina, Japan, Italy, Canada, Switzerland, Austria, Australia and West Germany.

Armcor exhibited at the Fida show in 1984. — Sapa.

3 radiation incidents at Koeberg last month

C.T. 12/3/86 (15) (260)

Political Staff
WORKERS attached to the Koeberg nuclear power station had been exposed to radiation in three incidents last month, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said yesterday

Controls had been tightened after all three cases, supervisors had

been informed and re-training of staff was taking place, Mr Steyn said

He said in reply to a question, tabled in the House of Assembly by Mr Brian Goodall (PFP, Edenvale), that two incidents occurred on February 19 this year and a third on February 27

He said five radiation workers of a contracting firm assisting with re-fuelling removed a seal from the reactor head without conforming to laid-down requirements stipulating that radiators be worn during this operation "As a result of inhaling the contaminated air, these workers received between one and 10 millirem radiation dosage"

In the second incident, five contractors' staff who were removing lagging from pipework were subjected to "unnecessary exposure" of between five and 150 millirem from an adjacent

tank containing radioactive material, Mr Steyn said

"They were working without a 'permit to work' which would have restricted their access to the area until after the tank had been drained"

In the third incident, radioactive material was lifted above water level in the fuel pool due to a spacer not being used on the crane

"When the mistake was realized, the staff concerned immediately lowered the material back into the water and the health physics team investigated, after which the staff stopped work"

"Health physics safeguards were in place at all times during the operation"

"Three Escom employees received between 10 and 15 millirem exposure, roughly the same as they would normally receive during a full shift on work of this nature," Mr Steyn said

STA Minister

12/3/86 tells of

radiation

260

Thirteen Koeberg workers have been contaminated by radiation this year, the Minister of Mineral and Energy Affairs, Mr. Danie Steyn, has told Parliament.

They were contaminated in two incidents on February 19 and one on February 27, he said in reply to a question by Mr. Brian Goodall (PFP, Edenvale).

But the maximum dose received by any one of them was 150 millirem — only three percent of the allowed annual limit. None had therefore received a dangerous dose, he said.

However, controls had been tightened and all staff involved were being retrained.

The incidents have been investigated by top Escom executives, including Escom divisional manager (nuclear generation), Mr P Semark.

Escom is considering adapting the fuel-rod crane so it cannot work without the spacer — Political Staff

FINMAIL
14/3/86

260

ISCOR

Making the grade

IsCOR stands to gain an iron ore export bonanza of 1 Mt a year. And in the process it could run down stockpiles for which there has been scant foreign demand.

The corporation is close to solving a major problem that has long been a drag on the profits of its iron ore division.

Here's the problem: It produces more fine than lumpy ore at its opencast mine at Sishen. But world markets will take only a limited amount of fines to lump when export contracts are negotiated. This has resulted in a heavy build-up of fines at Sishen, while markets for lump ore remain relatively easy to find.

But now new operational processes at Sishen promise to deliver some 1 Mt of direct reduction iron ore (DRI), a grade halfway between lump and fines, which is expected to be acceptable to world markets

IsCOR expects a 1,2 Mt run of DRI in the first year of production, with overseas marketing starting in July if trials run smoothly.

The project was started last October and DRI is currently being tested in one of IsCOR's four direct-reduction (DR) kilns at Vanderbijlpark. All the DR kilns will be using 120 000 t a month of DRI instead of lump once trials are completed, possibly by the end of May. And some lump ore used in the blast furnaces at the Newcastle works will also be replaced by DRI when tests end.

For the moment, stresses IsCOR mine marketing manager Emile Raats, no attempt will be made to market DRI abroad until the tests in SA have been completed. He says, "Demand could be substantial or marginal, we just don't know at the moment."

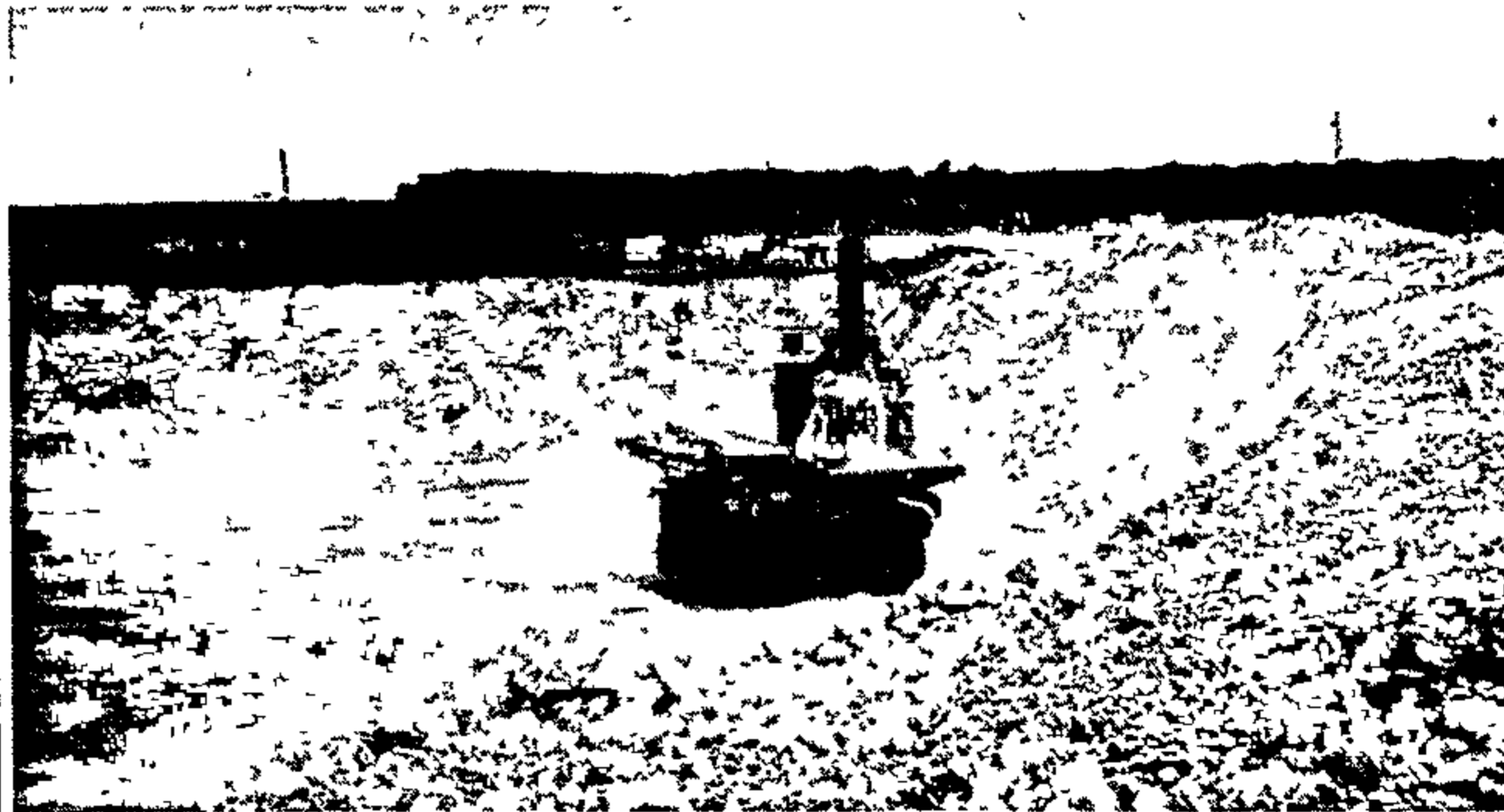
The production move is significant for IsCOR at a time when prospects in the world iron ore market are bleak. A world glut has caused a sharp fall in prices and there is an ever-tougher battle between producers and steelmakers.

Most of IsCOR's European iron ore contracts lapsed in 1983, with spot prices for lump ore now below 1976 levels. And recent talks with Japanese mills resulted in a heavy price drop for the 1986 shipment of 5 Mt.

On the credit side, though, the FM understands a deal was struck with Turkish steelmakers last week for the sale of more than 500 000 t.

Sishen's fines stockpile will also grow more slowly from April, when the lump:fine ratio on shipments to Japanese mills drops to 58:42 from last year's 66:34 (*Business* March 28 1985).

One possible problem in the marketing of DRI is that three potential South-East Asia buyers which are hostile towards SA — Malaysia, Indonesia and the Philippines —



Sishen ... changing export grades

have their own DR plants coming on stream

But back at Sishen, steps have also been taken to reduce the mine's over-capacity. For example, the south beneficiation plant was closed in 1984. Says mine manager Jannie Grimes, "The nominal output of the north plant stands at 18 Mt of treated ore a year, but we expect to stretch this to 20 Mt by year-end."

In the current financial year, Sishen's exports are slated to rise 24% to 10,5 Mt against last year's 7,9 Mt.

At the same time, there has been a cost purge which has reduced the burden of buying equipment carrying dollar and sterling price tags.

There has been a 66% saving on diesel costs by installing a 7 000 m electrified trolley line, and keener prices have been sought from AECL, Sasol and Bulk Mining and Explosives to reduce the mine's R10m a year explosives bill.

Beating the productivity drum at Sishen has also produced good results. In fact, says pit supervisor Charles Pretorius, "we've kept blasting costs almost constant since 1982, despite heavy increases in the cost of explosives."

14/3/86 FINMAIL
TRUCK MANUFACTURE

Asking for time

Predictably, the Board of Trade and Industries' (BTI) proposed local content programme for the truck and bus industry received a somewhat chilly reception from manufacturers when the two sides met to discuss the issue last week.

The main concern about the BTI's propos-

als is that truck-makers already sourcing from Atlantis Diesel Engines (ADE) could still fall a long way short of the BTI's proposed 40% minimum local content requirement for trucks and buses. This would lead to financial penalties, adding to the already high cost of vehicles.

No one is saying much about last week's discussions (*Business* March 7), but the FM understands that the vehicle builders want the programme to be delayed, at least until they are out of the current sales slump.

So far, says National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen, "nothing has been finalised, but we hope the BTI will eventually rewrite some of the proposals"

The manufacturers are critical of the BTI's aim to introduce the local content programme as soon as possible. The industry wants a two-year moratorium, maintaining it cannot afford the high cost of increasing local content when truck and bus sales are at a record low.

On this issue, the industry hopes to meet the BTI halfway with a "no-hurt entry level" to shelter manufacturers from financial hardship as the local content programme is applied. This could probably be done best by initially reducing the local content demand.

Broadly, the BTI wants current protection measures on locally built engines, gearboxes and other components to be replaced by a dual mass/value local content programme. The target is for a 50% local content level by value for heavy trucks over 3 000 kg and slightly less for medium commercial vehicles.

For the best reasons, the BTI wants ADE to feel the breeze of competition by dropping existing ad hoc protection in favour of a uniform system. But government could find

Mismanagement at Escom 'history'

17/3/80
By Hannes de Wet

SPAF
260

Allegations that Escom was wasting millions of rands were "history" and could not be laid at the door of the present management, an Escom spokesman said today.

He was reacting to claims published in a Sunday newspaper that high electricity tariffs were the result of years of mismanagement and poor financial direction.

Escom plans to lodge a complaint with the South African Media Council.

Escom communications manager Mr Ewald Thal told *The Star* "Some of the allegations which were valid stretch as far back as 1922".

The allegations are contained in a doctorate about internal mismanagement in Escom by a senior Escom accountant Mr J F Schnetler, a statement to the Industrial Court and an auditor's report to Escom.

Allegations on accounts 'unfounded and irresponsible'

Escom denies report on wasted millions

18/3/86 STAR

260



By Inga Molzen

External auditors have consistently indicated that there are no problems with Escom's accounts and in the past have not felt a need to qualify annual reports.

This was the view expressed by Mr Ewald Thal, Escom's communication manager, at a Press conference last night

He was referring to a report at the weekend, headlined "Escom wastes million of rands — and the consumer pays"

He said allegations contained in a weekend newspaper were "unfounded and irresponsible"

"The allegations were either incorrect, out of date or examined out of context," he said

He said Mr Willem Pienaar, director of academic administration at Potchefstroom University, denied that Escom requested the findings of a thesis

by senior accountant, Mr J F Schnetler, be kept "secret"

The thesis title was "Effective Management Accountant Practices" and referred, among other sources, to Escom's published financial accounts between 1922 and 1982

Mr Schnetler has been quoted as saying "Escom's management is now on the right road"

The thesis will not be made public until it is verified by the university's senate "which is standard practice," explained Mr Thal

Serious

He said many of the allegations were made out to be current "problems", but "all these issues have been addressed by Escom"

"Allegations concerning financial controls within the company are serious, but they have never been proved."

Mr Thal said it was highly inaccurate to say Escom's activities have not been audited "Audit reports have consistently indicated that there are no problems in our accounts"

"In the past, the external auditors have not felt it necessary to qualify the annual reports," he said.

"We are aware of our responsibility in handling public funds. We have nothing to hide"

Replying to the allegations Mr Thal said

● The figure of R14,6 million, allegedly spent on "alcohol and provisions" for administrative personnel, refers to all beverages and provisions bought in 1982 for Escom's 55 000 employees around the country, reflecting a daily outlay of 70c a person

● Escom's accounts are audited as prescribed in the Electricity Act of 1968, and not "manipulated to disguise considerable prof-

its so that annual increases in electricity tariffs may be introduced each year."

● Between 1978 and 1982, allocations for travel, accommodation and reception costs rose from R1,6 million to R9,3 million. This is proportionate, reflecting the company's rapid growth over the four-year period

● An amount of R5 138,98 — alleged to have been collected for victims of the Westdene Dam bus disaster, and not handed over — was actually collected for Escom employees who were involved in a bus accident.

It was subsequently found that none of the victims were employees, so the fund would be handed to a central State fund for unclaimed monies

● Although there was no central asset register for fixed assets, totalling R19 billion, each regional division of Escom had a separate asset register to account for all capital assets

Auditors dismiss financial claims against Escom

Two independent auditing companies have dismissed allegations of financial mismanagement at Escom, saying they were satisfied with the corporation's accounting procedures

That was in reaction to Sunday newspaper reports which alleged excessive tariffs were paid for electricity because of poor financial control at Escom

In a signed joint statement, auditors Aiken and Carter and Deloitte, Haskins and Sells said they had examined Escom's 1985 accounting records and internal control procedures

They said, "We have no reason to believe that there has been a deterioration in internal and accounting control since December 31 1984. Nothing has come to our attention that would preclude us from expressing an unqualified opinion on the financial statements for the year ended December 31 1985."

Escom will complain to the Media Council about the reports

Pik stays
silent on
Frankfurt
discussions

The Star's Foreign
News Service

FRANKFURT — Foreign Minister Mr Pík Botha and US Deputy Assistant Secretary of State Mr Frank Wisner were silent after three hours of intense discussion at the American Consulate in Frankfurt yesterday

The talks followed five hours of discussions in Pretoria six days ago.

A joint statement issued later merely said they had met "in continuation of discussions between their two governments on Southern Africa" and that there had been "discussion of matters pertaining to Escom and International Atomic Energy Agency issues"

They were joined by Mr Danie Steyn, South African Minister of Minerals and Energy Affairs, and Mr Richard Kennedy, America's ambassador-at-large for nuclear non-proliferation and nuclear energy affairs

The statement did not elaborate on either agenda item and US and SA diplomats in Frankfurt would not comment

● Talking to reporters earlier, Mr Botha repeated a Government offer to free Nelson Mandela in exchange for Soviet dissident Dr Andrei Sakharov.

"He will not be released on health grounds," Mr Botha said.

"He will be released once the South African Government is satisfied that his release will not be accompanied by large-scale violence." — Sapa-Associated Press

Horwood calls for study

Business Day Reporter

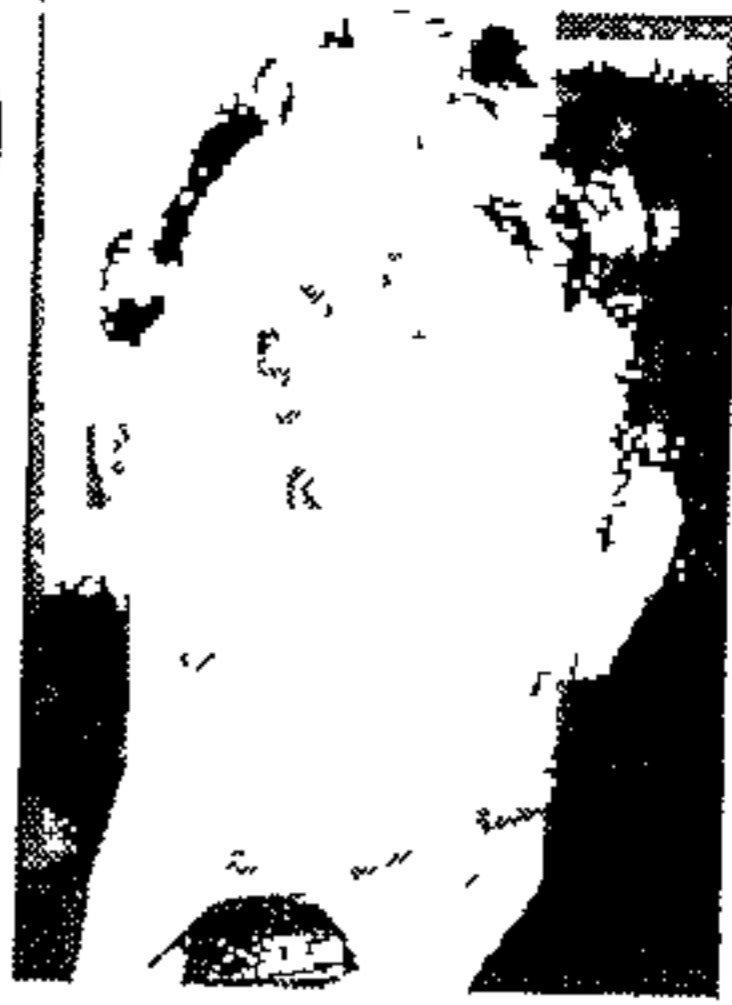
260

FORMER Minister of Finance Owen-Horwood has called for a thorough, authoritative investigation of the possibilities and the advantages of privatising or deregulating appropriate public sector bodies.

Horwood, now Nedbank chairman, told guests at an Institute of Estate Agents seminar that privatisation was one form of disinvestment which SA could applaud.

He also said inflation was his biggest concern at the moment.

He said the prospects for inflation, and for combating the scourge, were "anything but reassuring".



● HORWOOD

3.
184 2

BJay (260)
21/3/86
**AHI backs
privatisation**

PETER WALLINGTON

PRIVATISATION offered a better future for most countries than State corporations, Afrikaanse Handelsinstituut president, Donald Masson said yesterday.

Masson, who was addressing the Institute of Municipal Treasurers and Accountants conference in Johannesburg, said privatisation, at its best, created competition, efficiency and wealth.

"At its worst, it substitutes insensitive, privately-owned monopolies for insensitive, publicly-owned ones, and feeds corruption."

He said privatisation meant decisions would be taken for economic reasons and not political motives.

Masson said 12 publicly-owned corporations in Britain had been sold to private enterprise in the past six years, and each one had performed better.

"Most public servants fear the insecurity of the entrepreneur. I wish to appeal to those people who get transferred to the private sector to give it a chance," he added.

Masson said one could not talk about privatisation without deregulation, and noted that government had said it was looking at the 4 500 laws which made it almost impossible for small businesses to function effectively.

Privatisation 'no panacea'

21/3/86 BDAY (260)

TWO IMPORTANT ways of reducing the public sector's drain on resources are privatisation and extended use of user-charging. The main thrust of privatisation involves what may be termed the return or transfer of productive resources to the private sector, where they can often be more efficiently utilised than when falling under the public sector as broadly defined.

We should be fearless in looking for suitable candidates for privatisation at all levels and tiers of government and in all fields of public enterprise. It is, after all, pre-eminently the private sector that creates wealth and thereby raises living standards, and so the more resources we can channel there the greater will be the wealth generated.

We can go further not only must we have regard to the economic benefits outlined above, we must also trace the effects of privatisation in the public sector itself. There could well be, as is frequently argued, a multiplier effect in public sector productivity as the work force shrinks in that sector.

And this, in turn, if coupled with a far-going application of the user-charge principle to which the government is committed, will mean a reduction of the public sector's share of gross domestic expenditure, with all its concomitant benefits for the taxpayer and thus for the economy at large.

Great things

But government cannot act rashly or irresponsibly or without thought for the future of the people involved in activities that could be privatised, neither should we run away with the view that everything now being done by government can, should, or will be privatised.

Privatisation is no panacea. It is a useful tool that can be appropriately used in a variety of areas of government, but very skilled people will need to be involved in the evaluation of the "candidates".

The whole question is presently occupying the mind of government, via the State President's Committee on Privatisation under chairmanship of the Minister for Administration and Economic Advisory Services Eli Louw.

Dr Wim de Villiers has been requested to pick up the ball and come up with practical proposals to set the wheels rolling. I expect great things to come out of this investigation.

We need also to know that in a country such as ours, with a tendency to concentration and over-concentration in our economy, it is very often the government itself that provides the only "effective competition".

It would, of course, be ill-advised to exchange State monopolies for private ones. Even selling to consortiums could create monopolistic conditions perhaps worse than if the activities were to remain in State hands. In short, competition policy will have to be a major factor in

Extracted from a speech given by Auditor-General JOOP de LOOR at the University of Durban-Westville



□ DE LOOR ... "a useful tool"

evaluating some areas for potential privatisation.

However, the proceeds should certainly not be used simply to meet current expenditures, but rather be applied in reducing the public debt or in financing essential large-scale capital projects beyond the reach of the private sector acting alone.

Let us regard privatisation not as a mere cash injection but as an integral part of a long-term strategy of exploiting our economic resources, both human and material, to the full.

The other "escape route" for public spending is a wider adoption of the principle of user-charging.

Too often government provides services at below their economic cost, and the resulting subsidy saddles taxpayers as a whole with costs that should rest with those who directly benefit from the service in question.

To take an example a sum of hundreds of millions of rand is annually channelled from the Treasury to Sats to help cushion the latter's losses on commuter and main line passenger traffic. But why should the widow Pienaar of Pofadder be helping to make life more comfortable for Barend Burger of Boksburg who journeys daily to Johannesburg?

I should certainly wish to see free market principles more fully invoked in the sphere of transport and other forms of subsidy.

It would be wrong to suggest there is no room at all in our thinking for direct or indirect transfer payments to the less privileged segments of our society or in pursuance of our economic aims.

But we must constantly seek to ensure that our limited funds for deployment in this area are used most cost-efficiently by being channelled to the right recipients, and that those subsidies that are inescapable are at any rate shown openly in our budget and thus are amenable to Parliament's control.

Subsidies notoriously have a distorting effect on the optimal allocation of resources and the spatial distribution of economic activity. We shall, then, have seriously to rethink our whole approach to this issue and endeavour to bring costs and charges more into line with each other in

those spheres where they have come increasingly to diverge.

Such things as the proposed regional services councils levies, the changing approach to school fees, toll roads and the new system of third-party insurance provide evidence that we have been doing precisely that.

Nor should we view this question of user-charging from too narrow a perspective: for a long period of time a factor of production that is probably our scarcest resource — capital — was kept at an artificially low price, as reflected in such things as luxury housing or (more ominously) a rising ratio of capital to output, with all its implications for employment.

If we are to be faithful to the principle of user-charging we shall have to ensure that this does not again occur.

Privatisation and user-charging, however, will necessarily take some time to come fully on stream, and they should in any event certainly not cause us to slacken in our direct budget-cutting exercise.

From what I have been saying you will, however, have gathered that we are by no means sitting on our hands when it comes to the control and limitation of public expenditure.

Evaluated

Nor are we drifting: we have publicly committed ourselves (in the 1983 budget) *inter alia* to a deficit before borrowing not exceeding 3% of GDP, and to rolling back government expenditure as a proportion of the GDP so as to bring it down by the end of the present decade to the 1981 figure.

The Special Task Force appointed to investigate aspects of public service current expenditure will be on the lookout for new avenues to deregulation, privatisation and the principle of user-charging.

Capital expenditure, too, will be put under the magnifying glass. All public sector expenditure in this category will be continually evaluated with a view to cuts, although such cuts will need to be thoroughly motivated on economic grounds.

It is hoped in this way to avoid any possible "crowding out" in the capital market, leaving more room for the private sector to play its indispensable role in undertaking extensive long-term projects that will aid in the development we so need.

Government is very serious indeed about controlling its expenditure.

The mere fact that the private sector has now been invited to investigate aspects of the public service's current spending, and (in particular for our purpose) from the perspective of, *inter alia*, zero-base budgeting, surely speaks volumes.

There are no longer sacred cows — at any rate not in this sphere any more. We can, I think, look forward to increased awareness of the problem and a multi-faceted attack on its roots.

Cape Times 24/3/86 (26Q)

Koeberg: fear based on ignorance

From ANDRE VAN HEERDEN, Communication Department, Escom (Cape Town):

THE nuclear power-generating industry faces a problem resulting from the prevalent lack of knowledge about matters nuclear. This has led to a host of unfounded fears based mainly on vague allegations and popular misconceptions.

These fears are difficult to allay without recourse to long and involved dissertations on basic physics. The letters from Messrs H de Boer, Harry Green and Mike Kantey in recent issues of the Cape Times are indicative of such lack of understanding. I will try to answer their questions without resorting to too many technicalities.

My letter of February 24 contained only verifiable facts, unlike the statistics quoted in the letters from Messrs De Boer and Green, which are based largely on the selective use of suspect figures by some overseas media.

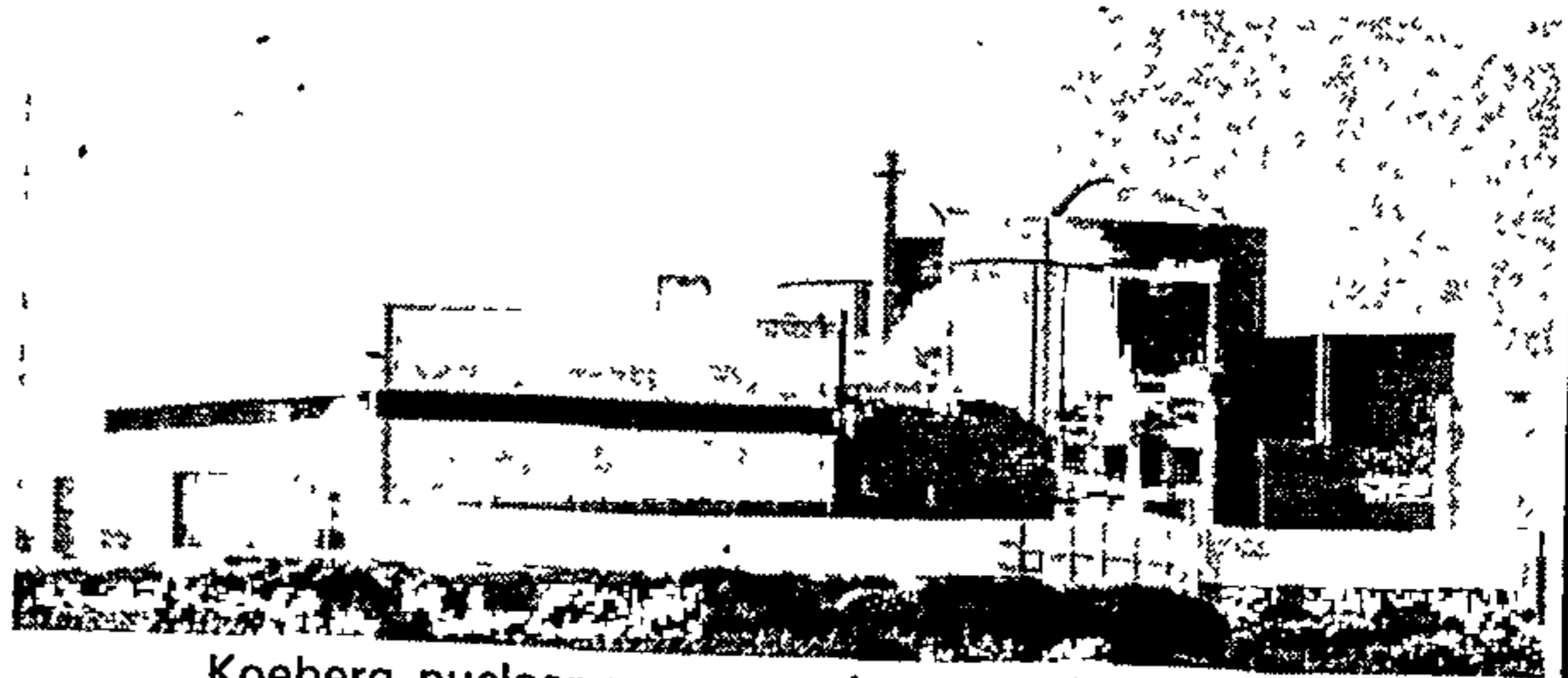
As regards the recent very minor exposures at Koeberg, the person who received the greatest exposure will receive a cumulative 150 millirem additional radiation over the next 50 years (the millirem is a measure of the biological effect of radiation). During the same period he can expect to receive in the region of 7 500 millirem from natural sources such as cosmic rays, radon from the soil and granitic rocks, etc.

To put these figures into perspective, the international commission for radiological protection has set an annual limit for radiation workers which they consider safe. This limit is 5 000 millirem per annum, which applies to workers at Koeberg, radiologists in hospitals, etc.

During 1985 the average worker at Koeberg received less than one percent of the allowed dose. There was no gross laxity involved. The faults were procedural, that workers who had done similar jobs dozens of times in their own country, conformed to their own national safety standards rather than the more conservative South African standards.

What is very positive is that safety systems at Koeberg are such that in spite of procedures not being precisely followed exposures were minimal. Sellafield is not a commercial power reactor, but, that accepted, the release in recent events has been minimal, media stories notwithstanding. Nobody received doses in excess of the legally allowed limits. Certainly the hazards, including possible cancers, from everyday industrial pollution far exceed those emanating from nuclear installations.

This also raises the question of suspect statistics. Claims of quite ex-



Koeberg nuclear power station . minor exposures

traordinary health hazards have been made. It must be pointed out that no less august a body than the American Association for the Advancement of Science, as well as a variety of other highly respected scientific bodies have not only refuted these allegations, but sharply reprimanded the people who made them.

Specifically included in these repudiations were claims in respect of supposed unnatural births, including Down's Syndrome babies, resulting from the Three Mile Island incident. These allegations were based on a reprehensible use of selected and doctored statistics.

Statistical calculations indicate that there will be less than one additional cancer death in the Three Mile Island area in the next 50 years, where something of the order of 50 000 would occur from natural causes. Statistics of this order become meaningless.

There are many areas

in Britain, not associated in any way with nuclear power plants, which have higher incidences of cancer than the national average. All, including Seascale, fall within the normal variations found within any population. There is no evidence supporting a theory that Windscale was responsible for increased cancer rates. These could be the result of any of hundreds of causes, as is the case in other areas. Mr De Boer's information regarding releases is unfortunately incorrect.

Radon is a gas found naturally and all of us are exposed to it, more so if we spend much of our time in or near concrete buildings. It is a major contributor to natural radiation and, depending on locality, it can be the cause of exposure to the public ranging from tens to hundreds of millirem per year. No radon is emitted by Koeberg. Nor are plutonium or americium

discharged into the environment.

Minute quantities of chemicals such as caesium and ruthenium are released under strictly controlled conditions. The quantities are rigidly controlled by the Atomic Energy Corporation and the Council for Nuclear Safety, an independent watchdog body.

If a theoretical man were to have stood at the Koeberg boundary fence, for the whole of 1985, always downwind from the station, stark naked, living off food exposed to the maximum radiation emitted from Koeberg last year, and eating fish caught in the Koeberg outfall, he would have been subjected to an additional half millirem of radiation.

Compare this to the 240 millirem he would receive naturally on the beaches at Camps Bay, Clifton and Sandy Bay, or the 20 millirem which would result from an ordinary chest X-ray.

so, (a) what are the (i) names and (ii) occupations of the members of this committee and (b) to which tribal or ethnic group does each such member belong,

- (2) whether the members of this committee were appointed, if so, (a) why, (b) by whom and (c) in terms of what statutory provision; if not, when were the last elections held for the members of this committee,
- (3) whether any members of this committee are employed by the KwaNdebele Government; if so, in what capacity in each case;
- (4) whether any members of this committee are (a) employed by or (b) members of the East Rand Development Board, if so, (i) why and (ii) in what capacity in each case?

THE DEPUTY MINISTER OF DEVELOPMENT.

There are two committees which are known to the Department of Constitutional Development and Planning namely, the Ekangala Co-ordinating Committee, which is an interdepartmental committee directing the development of the deconcentration point and the Ekangala Representative Authorised Committee which is a self appointed committee

In reply to the question it is anticipated that the hon member is interested in the Ekangala Representative Authorised Committee and the reply to the questions are as follows.

- (1) No (a)(i), (ii) and (b) fall away
- (2) No (a), (b) and (c) fall away.
- (3) No.
- (4) No (a), (b)(i) and (ii) fall away

G.C.M. 703
Mameloedi Inquests
25/3/86
HANSMARD
*29. Mr P G SOAL asked the Minister of Law and Order

- (1) Whether with reference to his reply?

HoA

to Question No 6 on 11 February 1986, the inquests into the deaths of persons in Mameloedi on 21 November 1985 have been completed, if not, why not; if so, what were the findings in each case;

- (2) whether the police investigation into this incident has been completed; if not, why not; if so, (a) when and (b) what were the findings;
- (3) whether he has received any further representations calling on him to recommend the appointment of a judicial or other commission of inquiry into this incident; if so, (a) from whom, (b) when and (c) what was his response thereto?

THE MINISTER OF LAW AND ORDER.

- (1) No, several statements are still pending
- (2) No, I refer the hon member to paragraph (1) above
- (a) and (b) Fall away.
- (3) Yes
- (a) Right Reverend R A Kraft, Bishop of Pretoria.
- (b) 4 March 1986
- (c) That inquests with regard to each death will be held, which inquest amounts to a judicial inquiry. The presiding Magistrate will record findings as to the cause or likely causes of deaths and whether the deaths were brought about by acts or omissions involving or amounting to offences

- *30 Mr G B D McINTOSH—Public Works. [Withdrawn]

Guguletu: persons killed
25/3/86
HANSMARD
*31. Mr S S VAN DER MERWE asked the Minister of Law and Order

Whether the South African Police have given any instructions to the families of any of the persons shot dead by policemen in Guguletu on or about 3 March 1986; if so, (a) what specified instructions, (b) when, (c) why, (d) on whose authority and (e) to which families?

THE MINISTER OF LAW AND ORDER.

No (a) to (e) Fall away.

Koeberg Nuclear Power Station
25/3/86
HANSMARD
*32. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs.

- (1) Whether any psychological tests are conducted to ascertain the suitability of staff to be employed at the Koeberg Nuclear Power Station, if so, what is the (a) nature and (b) frequency of these tests,
- (2) whether applicants failing these tests are refused employment; if not, to what use are the results of these tests put?

THE MINISTER OF MINERAL AND ENERGY AFFAIRS.

- (1) Yes
- (a) Escom uses standardised physiological tests and other criteria for the selection of candidates for positions which are subjected to licensing requirements by the Atomic Energy Corporation (AEC) (e.g. reactor operators). The Atomic Energy Corporation requires incumbents of the relevant positions to comply with certain minimum requirements in respect of training, aptitude and behaviour. Aptitude tests are used to predict whether candidates have the

cognitive ability to complete the training programme successfully and to respond appropriately to technical eventualities in the plant. Personality tests are applied to determine whether candidates have the necessary personality composition to comply with the circumstances and requirements peculiar to the relevant positions

- (b) The tests are administered once prior to appointment and as a minimum six monthly follow-up interviews pertaining to psychological aspects are conducted by the National Institute for Personnel Research as directed by the Atomic Energy Corporation.

- (2) Candidates who are found unsuitable for placement in the afore-mentioned positions on the basis of the selection criteria are considered for other positions at Koeberg in accordance with their qualifications, experience, aptitude and personality before their applications are rejected. [Interjections]

Geldenhuys Committee
25/3/86
HANSMARD
*33. Mr P A MYBURGH asked the Minister of Defence.

- (1) Whether he will furnish the names of the (a) persons and (b) organisations who (i) testified before and/or (ii) submitted memoranda to the Geldenhuys Committee; if not, why not; if so, what are their names in each case;
- (2) whether any of the evidence given before or memoranda submitted to this committee, were confidential; if so, in respect of which of the above persons and organisations?

THE DEPUTY MINISTER OF DEFENCE (reply laid upon the Table with leave of House):

- (1) Yes.

HoA

Power from Koeberg costs nearly triple

CMT Times 26/3/86
260

By BARRY STREEK

ELECTRICITY generated by the Koeberg nuclear power station cost nearly three times more than electricity from Escom's 21 coal-fired stations, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said yesterday.

Mr Steyn said electricity from Koeberg cost 5,2 cents a kilowatt-hour for the 1984 financial year. But the average cost of electricity from Escom coal-fired power stations was 1,89 cents a kilowatt-hour.

The cost of the coal-fired stations had been made possible by the pooling of costs under the national transmission grid system.

Mr Steyn, who was replying to a question tabled in the House of Assembly by Mr Roger Hulley (PFP Constantia), said the cost of electric-

ity from the 21 Escom coal-fired power stations depended on the station's age, size and distance from coalfields.

"For a new coal-fired station taken into service during 1986, the generating cost in 1986 would be in the order of 4 cents a kilowatt-hour sent out. Allowing for transmission losses, the delivered cost in the Western Cape would be 4,12 cents a kilowatt-hour."

Psychology

However, as a result of the transport cost of coal, "a new coal-fired power station in the Western Cape would provide electricity at 6,59 cents a kilowatt-hour", Mr Steyn said.

In reply to another question, Mr Steyn told Mr Brian Goodall (PFP Edenvale) that Escom did conduct standardized psychological tests for the selection of people for positions subject to licensing requirements by the Atomic Energy Corporation.

The tests were administered once before appointment, and, as a minimum six-monthly follow-up, interviews pertaining to psychological aspects were conducted, Mr Steyn said.

High cost of nuclear power

STP
2/10
10/3/84
Political Staff

PARLIAMENT — Koeberg's nuclear-generated electricity costs nearly three times as much to produce as that from Escom's coal-fired power stations.

This was disclosed in Parliament by Minister of Mineral and Energy Affairs Mr Danie Steyn, in reply to a question from Mr Roger Hulley (PFP Constantia).

The average cost of Koeberg's electricity in 1984 (the latest year for which figures were available) was 5,2 c/kWh (cents per kilowatt/hour).

The average cost at Escom's 21 coal-fired stations was 1,89 c/kWh.

Mr Steyn said this figure had been achieved because of the national transmission grid.

The cost of coal-fired electricity also varied with the age, size and distance from the coal fields of the particular station.

For a new coal station in the Transvaal starting in 1986, the cost would be about 4,12 c/kWh in the Western Cape.

Electricity from a new coal-fired station built in the Western Cape would be 6,59 c/kWh because of the cost of transporting coal.

● The nuclear research facility at the mouth of the Gouritz River near Mossel Bay was dormant because of the financial situation, Mr Steyn said.

Storm damage to Soekor rigs

OWN CORRESPONDENT

JOHANNESBURG — Severe storms damaged Soekor's three oil drilling rigs off the Mossel Bay coast on Sunday

Soekor said in a statement yesterday the storm had been almost equal to the worst the rigs could stand

Extensive damage was caused to anchor chains, guide cables, underwater blow-out prevention equipment, controls and television cameras. The estimated value of each of the rigs, which Soekor leases, is R80-million

A Soekor spokesman, Mr Mike Leibbrandt, said a survey would be undertaken to determine the cost of the damage and the degree to which it would hold back the drilling programme. Weather conditions had so far made this difficult

Two rigs out of action

The rig closest to shore, Sedko K, sustained the least damage and has been sufficiently repaired for drilling to resume

The newly arrived Nympha rig, the furthest offshore, was worst hit. Both the Nympha and its sister-rig Actinia were out of action and undergoing repairs, Mr Leibbrandt said

The storm — which for 30 seconds had a wind velocity of 60 knots and wave heights of 18 to 30 metres — occurred about noon. It was linked to three low-pressure systems following each other in quick succession

mas

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F.I.N. N.A.M.C.
4/4/86

NEW NUCLEAR SITE

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The government has agreed, in principle, to build a new nuclear research facility at Gouriqua, near the mouth of the Gouritz River in the southern Cape.

This was confirmed in Parliament by the Mineral and Energy Affairs Minister, Danie Steyn, who said no final decision had been taken on the exact nature of the facility. At this stage, a site was being developed to provide only for basic infrastructure for future facilities.

Due to the present financial situation, the Gouriqua project can be regarded as

dormant and only of sufficient scope to productively employ staff already posted to the site," Steyn said. He explained that an environmental impact study had been carried out before the site was purchased; the results were made public in June 1983. Further studies would be carried out when the specifics of the final facilities had been decided.

The facility would be open to inspection by the International Atomic Agency (IAA) if they were of such a nature that IAA guarantees were required.

4/4/86 FM

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Dancing in the dark



What's wrong with the SABC? Why does it regularly give an impression of incompetence, coupled with a radical misreading of public preferences? Is this merely a question of image, or is the problem more subtle?

One simple explanation is that the corporation is strapped for cash. The present administration inherited an unwieldy, outdated and — in minor isolated pockets — corrupt and incestuous organisation. But some insiders say that a crucial element of the heritage was party-political — a Byzantine network of political conservatives, right down the ladder, who had been building empires since the days of Verwoerd and Vorster. While observers who perceive a wider political spectrum in SA may not be impressed, it would appear that the *verligtes* are winning the final stages of a fierce, energy-sapping internal battle for the "mind" of the corporation.

Corruption and jobs-for-pals structures appear to have been rooted out. Action has been taken to prevent another managerial fiasco like the Moira Tuck affair.

But in other areas, drastic reforms are still under way, and the changes have not been aided by the recession (and the drop in advertising revenue), the weakness of the rand (which affects technological imports and

What is going on behind the scenes at Auckland Park? In the throes of rationalisation, struggling financially, its political credibility under scrutiny, the corporation gives scant evidence of knowing where it is heading.

programme purchases); and the relatively low licence fee

In 1983, the corporation recorded a reasonably comfortable operating surplus of R17,7m, in 1984 this had become an operating deficit of R1,6m. The increased expenditure was on technical equipment, longer TV hours, educational programmes, salaries — and a result of the lower value of the rand. Income simply could not match expenditure — and the trend continued into 1985 and the present Director General (DG) Riaan Eksteen heard the alarm bells.

It is too early to gauge the validity of the massive "rationalisation" — but the 1985 deficit, not yet published, is rumoured to be even greater.

At the end of 1984, the permanent staff complement was 7 033, just over a year later, it is 6 319 — a reduction of about 15%. The cuts have been spread reasonably evenly between the various departments. According to the senior director for manpower, Dan Esterhuyse, it was never easy and often agonising. Each case of early retirement (rare) or enforced redundancy was carefully considered,

with due consideration given to skills and experience. This may not have been how it appeared to the staff or the public.

Not surprisingly, SABC employees became jumpy, and morale sank. Esterhuyse points out that this was inevitable, and the newspapers were quick to exploit the flood of rumours about discontent. But SABC men argue that their methods were not much different to those of the private sector: it's just that the SABC is so exposed to public view. Either way, the spectacle was undignified and messy.

Of all the measures, the radical revision of radio services has been the most traumatic. Some curious decisions were taken. It was announced early in 1985 that Springbok Radio (with 1,5m listeners daily) would cease broadcasting at 6.30 pm in June. This seemed sensible — Springbok's programming had become stagnant; its evening audience had been lost to TV, and the daytime audience remained fairly healthy.

Then, inexplicably, the whole service was abolished before this decision could even take effect. Someone had got his sums wrong, or financial considerations were perceived to be too pressing. The effect on staff and listeners was bewildering, to say the least. Mistrust flourished.

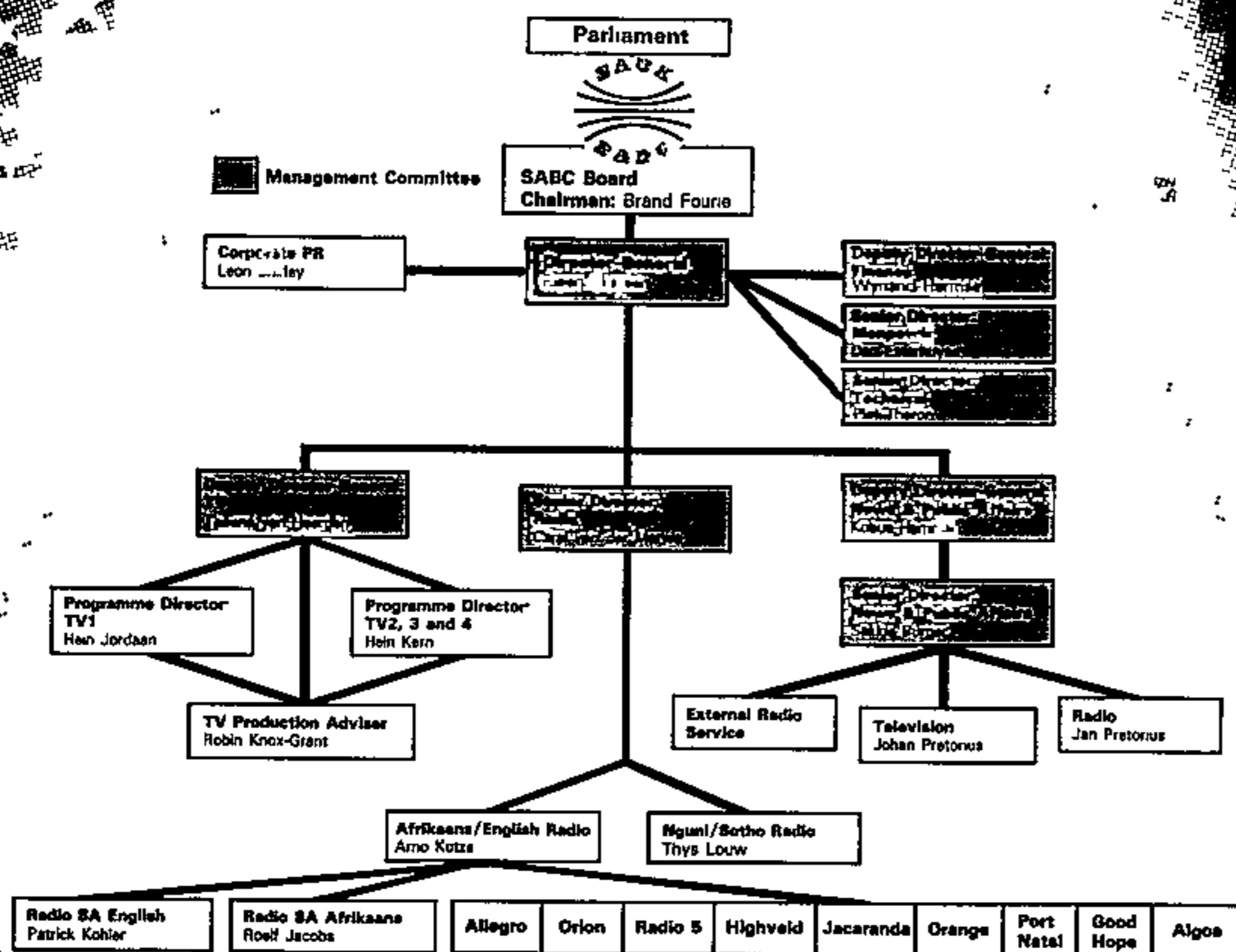
The next step was the introduction of commercials to the hallowed English and Afrikaans services. Their traditionally more intellectual listeners felt threatened. As the SABC acknowledged, you can't please everyone all the time — but there were times

when it seemed it was trying to upset everyone. Some of the raucous commercials, for instance, had to be heard to be believed.

The English Service was most severely disrupted, with the futile attempt to absorb Springbok programmes. And some popular freelance announcers were axed in favour of full-time employees. While this made economic sense, it raised the problem of over-exposure by regular announcers. There comes a point when lean can become starved. Senior radio men are now prepared to admit mistakes, but the damage is done. The new English service is no longer a source of pride or ideas — it has ceased to reflect the cultural identity of the community it claims to serve. At best, this is negligent, at worst, a grievous betrayal. The new head of Radio South Africa, Patrick Kohler, now has to salvage something from the wreckage.

Clearly, the SABC rushed into the new arrangement, misreading

RULING THE AIR



THE EMERGENCY

A small victory

The weekend meeting in Durban of the National Education Crisis Committee (NECC) took place against great obstacles. Official attempts were made to stop the conference; violence erupted at the registration venue and two people were killed; and there was strong radical pressure to counter the NECC's eventual decision — that black schoolchildren should return to their desks this week.

It was a decision which must be welcomed, coming as it did at the end of a week which saw killings in Bophuthatswana and KwaZakele near Port Elizabeth, and a spreading of the terror in Sekhukuneland (see *Current Affairs*), where a schools boycott continues and is unlikely to be affected by the NECC decision.

The week's death toll was at least 28; the consumer boycott in the eastern Cape is on again; and Law and Order Minister Louis le Grange has extended the ban on public political gatherings for a further year.

So the State of Emergency continues, though it is not called that any longer. It should also be noted that, at the NECC conference, one reason given for not resuming the boycott was that "it is easier to organise pupils when they are at school."

Organising, or seeking to organise, the youth is of the utmost importance to the major participants in the "liberation struggle." What they become in future years will have a massive impact on all our fortunes. They are, after all, ill-educated, subject to violent impulses, and events have profoundly politicised them.

The NECC, indeed, will lose credibility if enough black children choose to ignore its call and stay on the streets, where many are busy organising themselves into committees

which, while they often involve themselves in commendable clean-up campaigns, also take it upon themselves to deal out "people's justice" to "informers," "collaborators," and the like. We all know what that means by now.

The rationale behind the creation of the street committees is the M-Plan — M for Mandela, who is reputed to have set it in motion before his jailing. Organisation, therefore, is done in the name of the African National Congress, whose banners and slogans are at every township funeral, along with those of the SA Communist Party.

Doubtless many parents and children would prefer something different; but the logic of the times appears to dictate differently. Pretoria gives no evidence of having read these signals correctly, and thus polarisation increases.

This is not to say that a revolution, preceded by a civil war in which one can only guess at the alliances and antagonists, is inevitable. Predictions about the future of SA are most firmly held by the extremists of both Right and Left — whose statist, totalitarian views tend to converge. Unfortunately, they will not be conveniently isolated in some remote battlefield and left to fight it out between themselves.

It is to avoid being drawn into escalating conflict that reasonable people continue to urge negotiation and dialogue. The NECC, in its way, is part of that process, whatever its ideological complexion.

Its decision, however coupled to reservations, should lead Pretoria to see that it is not quite dealing with irrational revolutionaries — and that there are people totally opposed to it whose views it should nonetheless consider before all hope of negotiation is lost and the "struggle" moves into its next phase — whatever that may be. ■

KRUGERRANDS

Why should SA pay more?

It is a sorry comment on South African perceptions of the value of the rand that the authorities thought it necessary to jack up the premiums on local Krugerrand (KR) sales by 9%. For there can be little doubt that the surge in local demand reflects a belief that the rand was fully priced at 50c (had investors been taking a view on the gold price, they could have got better gearing by buying gold shares).

Peak annual SA KR sales were about 300 000 coins. The *FM* understands unofficially (the Chamber of Mines refuses to comment) that over the years about 2m were sold here, of which maybe half are still around — the rest either having leaked out (KRs are highly portable) or been sold back to the Bank. Sales last year were negligible, but in recent weeks demand was very heavy — maybe well into six figures.

The authorities' alarm is not surprising, but it is ironic

that the immediate beneficiaries should be the mining houses themselves, who receive the premiums — even if much of the gain goes back to government in tax. On hypothetical annual sales of 300 000 coins, a gold price of (say) US\$350 and a US47c rand, gross additional revenue would be of the order of R20m.

Not, one would have thought, worth the effort. And hardly enough to deter any investors who are deeply bearish about the rand's prospects, either.

Ironically, KRs can still be picked up — though in limited quantities — more cheaply on the Johannesburg Stock Exchange, where premiums have increased slightly but are still only around 10%, against official premiums which range from 12% on the (largest) 1 oz coins to 18% on the (smallest) 1/10th oz coins. ■

ESCOM FINANCING

Seeing the light

SA's debt standstill has spurred Escom chiefs into some fancy financial footwork

A presentation to European suppliers of capital equipment for power stations last week will, it is hoped, result in a deal to improve Escom's future cash flow and provide funds for the capital expenditure programme

In the last three years, Escom has exercised options either to defer installing certain generating sets or to postpone the commissioning of its five planned power stations, Tutuka, Lethabo, Kendal, Metimba, Majuba and Lekwe.

Each station will cost around R3,5 billion and will need a construction lead time of up to 10 years

With a national slowdown in growth of electricity consumption, from 7% a year to less than 6%, Escom has been forced to revise its expansion programme. Provision for deferment is built into contracts with local and overseas suppliers, but in the case of cancellation, Escom would be forced to pay compensation to contractors

Cancellation is wasteful and may also be unnecessary because, while the rate of demand has slowed, electricity consumption is still growing. By the Nineties, there will be a need for additional power generation capacity for which construction should be taking place now.

Early last year, Escom estimated that it would need to borrow some R1,5 billion for future capital expenditure. But, because of increasing difficulty in foreign markets and limited local lending capacity, Escom has cut borrowing needs by a third by hiking tariffs (*Business* September 6) and reducing capex.

However, Escom CE Ian McRae points out that Escom also favours limited short-term borrowing which is difficult on the local market "At present, only 15% of our loans have a maturity of less than three years," he notes

To address this problem, he says he and chairman John Maree were in Europe last week to present suppliers with three options:

- To keep the present programme on stream, which would require financial help either through deferred payments or through the provision of other finance,
- To further defer the commissioning of power stations, or
- To cancel projects altogether.

"Obviously, we are not driving for the last two options," says McRae. "The most cost-effective thing is to keep present projects on stream."

Escom has 12 major foreign suppliers, five based in Germany and the rest in Switzerland, France, the UK and the US.

"Any decision will obviously impact on these manufacturers. That is why we have decided to inform them fully of our situation and ask them for input in making a decision," says McRae.

The hope is that the suppliers will come up with finance themselves or some other solution to Escom's problem "They have agreed to come back to us in late April with specific proposals," says communications manager Ewald Thal

He adds that "positive" talks have also taken place with local suppliers, which, in the main, are coal producers Amcoal and Rand Mines' Witbank Collieries

Hardest hit locally by postponements is Witbank with its Khutala colliery tied to Kendal Power station, where production was expected to begin in September 1987. Khutala would have been producing 12,2 Mt of coal a year by 1992. The power station has now been postponed to March 1988.

Witbank's Majuba colliery was also expected to produce some 11,9 Mt a year for the Majuba station in September 1988. Commissioning of this station has now been delayed to September 1991.

Khutala, Majuba and Rietspruit collieries MD Rick Mohring confirms that Witbank is concerned about the delays and is talking to Escom. He expects to be informed of Escom's revised power station programme by June.

He is obviously hoping that Escom will not decide on deferments. He argues that construction costs would be adversely effected by inflation and that the price of coal, at present government controlled, would have to be carefully monitored. "Past price increases have not matched inflation," he says

One coal expert speculates that Witbank will be seeking compensation for the losses of revenue either in the form of a flat remuneration now or a negotiated higher base price for coal when the station does come on-

FM PRICE INCREASE

Escalating costs have forced the *Financial Mail* to increase the cover price of the magazine to R2,68 (excluding gst) from the issue of April 11. However, to reduce the impact on regular subscribers, the annual subscription rate will be only marginally increased, from R92 to R93,60 a year, until June 30. This special offer represents a saving of R62,40, or 40%, for subscribers renewing their order before the end of June.

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FIN MAIL
4/4/86



Escom's McRae ... looking for supplier finance

stream. Neither Escom nor Witbank will comment on these possibilities.

But Thal says that Escom "can't be sure of the impact on the collieries until we hear from the European suppliers."

And McRae stresses: "Escom is not worried by its financial position. In view of the favourable response from overseas suppliers last week, this should be resolved without much difficulty."

TOURISM

Foreign stirrings

There's a modicum of comfort for the tourist industry in the recently released December statistics of foreign visitors to SA. The market will be hoping that the figures mark a turnaround in the industry's fortunes, which plummeted to historic lows last year.

Although the total number of foreign visitors to SA, excluding those from other African countries, fell only some 10,8% last year to 405 597, the annualised statistics disguise the sharp slump immediately after the declaration of the State of Emergency.

Foreign tourism was, in fact, still showing slight growth in the first half of 1985, a spokesman for the SA Tourism Board (SATB) tells the *FM*.

The sharp fall-off in foreign visitors began last July. By August and September, de-

creases of up to 40% on the 1984 arrivals were being registered and the low point was hit in October. But since November, there has been a gradual recovery in the comparative monthly fall-off, says the spokesman

"In November the number of US visitors showed a 35,58% decline on the same month in 1984. But the year-on-year drop was reduced to 18,78% in December. Similarly, monthly tourism figures from Europe fell by 23% in November, but the decline was down to 17,4% in December," says the spokesman.

Last November US visitors totalled 3 493 against 5 421 in 1984. And in December the total was 5 324 compared with 6 555 in 1984. Last November SA attracted 10 274 visitors from the UK, a 22,4% fall from the 13 241 who arrived during the same month in 1984. The December figures show a smaller 14,13% drop — down from 18 350 in 1984 to 15 757

And there was a similar trend in the number of German visitors, with November's 28,7% drop falling to 10,11% in December.

But the recovery process is bound to be tortuous while there is unrelenting foreign pressure on SA's international links and image. Nevertheless, with other trouble spots like the Philippines and Libya taking some of the space and air time previously devoted to SA, there are grounds for a little more optimism

"Generally, it seems that the decline has been arrested and that October marked a turning point for SA's international tourism," says the spokesman. "This should continue unless more shocks await us," says the SATB source

Annual statistics for world regions show that Asian visitor figures showed the smallest drop in 1985 — by a mere 2,41%. But that's from a very small base as there were only 23 037 Asian visitors to SA last year. The biggest comparative annual drop — 14,47% — was from the North American (US and Canadian) region. The total fell from 83 444 in 1984 to 71 368 last year.

Visitors from Europe and the UK fell by 10,65%, from 1984's 304 417 to 271 994 last year, and those from Australasia fell by a similar percentage, from 19 811 to 17 702. Tourists from the Middle East (mainly Israel) showed more nerve — the number fell only 5,88%, from 12 810 to 12 057

An exception to the trend was Austria, which produced a 13,4% growth in visitors in 1985

Meanwhile, African visitors showed that they are used to the sub-continent's strife. Last year the number of visitors from African states fell only 4,61%, from 337 507 in 1984 to 321 955

While the SATB welcomes signs that the decline is slowing, it is not counting on a

better 1986. "We need a return to positive growth to put the tourism industry back on an even keel. But we expect that we'll at least equal last year's figures," says the spokesman

To counter the effects of SA's poor international image, the SATB has launched direct mail campaigns to selected areas and potential visitors in Germany, the US and the UK. The 10% response figure in Germany is considered "very good," but actual sales still have to be gauged. ■

BREWING

More on tap

Beer drinkers on the Reef are quaffing increasing quantities of a traditional English bitter, brewed — believe it or not — in a small factory in the heart of Johannesburg's Ophirton

The draught ale, called St Georges, is the brainwave of a two-man team, Peter Eliot and Geoff Collins, who are also directors of Collins Fibreglass. They put in the original investment of R200 000, and they intend to spend lots more as sales climb.

But industry giant SA Breweries need not feel threatened. In fact, according to Collins, SAB welcomes the project, believing that

COMPUTERS

Who's for the JSE?

The decision by two more computer companies, Computermatic and Punchline, to seek listings on the JSE, has fuelled speculation that there will be a spate of listings in the sector in the next six months

Analysts welcome the trend as healthy and inevitable if high-growth computer firms are to maintain progress. "It shows the computer industry is maturing and it is an added facet to the market," says stockbroker Paul Ferguson of Ferguson Bros, Hall, Stewart & Co

Cape Town-based Quaestor IV director Ridge Riley predicts there is going to be a proliferation of computer companies heading for the market in the next few months

Investment analysts see the development as essential for continued growth. "A listing can provide the cheapest finance and it enables companies to continue expansion from a sound base," says Riley

The overall computer industry in SA is growing at an average 18,7% a year, but the growth rate is even higher in the mainframe hardware, software and services sector — at 26%. Consequently, computing is regarded as an attractive investment

Computermatic, the latest company to announce its listing (see *Leaders*) is a subsidiary of the listed financial company Eureka. It operates as a large computer bureau and software house, and is among the top 10

IBM PC dealers

The performance of SPL, the first computer company to be listed on the JSE, shows there is great interest in, and support for, the computer industry. SPL's initial issue, pitched at 75c, was 111,2 times oversubscribed. Since then the share price has reached 280c

The requirements for listing on the JSE are by no means stringent, and even less arduous for the Development Capital Market (DCM). The main minimum requirements for a full listing is that the company should have traded profitably for at least five years and show minimum pre-tax profits of R500 000

For the DCM listing, the company needs two years profitable trading, and profits of R150 000

But listings don't come cheap. About R75 000 is needed for advertising, pre-listing statements, transfer secretaries (and the rest) for a DCM listing. The cost of a JSE listing can reach R450 000

There are many privately-owned software and hardware computer companies in SA that fulfil these requirements. But most companies mentioned as likely candidates are keeping mum

Strong speculation is focused on Joffe Associates. Says Joan Joffe: "We are considering going public in the near future, but we

have made no firm decision yet"

Productivity Software's Neil Hymers says that, while he would have no problem meeting the requirements, he has no intention of going to the market. He explains: "We have no need"

He feels that while there may be short-term attractions there are potential problems. "In a cyclical industry it may be difficult to consistently deliver promises of, say, 25% annual growth. At the same time the company must be structured for profit, possibly at the expense of longer-term objectives. Dividend policy can be flexible, of course, but Hymers is concerned. "As we stand at present," he says, "we can reinvest our profits in our customer base"

Spartan Micromanagement, a manufacturer and distributor of hardware and software — and also in the R10m-plus league — is not interested. "We looked at a listing in 1981 and decided there wasn't any benefit in it for us," says MD Chris Leal

Another company mentioned as a candidate for listing is Siltek, part of the Tecnetics group. For Siltek, says MD Tilman Ludin, the major consideration would be finance requirements. "At the moment we have no firm plans, but we are always looking at the possibility"

Who's next, it seems, is still anybody's guess

(2)

	(a)	(b)	(c)	(d)
	Whites	Coloureds	Asians	Members of the Black Population Groups
(b) Conclation Board Agreements	—	116	—	—
(c) Arbitration Awards	—	—	—	—
(d) Wage Determinations (Estimated figures)	229 100	126 200	45 200	626 900
(e) Orders All races—133 674 (Separate figures are not readily available).				

The figures are as at 31 December 1985.

Escom
 HAN SWARD 7/1/86 871
 496. Mr L. F. STONBERG asked the Minister of Mineral and Energy Affairs:†

What was the average (a) cost per ton per year of the coal purchased by Escom, and (b)(i) cost and (ii) selling price of a unit of electricity generated by Escom, in each of the latest specified 10 years for which figures are available?

THE MINISTER OF MINERAL AND ENERGY AFFAIRS:

	(a) Rand	(b)(i) C/KWh	(ii) C/KWh
1975	4,05	0,8418	0,7950
1976	5,39	1,0360	1,0360
1977	6,22	1,4854	1,5353
1978	6,67	1,6961	1,7887
1979	6,97	1,8759	1,8980
1980	8,12	2,1361	2,0242
1981	9,71	2,3636	2,2811
1982	11,75	2,8640	2,8038
1983	12,44	3,4655	3,3591
1984	12,55	3,7365	3,5842
1985	12,92	4,1180	4,1180

*Final audited cost not yet available.

Q & A
 HAN SWARD 7/1/86
 520. Mr R W HARDINGHAM asked the Minister of Agricultural Economics:

What is the estimated area that was lost for agricultural purposes as a result of (a)

urban development, (b) desert encroachment and (c) industrial expansion as at the latest specified date for which figures are available?

THE MINISTER OF AGRICULTURAL ECONOMICS:

(a) and (b) Approximately 3,703 million hectares as at the end of 1985

(c) Approximately 32 million hectares are affected by aridification. This area is, however, not necessarily lost for agricultural purposes

Marketing Act
 HAN SWARD 7/1/86
 540. Mr T A MYBURGH asked the Minister of Agricultural Economics:

What was the total cost, (a) including and (b) excluding administration expenditure, of each board established in terms of the Marketing Act No 59 of 1968, for the financial year 1984-85?

THE MINISTER OF AGRICULTURAL ECONOMICS:

Expenditure of the Agricultural Marketing Boards 1984-85

	(a) R'000	(b) R'000
Potato Board	1 850	255
Dried Fruit Board	1 806	1 392
Dried Fruit Board	2 186	1 785

	(a) R'000	(b) R'000
Egg Board	7 662	5 502
Karakul Board	288	258
Cotton Board	1 182	720
Wheat Board	21 899	15 415
Lucerne Board	210	93
Maize Board	35 002	26 327
Oil Seeds Board	5 458	2 178
Banana Board	2 569	1 137
Canning Fruit Board	516	158
Rooibos Tea Control Board	3 255	2 412
Deciduous Fruit Board	17 761	8 111
Chicory Board	1 238	598
Citrus Board	12 460	6 687
Dairy Board	10 918	6 601
Mohair Board	1 143	757
Tobacco Board	1 320	763
Meat Board	34 913	21 753
Wool Board	24 900	20 500

THE STATE PRESIDENT.

(a) 200

(b) The former Leader of the Official Opposition in the House of Assembly and reporters who are holders of Parliamentary lobby tickets, as well as to Ministers, Embassies, Members of Parliament, Directors-General, of-ficals, private organisations, and members of the public on request.

(c) Since the transcript was an annexure to a press statement it was made available to any person on request.

(d) R300,00.

Q & A
 HAN SWARD 7/1/86
 565. Mr M A TARR asked the Minister of Agricultural Economics:

The above amounts include the boards' expenditure in respect of items such as product promotion, stabilisation, research and contributions to industry organisations. Direct operational expenses incurred in connection with the marketing of products, eg for storage, handling, treatment, processing, fungigation and shipping are not included. The difference between the amounts under (a) and (b) represents the administrative expenditure, which is the only real cost of the boards as such

(1) Whether, with reference to his reply to Question No 14 on 9 April 1985, the investigation by the National Marketing Council into the operation of the control boards has been completed; if not, why not; if so, what were the findings;

(2) whether the Council has submitted a report; if not, when it is anticipated that a report will be submitted; if so, what were the findings;

(3) whether he will make a statement on the matter?

THE MINISTER OF AGRICULTURAL ECONOMICS:

(1) No, owing to the extent of the investigation.

(2) The investigation into the Dairy and Cotton Schemes is completed and reports submitted. The remaining schemes are being investigated simultaneously by the National Marketing Council and it is expected that the investigation will be completed within the following twelve months.

The National Marketing Council has found that in respect of the Dairy

professionally managed business undertaking

and members of the Land Bank Board as nominees

- (4) No. The Electricity Act 1958 (No 40 of 1958) adequately provides for the auditing of Escom's accounts
- (5) As a result of decisions made by Escom's Management in September Escom's internal audit department is being restructured. The Staff of 45 includes 3 chartered accountants and 1 BCom Hons graduate who is at present studying for his CA qualification
- (6) No.

Land and Agricultural Bank

*29 Mr D J N MALCOMMESS asked the Minister of Finance.

- (1) Whether the Land and Agricultural Bank deals exclusively or predominantly with one company for mortgage insurance; if so, with what company,
- (2) whether he will furnish the names of the (a) shareholders and (b) directors of this company, if not, why not, if so, what are their names in each case,
- (3) whether the financial results of this company are published, if so, in what publications;
- (4) whether this company pays commission to agents; if so,
- (5) whether any such agents may be employees of this bank; if so, (a) why, (b) in terms of what statutory provision and (c) how many of these agents are in the employ of this bank?

†The MINISTER OF FINANCE.

- (1) Yes. The South African Mortgage Insurance Company Limited
- (2) Yes.
- (a) Land Bank as main shareholder

HQA

(b) The members of the working party are

Dr J B Z Louw
Mr E Osman
Mr P C Samuels
Prof N T van Loggerenberg
Mr J F Steyn
Mr J L Lemmer
Mr J D V Terblanche
Mr W A J van Niekerk
Mr C D Beukes
Mr R L Peteni
Mr L M Taunyane

- (2) Falls away.
- (3) Consideration will be given hereto after receipt of the report
- (4) Falls away

Individuals/organisations prohibited from being members
HANSARD 8/4/86 Q 934
31 Mr L M THEUNISSEN asked the Minister of Law and Order.†

- (1) Whether (a) certain individuals and (b) members of certain organizations are prohibited from being (i) members of the South African Police Force and (ii) South African Police reservists; if so,
- (2) (a) which (i) organizations and (ii) categories of individuals and (b) why in each case?

†The MINISTER OF LAW AND ORDER:

- (1) (a) (i) and (ii) Yes
(b) (i) and (ii) Yes
- (2) (a) and (b) (i) All organisations which have the use of violence and/or illegal actions as objectives
(ii) Those who do not comply with the by Regulation prescribed requirements

HQA

*32. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs.

- (1) Whether he has been informed of the contents of a report compiled by a certain firm of external auditors, the name of which has been furnished to the Minister's Department for the purpose of his reply; if not, what steps will he take to obtain this report, if so, what is the (a) purpose of the report and (b) name of the firm in question;
- (2) whether this report will be (a) published and/or (b) tabled in Parliament; if not, why not, if so, when;
- (3) whether he will make a statement on the matter?

The MINISTER OF MINERAL AND ENERGY AFFAIRS: Mr Speaker, this is a fairly lengthy reply, and with your permission I should like to lay it upon the Table. I should however like to invite the hon member, if there is any additional information he might require, to let me know because I shall gladly let him have it.

Mr B R BAMFORD: Mr Speaker, on a point of order. Would it not be more correct of the hon the Minister to ask the permission of the House to lay the reply to question upon the Table?

Mr SPEAKER: Yes, that is the correct procedure, and I am quite certain that the hon the Minister will adhere to that in future [Interjections.]

[Reply laid upon the Table with leave of the House.]

- (1) (a) and (b) Deloitte, Haskins & Sells Management Consultants (Pty) Ltd were commissioned by Escom during July 1985 to compile a report for submission to senior management on the functioning of the internal audit department
The gist of the report which was completed in September and sub-

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TUESDAY, 8 APRIL 1986

mitted to the Electricity Council centred on recommendations that many of the audit control functions currently undertaken by Escom's two firms of outside auditors, namely Aiken & Carter and Deloitte, Haskins & Sells, should in future be assumed by the internal department

At the start of each financial year, and by agreement between the external auditors and the internal audit department, various tasks are allocated to ensure that proper audit procedures are carried out during the year. The external auditors have in the past made their own staff available to assist the internal audit department in the carrying out of its previously agreed functions. However, it was recommended, and accepted by the Electricity Council and the Management Board, that Escom could make a considerable saving in audit fees if it assumed internal responsibility for carrying out additional functions. The internal audit department is therefore being restructured in order to take on the expanded tasks

In this regard, it is important to note a statement signed by the external auditors on March 18, 1986. The statement reads

"We, Aiken & Carter and Deloitte, Haskins & Sells, joint auditors of Escom have substantially completed our examination of the financial statement for the year ended 31 December 1985 and report that—

(1) We have examined the accounting records and internal control procedures to the extent we have considered necessary for the purpose of expressing an opinion on the financial statement

(ii) We have reviewed the work papers on the internal audit department and their reports to management

(iii) Accounting records have been adequately maintained.

(iv) Based on the work done we have no reason to believe that there has been a deterioration in internal and accounting control since 31 December 1984, and nothing has come to our attention that would preclude us from expressing an unqualified opinion on the financial statements for the year ended 31 December 1985."

It must be stressed that Escom itself requested the management consultants to compile the report as part of a wide range of initiatives undertaken by the new management team to place Escom on a sound business footing

It should be noted that an audit sub-committee of the Electricity Council and an internal audit sub-committee of the Management Board have been constituted. Regular reporting, by the external auditors to the council, and by internal audit to the management board, is being done

(2) No. This was purely an internal management report

(3) No

Escom

*33 Mr B B GOODALL asked the Minister of Mineral and Energy Affairs.

(1) What was the total value of Escom's fixed assets as at the latest specified date for which information is available;

(2) whether Escom keeps a register of fixed assets, if not, why not, if so,

(3) whether this register of fixed assets is kept up to date, if not, (a) why not and (b) what was the state of this register as at the latest specified date for which information is available,

TUESDAY, 8 APRIL 1986

(4) whether he will make a statement on the matter?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) Escom's fixed assets totalled R24 000 million on December 31, 1985.

(2) In terms of the Electricity Act Escom was divided into separate regional undertakings, each of which was required to keep its own set of accounts. Consequently, each undertaking also maintained its own assets register for assets under its control and these are kept up to date. Following the recommendations of the Commission of Enquiry into the Supply of Electricity in the Republic of South Africa, Escom now operates under a single licence and the previous undertakings no longer operate as separate licensed entities. A central asset register is therefore currently being compiled in order to reflect the changed circumstances

(3) The fixed asset registers are always kept up to date and reflect the true situation at any given time

(4) No.

Escom

*34. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs.

(1) Whether he has been informed of allegations made by a former manager of internal audit of Escom, whose name has been furnished to the Minister's Department for the purpose of his reply, concerning the quarterly accounts of that body for 1983 and 1984; if so, (a) what action has been taken as a result and (b) what is the name of this person; if not,

(2) whether he will take any steps to (a) inform himself of the contents of, and (b) investigate, these allegations; if not, why not, if so,

(3) whether he will publish the results of this investigation; if not, why not; if so, when;

(4) whether he will make a statement on the matter?

The MINISTER OF MINERAL AND ENERGY AFFAIRS (Reply laid upon the Table with leave of the House).

(1) Yes. Certain allegations were made by a former internal audit manager of Escom, Dr J J de Bruyn, in the form of an affidavit to the Industrial Court to support of his plea concerning unfair dismissal from Escom

Dr De Bruyn and Escom parted company as a result of a decision by the Security Police not to issue the required security clearance. Dr De Bruyn subsequently lodged the complaint and made various allegations to support his case that he had been dismissed because he had found Escom's books in an unsatisfactory state and that management was embarrassed by his reports to them.

Escom submitted a replying affidavit to the Industrial Court in response to which Dr De Bruyn withdrew his case from the Industrial Court although he applied for the appointment of a Reconciliation Board.

Dr De Bruyn's allegations stem from two reports. The first was compiled by the external auditors and related to a period up to 31 December 1984. At the request of the Management Board, this report was presented to the Electricity Council in August 1985. The Electricity Council was thus fully aware of the content of the report and the steps to be taken by the Management Board

The second report was compiled by the internal auditors for their monthly meeting with the Management Board. Far from being embarrassed by these reports, management welcomed them so that corrective action, where necessary, could be taken.

In so far as Dr De Bruyn's allegations concerning the state of Escom's books is concerned, the following

statement from the external auditors places the matter in its proper perspective

"We, Aiken + Carter and DeLotte, Haskins + Sells, joint auditors of Escom have substantially completed our examination of the financial statement for the year ended 31 December 1985 and report that

- (i) We have examined the accounting records and internal control procedures to the extent we have considered necessary for the purpose of expressing an opinion on the financial statement.
- (ii) We have reviewed the work papers on the internal audit department and their reports to management
- (iii) Accounting records have been adequately maintained
- (iv) Based on the work done we have no reason to believe that there has been a deterioration in internal and accounting control since 31 December 1984, and nothing has come to our attention that would preclude us from expressing an unqualified opinion on the financial statements for the year ended 31 December 1985"

Escom has compiled comprehensive answers to each and every allegation and shown them to be either untrue, incorrect, unjustified or out of context Escom's replying affidavit is available for perusal

- (2) and (3) Fall away
- (4) No

Escom

*35 Mr R R HULLLEY asked the Minister of Mineral and Energy Affairs.

- (1) Whether any steps have been or are

to be taken to privatise certain functions performed by Escom, if so, (a) what steps and (b) in respect of which functions,

- (2) whether he will make a statement on the matter?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) Escom's main activity is the generation of electricity and its distribution via its national, integrated network Consideration is not being given to the privatisation of this activity.

In terms of the new control and management structure of Escom, the Electricity Council is constituted mainly from members of the private sector including representatives from large consumers of electrical power such as the mining, industry, commerce, transport and the agricultural sector It is envisaged that this body will exercise effective control over the management of Escom and ensure that its business will be conducted in the most efficient manner

Regarding Escom's peripheral activities, there are certain aspects which could probably be conducted effectively by the private sector As these activities are identified they may be privatised While this is not a high priority for the current year, an inter-departmental task force of senior Escom employees has already been constituted to identify areas which could be considered for privatisation

- (2) No

Mr D J DALLING Mr Speaker, arising out of the hon the Minister's reply, why is the privatisation of individual power stations not being considered?

The MINISTER. Mr Speaker, it is not being considered because each of the individual power stations falls into a distribution grid, and it will be an almost impossible task to differentiate among the various grids However, when privatisation becomes a

priority and we look into it, this may also be considered if it is at all possible.

Mr B B GOODALL: Mr Speaker, further arising out of the hon the Minister's reply, has consideration been given to doing to Escom what was done to Sasol so that it is not necessarily privatised but one allows the public to own a portion of the equity in the undertaking?

The MINISTER Mr Speaker, I think the problem with the privatisation of Escom is that one will then have to guarantee certain dividends to shareholders Escom will therefore have to work on a profitable basis paying dividends to the shareholders, and that money will have to come from the consumer I think it will be unfair for the consumer to have to pay dividends to a few selected shareholders However, it is a possibility that could be investigated in the future

Mr H E J VAN RENSBURG. Would you like a preferential shareholding?

Own Affairs. X

State President: speech

*1. Mr E K MOORCROFT asked the Minister of Health Services and Welfare:

- (1) Whether any persons attached to his Department have been involved in the distribution of copies of the contents of the advertisement of the speech of the State President at the opening of the 1986 session of Parliament which appeared in certain newspapers during February 1986, if so, (a) to whom were these copies distributed, (b) when and (c) why,

- (2) whether he or any members of his Department received any instructions regarding the distribution of these copies; if so, (a) from whom, (b) what was the nature of the instructions and (c)(i) when and (ii) by whom were these instructions received, if not, who took the decision to distribute this advertisement,

- (3) whether he or any member of his De-

partment issued any instructions regarding the distribution of this advertisement; if so, (a) to whom, (b) what was the nature of the instructions, (c) when and (d) why;

- (4) whether he will make a statement on the matter?

The MINISTER OF HEALTH SERVICES AND WELFARE.

- (1) No
- (a), (b) and (c) Fall away.
- (2) No
- (a), (b) and (c) Fall away.
- (3) No.
- (a), (b), (c) and (d) Fall away
- (4) No.

*2 Mr P R ROGERS asked the Minister of Education and Culture.

Whether he is considering the opening of teacher training colleges for Whites to members of other population groups; if not, why not; if so, on what basis?

†The MINISTER OF EDUCATION AND CULTURE:

No, since education is, in terms of section 14 of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), an own affair at all levels

Mr K M ANDREW: Mr Speaker, arising out of the hon the Minister's reply, may I ask him in the light of that reply how it is possible that one can have multiracial education departments at universities?

†The MINISTER. Mr Speaker, in accordance with item 14 of Schedule 1 of the Constitution, it is possible to render services The rendering of services are carried out following negotiations between the various

†The MINISTER OF JUSTICE:

(1) The court falls within the areas of jurisdiction of the Kangwane Legislative Assembly Against this background I reply to the question as follows

(a) Mister G S R Engelbrecht, an official attached to the Department of Justice, but at the moment in the employment of the Kangwane Government as a seconded official

(b) to (4) Since the incident is being investigated by direction of the Chief Minister of the Kangwane Government, as well as by a senior officer of the South African Police, and occurred in a national state, it is not for me to consider whether the particulars asked for should be furnished

However, the question concerns a general principle of law, namely the status of our courts. The particulars requested may obviously be evidence which will have to be considered by a judicial institution if the events should come to be considered by such an institution; something which will probably happen I believe in the principle of the independence of our courts and adhere thereto in practice I trust that the hon member also believes therein and that he would not want to prejudice this principle—also not in the self-governing national states In view hereof I take the liberty of calling upon the hon member to leave events which ought to be judged by our courts, to those institutions I do not hereby imply that the hon member should not concern himself with the question whether justice will be done and for this reason I make a further appeal upon the hon member, namely that if the hon member himself have at his disposal first-hand evidence which

points at some offence or other, that he will direct it to the correct address.

Commission of Inquiry into the Promotion of Creative and Other Arts

*27 Mr B R BAMFORD asked the Minister of National Education

(1) Whether, with reference to his reply to Question No 38 on 19 February 1985, he has considered any other recommendations of the Commission of Inquiry into the Promotion of Creative and Other Arts, if not, why not; if so, which other recommendations,

(2) whether any steps have been taken to implement any of these recommendations; if not, why not, if so, (a) what steps and (b) with what result?

†The MINISTER OF EDUCATION AND DEVELOPMENT AID (for the Minister of National Education):

(1) Yes All the recommendations have been considered, except those concerning tax concessions for grants to the arts These recommendations have been referred to the Margo Commission.

(2) No. Final decisions on the recommendations have still to be taken

Q. Col. [Signature] Escom
 *28 Mr B B GOODALL asked the Minister of Mineral and Energy Affairs

(1) Whether he has been informed of the findings contained in a PhD thesis written by a senior accountant of Escom, whose name has been furnished to the Minister's Department for the purpose of his reply, concerning alleged financial mismanagement at Escom, if so, what is the name of this person;

(2) whether he has taken steps to acquire a copy of this thesis; if not, why not,

if so, (a) what steps, (b) when and (c) with what result,

(3) whether he has held an investigation into any allegations concerning Escom contained in this thesis, if not, (a) why not and (b) what action does he intend taking in this regard; if so, (i) when, (ii) who was in charge of this investigation and (iii) what were the findings in each case,

(4) whether any steps have been taken to make Escom subject to the control of the Auditor-General, if so, (a) what steps and (b) when; if not, why not;

(5) how many qualified chartered accountants were employed by Escom as at the latest specified date for which information is available,

(6) whether he will make a statement on the matter?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) Yes The author of the thesis is Mr Johan Schnetter. At the time of the writing of the thesis he was a principal accountant and has since been promoted to the post of Financial Accounting Manager.

(2) The thesis is presently classified but is at my disposal.

(3) The thesis was undertaken by Mr Schnetter with the knowledge and consent of Escom The thesis is an empirical study of financial reporting and management accounting practices Mr Schnetter limited his sources to various public documents, among them, Escom's published balance sheets from 1923 to 1982. These balance sheets are readily available to the public Escom at no time requested that the thesis be kept secret.

The balance sheets largely reflected Escom's accounting reports which

were prepared in such a way as to comply with requirements of the Electricity Act. Following publication of the report of the Commission of Enquiry into the Supply of Electricity in the Republic of South Africa in 1984 (the so-called De Villiers Commission) the manner in which transactions are reflected in the balance sheet has been under review. It is proposed to further amend the Electricity Act so that from 1987 it will be possible to prepare the balance sheet in accordance with modern accounting practices

The opinions expressed by Mr Schnetter had reference to an historical situation which has little bearing on Escom's current activities. In fact, Mr Schnetter has since expressed the opinion that amendments to the Electricity Act and steps currently being taken by Escom's new management are indeed the correct approach.

After a thorough review of Escom's activities the Escom management identified certain problem areas Of these priorities is the need for efficient planning budgetary control and management reporting systems As early as July 1985 initiatives were taken and strategies were set in motion to overcome weaknesses.

Thus, not only does the perspective at senior management level concur in many respects with Mr Schnetter's views but action had already been implemented prior to the submission of the thesis to redress certain issues Special task groups were formed for this purpose and their work is already well advanced Mr Schnetter is also fully involved in the steps being taken to achieve these objectives.

As far as Escom is concerned, Mr Schnetter is free to make the thesis available to anyone who would care to study the document, and any further constructive comment would be welcomed It is trusted that such comment should bear in mind Escom's historical situation and the current dramatic progress on a wide range of fronts to turn the organisation into a dynamic, efficient and

professionally managed business undertaking

and members of the Land Bank Board as nominees

- (4) No The Electricity Act 1958 (No 40 of 1958) adequately provides for the auditing of Escom's accounts
- (5) As a result of decisions made by Escom's Management in September Escom's internal audit department is being restructured The Staff of 45 includes 3 chartered accountants and 1 BCom Hons graduate who is at present studying for his CA qualification.
- (6) No

Land and Agricultural Bank

*29 Mr D J N MALCOMESS asked the Minister of Finance

- (1) Whether the Land and Agricultural Bank deals exclusively or predominantly with one company for mortgage insurance; if so, with what company;
- (2) whether he will furnish the names of the (a) shareholders and (b) directors of this company, if not, why not, if so, what are their names in each case,
- (3) whether the financial results of this company are published, if so, in what publications;
- (4) whether this company pays commission to agents, if so,
- (5) whether any such agents may be employees of this bank, if so, (a) why, (b) in terms of what statutory provision and (c) how many of these agents are in the employ of this bank?

†The MINISTER OF FINANCE:

- (1) Yes The South African Mortgage Insurance Company Limited
- (2) Yes
- (a) Land Bank as main shareholder

HoA

- (b) Mr J A Smit, Mr J S Hugo, Mr J H Fouche, Mr P B B Hugo and Mr J A Jooste
- (3) No
- (4) No
- (5) Falls away.

Central registrations body

*30 Mr R M BURROWS asked the Minister of National Education.

- (1) Whether, with reference to his reply to Question No 26 on 26 February 1985, the working party appointed to investigate the formulation of legislation for the establishment, constitution and functions of a central registration body for all categories of teaching staff up to secondary level, has completed its task, if not, why not; if so, (a) when did it submit its report and (b) who were the members of the working party,
- (2) whether this report is a public document; if not, why not,
- (3) whether he intends to introduce legislation on a single registering authority for teachers; if not, why not; if so, when,
- (4) whether all teacher organisations have taken a final viewpoint on the proposed structure of the registering authority; if so, what were the views of each such organisation?

The MINISTER OF EDUCATION AND DEVELOPMENT AID (for the Minister of National Education):

- (1) No. The working group could not yet succeed in formulating a final view on a registration body, including structures to be established
- (a) Falls away.

(b) The members of the working party are

- Dr J B Z Louw
- Mr E Osman
- Mr P C Samuels
- Prof N T van Loggerenberg
- Mr J F Steyn
- Mr J L Lemmer
- Mr J D V Terblanche
- Mr W A J van Niekerk
- Mr C D Beukes
- Mr R L Peteni
- Mr L M Taunyane

- (2) Falls away
- (3) Consideration will be given hereto after receipt of the report.
- (4) Falls away

Individuals/organisations prohibited from being members

- (1) Whether (a) certain individuals and (b) members of certain organisations are prohibited from being (i) members of the South African Police Force and (ii) South African Police reservists, if so,
- (2) (a) which (i) organisations and (ii) categories of individuals and (b) why in each case?

†The MINISTER OF LAW AND ORDER:

- (1) (a) (i) and (ii) Yes
- (b) (i) and (ii) Yes.
- (2) (a) and (b) (i) All organisations which have the use of violence and/or illegal actions as objectives
- (ii) Those who do not comply with the by Regulation prescribed requirements.

HoA

*32. Mr R R RHULLEY asked the Minister of Mineral and Energy Affairs.

- (1) Whether he has been informed of the contents of a report compiled by a certain firm of external auditors, the name of which has been furnished to the Minister's Department for the purpose of his reply, if not, what steps will he take to obtain this report, if so, what is the (a) purport of the report and (b) name of the firm in question,
- (2) whether this report will be (a) published and/or (b) tabled in Parliament; if not, why not; if so, when;
- (3) whether he will make a statement on the matter?

The MINISTER OF MINERAL AND ENERGY AFFAIRS: Mr Speaker, this is a fairly lengthy reply, and with your permission I should like to lay it upon the Table. I should however like to invite the hon member, if there is any additional information he might require, to let me know because I shall gladly let him have it.

Mr B R BAMFORD: Mr Speaker, on a point of order. Would it not be more correct of the hon the Minister to ask the permission of the House to lay the reply to question upon the Table?

Mr SPEAKER. Yes, that is the correct procedure, and I am quite certain that the hon the Minister will adhere to that in future [Interjections]

[Reply laid upon the Table with leave of the House.]

- (1) (a) and (b) Deloitte, Haskins & Sells Management Consultants (Pty) Ltd were commissioned by Escom during July 1985 to compile a report for submission to senior management on the functioning of the internal audit department. The gist of the report which was completed in September and sub-

Broke? SABC is awash with cash

STILES
13/4/86
260

THE SABC is pleading poverty — but the organisation is in fact awash with available cash.

This week it claimed in its annual report an operating loss last year of R27-million.

But the report does not record the R50-million worth of bought and stockpiled films as assets — the practice in British, European and American TV stations.

While the "cash-strapped" corporation claims it is struggling with losses, the annual report shows it has available cash and convertible resources of R216-million and a massive R323-million accumulated in profits.

At the same time the SABC is

By NEIL HOOPER

pushing ahead with a huge capital expansion project — much of it devoted to improving its already plush Auckland Park headquarters.

Films bought for SABC cost about R50-million a year

Higher costs

However they are not reported as assets, although most British, American and European television stations do so.

Instead the purchases are listed as programme expenditure during the financial year and so contribute to the total operating "loss" of the corporation.

Although the SABC report records

a loss of R27-million, it shows that the corporation's revenue increased by nearly R20-million in 1985, and that advertising increased by R13-million to R245-million.

Expenditure on the purchase and production of programmes did, however, leap by R24-million to R246-million.

In 1976 this bill amounted to R28-million, rising to R180-million in 1983, and R222-million in 1984.

While the SABC also made a loss in 1984 — a less impressive loss of only R1,59-million — the annual report shows that during 1985 the SABC spent no less than R82-million on capital expansion.

And the report indicates that fur-

ther capital expansions to the value of R130-million have been approved.

Of this amount, R64-million has already been contracted for, while the SABC Deputy Director-General in charge of finance, Mr Wynand Harmse, is on record as saying that about R100-million alone will be spent on capital projects this year.

If the SABC was listed on the Johannesburg Stock Exchange, this would place it among the top industrial spenders on capital expansion.

However, sources say that of the money earmarked for capital expansion, less than 30 percent will be spent on transmitters, while the bulk will go on expansion and revamping of the Auckland Park headquarters.

Tutu a risky favourite

THE result of tomorrow's elections for a new head of the Anglican church in South Africa could lead to alienation of black or white members.

It is an open secret that Bishop Desmond Tutu of Johannesburg and Bishop Michael Nuttall of Natal are the two front-runners.

Exodus

The favourites in 1981, they were pipped at the post by outsider Bishop Phillip Russell, the present incumbent.

Bishop Tutu, 54, is a vociferous opponent of apartheid and a man who openly advocates sanctions against South Africa. If he gets the nod,

By BENNIE VAN DELFT

there is bound to be a backlash of white conservatives within the church.

And with the threat of a white exodus from the church, enough voters might withhold their support for Bishop Tutu, thwarting his chances of obtaining the necessary two-thirds majority.

Bishop Nuttall, also a staunch opponent of apartheid, is more acceptable to white Anglicans. But he does not enjoy the same wide support among blacks that Bishop Tutu does.

"The whole issue is wide open and anything is possible," said a prominent mem-

ber of the Church of the Province of South Africa, who asked not to be named.

The 500-member Electoral College convenes in Cape Town tomorrow.

Outsiders

The two favourites will be without local support as the Electoral College consists overwhelmingly of people from the Cape Town diocese — the other dioceses provide less than 10 percent of the voters.

Other possible contenders are Archbishop K M Makhulu of Central Africa who is also Bishop of Botswana, and Bishop Bruce Evans of Port Elizabeth.

● The Church's stand on violence, its responsibility to oppressors and the oppressed, and its place in the liberation struggle will be discussed at a major South African Council of Churches' conference to be held in Johannesburg next week.

Bishop Tutu will open the four-day conference, which is to be attended by 100 delegates, including representatives of the National Education Crisis Committee and trade unions.

One left...

AN official at the Medical University of Southern Africa announced yesterday that Mr Darryl Wilke, one of the two white students whose presence on the campus triggered a student boycott of classes, has withdrawn his registration. But the remaining white student, Mr Pieter Kruger, will continue his studies at Medunsa.

Concern over 'military' bureau

By MAX DU PREEZ and NORMAN WEST
CONTROVERSY about the appointment of senior Defence Force and police officers coloured the launching of the revamped Bureau for Information this week.

Major-General Tienie Groenewald of the SADF has been appointed chief director (planning) and Brigadier Leon Mellet of the police is the new director (internal media liaison).

There is concern in parliamentary circles — as well as inside the bureau itself — at what some see as the encroachment of the military into what is primarily a civilian matter.

According to the Deputy Information Min-

ister, Mr Louis Nel, the primary objective of the new bureau "is to promote effective communication between the Government and the people of the RSA".

A senior public servant told the Sunday Times this week: "On the surface, the bureau looks more like the propaganda arm of the State Security Council. Perhaps it is."

But there is also a suggestion that Brigadier Mellet's appointment involved some form of trade-off with the police, and resulted from the Government's concern over the SAP's bad image with the public.

Deputy Minister Nel said this week the new bureau would be a multiracial organisation, with top positions staffed by suitable qualified appointees of all races.

The capital projects presently underway include:

● A multi-million rand Programme and News "facility centre" and office block now under construction at Auckland Park.

● A "futuristic" drive-in entrance, foyer and reception area presently being added to the Piet Meyer Building at Broadcast Centre.

● Multi-million rand building projects in Cape Town and Pretoria.

● Leasing capacity on an INTELSAT satellite for distributing radio and television signals.

● The erection of several new transmitters.

The SABC is asking for an increase in television licence fees, which presently stands at R46,20 and contributes only 22 percent of the corporation's total income.

Inexpensive?

It points out that in Italy licence fees represent 64 percent of broadcasting income; in Britain, 42 percent; Austria, 60 percent; West Germany and France, about 75 percent; the Netherlands, 70 percent; Switzerland, 76 percent; Belgium, about 90 percent; and Norway, Sweden and Denmark, 100 percent.

It is understood that this year the Director-General, Mr Riaan Eksteen has asked the Government to approve an increase in licence fees in view of the poor operating results in 1985.

And this seems likely to be granted.



The DEPUTY MINISTER OF INFORMATION:

- (1) The Bureau for Information was responsible for the compilation and distribution of the mentioned booklet. It need be mentioned that the booklet does not contain a reprint of the advertisement as referred to in the question
- (a) "A New Beginning"
- (b) 14 pages
- (c) Bureau for Information
- (d) Perskor, Johannesburg, on behalf of the Government Printer, Pretoria
- (e) 45 700 English and 18 500 Afrikaans copies
- (f) Copies were made available to the Bureau's regional offices for selective distribution as well as the Department of Foreign Affairs for distribution abroad
- (g) The booklet was compiled and distributed as part of the Bureau's task to make important policy statements of the Government public.
- (h) Total printing cost of the booklet was R16 828,62. Cost of distribution is difficult to determine as railway cost incurred to transport copies to regional offices is not available as yet and since regional offices are still distributing copies

(2) No tenders were invited for the printing of the booklet. Printing was commissioned by the Government Printer in terms of Tender Board Exemption SDK 77.

Handwritten: HRN 11/11/86 Escom 11/11/86
758. Mr P G SOAL asked the Minister of Mineral and Energy Affairs.

The MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) Who were the members of the Management Board of Escom as at the latest specified date for which information is available,
- (2) whether persons appointed to this Management Board are required to have any special qualifications in regard to the supply of electricity, if not, why not; if so, what special qualifications does each of the present members of the said board possess?

The Escom Management Board as appointed on 24 June 1985 by the Electricity Council is as follows:

- I C McRae, Pr Eng, BSc (Eng) (Rand) Senior General Manager and Chairman of the Management Board
- J L Rothman, Pr Eng, BSc (Eng) (US) Assistant Senior General Manager and General Manager Distribution
- L C Harper, B Com.Hons (SA) MBA (Alabama) General Manager Finance
- F J W Barnard, Pr. Eng., BSc (Eng) (US) MBL (SA) General Manager Resources Services
- P J T Oosthuizen, BA LLB (UOVS) General Manager Strategic Services
- E H Ralph, Pr. Eng., BSc (Eng) (Natal) General Manager: Engineering
- R A Forbes, Pr. Eng, BSc (Eng) (Rand), MBL (SA) General Manager Power Marketing
- J S Els, Pr Eng, BSc (Eng) (US), BSc Hons (SA) GDI (Rand) General Manager Operations
- H Edeling, Pr Eng, BSc (Eng)

(Rand) General Manager: Generation

- (2) Members of the Management Board are persons who are conversant with the Escom's activities and have over the years proved that they possess the necessary management abilities and leadership qualities. The academic qualifications of the present members of the Management Board are stated above

Supplementary reply to Question 18 on Tuesday, 11 February 1986, put by Mr P G Soal (col 50).

Handwritten: HRN 16/4/86 1170
18. Mr P G SOAL asked the Minister of Home Affairs:

How many voters were registered in (a) each constituency, (b) each province and (c) the Republic as at 31 December 1985?

(a), (b) and (c) See annexures A, B and C

ANNEXURE A

HOUSE OF ASSEMBLY

PROVINCE OF THE CAPE OF GOOD HOPE

Constituency	Number of Voters
Albany	15 995
Algoa	18 441
Alwal	10 797
Beaufort-West	9 721
Bellville	15 262
Caledon	13 001
Cape Town Gardens	16 553
Ceres	10 366
Claremont	16 867
Constantia	19 121
Craddock	10 538
De Aar	10 266
De Kuilen	19 217
Durbanville	20 475
East London City	16 814
East London North	16 967
False Bay	16 787
George	17 838
Gordonia	10 918
Graaff-Reinet	9 830
Green Point	13 689
Groote Schuur	15 824
Helderberg	19 628
Humansdorp	15 353
Kimberley-North	14 7
Kimberley-South	15

Whether, with reference to the reply of the Minister of Co-operation, Development and Education to Question No 166 on 4 March 1985, he or any member of his Department has consulted with the residents of Mottlata concerning (a) a date for their removal and (b) the possibility of adding 800 hectares to the compensatory land; if not, (i) why not and (ii) when will they be consulted; if so, (aa) when, (bb) what was the outcome of the consultations and (cc) when are they to be moved?

The MINISTER OF EDUCATION AND DEVELOPMENT AID

(a) No.

(b) Yes

(i) and (ii) Fall away.

(aa) 17 September 1985 and 14 March 1986.

(bb) Negotiations with the tribe regarding compensatory land is in progress. Land in the Setlagoli area has been offered and the tribe has been invited to inspect it. The reply of the tribe is still awaited

(cc) A date will be determined depending on the result of

17/10/85.
Koeberg.
first
the good
nudes 260

PARLIAMENT — A bather on Cape Town's nudist beach, Sandy Bay, would have have been subjected to hundreds of times more radiation in 1985 than if he had stood naked at the boundary of the Koeberg nuclear power station

Even if he did so for 12 months, living off food exposed to the maximum radiation emitted there

This claim was made yesterday in a written reply from the Minister of Mineral and Energy Affairs, Mr Danie Steyn, to a question from Mr Brian Goodall (PFP Edenvale)

The Minister said that in 1985, the maximum potential radiation dose from Koeberg was 0,5 millirem (mrem)

GRANITE OUTCROPS

"This means that if a person were to have stood at the Koeberg boundary fence for the whole of 1985 — naked and with no shelter — living off food exposed to the maximum radiation emitted from Koeberg last year, and eating sea-food caught in the power-station outfall, he would have been subjected to an additional 0,5 mrem of radiation," Mr Steyn said

"This exposure should be compared with the 240 mrem a year a person would receive naturally on the beaches of Camps Bay, Clifton and Sandy Bay, due to the proximity of granite outcrops, or the 190 mrem a year in Johannesburg, increasing to 500 mrems a year in the proximity of certain mine dumps"

Abortive trip: Boesak returns

The Rev Allan Boesak returned from an abortive trip to Taiwan yesterday, saying that the South African authorities' refusal to grant him a passport made it impossible for him to do his church work.

Dr Boesak, president of the World Alliance of Reformed Churches, was only able to travel on a travel document valid for two weeks after his passport was withdrawn.

He told reporters at Jan Smuts Airport

he had had to cut short his trip in Bangkok because he found his travel document was not valid for Taiwan.

"It was a waste of time," Dr Boesak said of his trip. "But it's taught me something; it's hopeless to do my work with this stupid travel document."

Dr Boesak had with him a black baby from Mauritius he was bringing to South Africa for an operation. — Sapa-Reuter.

Equity ban, SABC loss a double blow for SA

By Ian Gray

The outlook for entertainment in South Africa looks bleak after two crunching body blows

The first was the announcement last night that the British actors' organisation, Equity, has backed a total ban on the country's actors performing in South Africa, and the second was the news that SABC suffered an operating loss of more than R27 million last year

SABC chairman Dr Brand Fourie said this was "a dramatic reversal over a number of financially successful years"

The Equity move was followed by the angry resignation of its president, Mr Derek Bond, who has always believed in "building bridges" with South African theatre rather than isolating it

In his first annual report, tabled in Parliament yesterday, Dr Fourie ascribed the corporation's loss to several factors

- Advertising revenue, the main source of income, increased by only 5,4 percent over 1984

- Licence fees showed a "small increase"

- Accrued interest dropped by 11 percent (R4 million) because of a decrease in funds

- Operational spending showed a marked increase

- The exchange rate had a "marked effect" on expenditure, because most technical spares and equipment are bought abroad

- Local expenditure increased because of inflation

Dr Fourie said that operational costs might have been even higher had it not been for the SABC's rationalisation programme "The fact that operational expenditure (R409 million against an income of R389 million) exceeded the 1984 figure by only 12 percent can be regarded as an achievement"

- The Star Bureau in London reports that Mr Bond slammed as "apathetic" the 90 percent of members who failed to vote in the Equity referendum which backed the ban

It backs a compulsory ban on performances and the sale to South Africa of any TV, radio, video or film material involving Equity members

Lamenting Equity's stand, Dr Mike Leighton, cultural counsellor at the South African Embassy in London, said. "This is a sad day" But he added "It will encourage our own artists to work harder and improve their productions"

FIN MAIL 25/4/86

SABC REPORT

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Strange accounting

The annual report of the South African Broadcasting Corporation would get nowhere in the *FM* Annual Report Contest, and is unusual even by the standards of parastatals. It contains only a skeletal statement of accounting policies and no cash flow statement — regarded these days by financial analysts as an essential adjunct to a profit and loss account.

For example, there is no detailed explanation of how fixed assets are depreciated, nor of how amounts are expensed or capitalised. As Prof W D Hamman of the Stellenbosch Graduate School of Business puts it: "One must come to the conclusion that the surplus or deficit figure of the SABC is largely undefined. Put in another way, one might even be tempted to regard the SABC's income or deficit figure with the traditional pinch of salt."

One of the biggest anomalies is the cost of programmes. Whereas most TV and radio stations around the world show un-broadcast programmes as an asset, and only charge their cost in the year of use (in line with the generally accepted matching concept of accounting), the SABC writes off all programmes in the year of manufacture or purchase.

Considering that it has been estimated that the SABC spends anything up to R50m a year on programme purchases, and is also believed to have built up a substantial stockpile as protection against boycotts, this could represent a major hidden asset which has already been charged to the accounts.

While, in his report, director general Riaan Eksteen stresses the difficult times the SABC is experiencing, and the need for "further cuts in expenditure and greater self-discipline," the report does not suggest that efforts in these areas to date have met with much success. While lay-offs have been much publicised, the staff complement only fell 305 last year, to 6 728 — a reduction of only 4,3%. Total expenditure rose from R366m to R409m.

The SABC is also ploughing ahead with a massive capital expenditure programme. Since 1981, the cost of fixed assets has risen from R282m to R476m, with R82m being added last year alone. While cash and near-cash balances have been run down, they still stand at R216m, a remarkable 37% of all assets. Long-term liabilities have also been falling, so this massive capex has all been financed internally — as Hamman says, "indeed a remarkable performance."

The SABC has the lowest debt:ratio of all SA parastatals

Year-end capital commitments remained R130m — a staggering amount for an organisation pleading poverty. Of this, R100m is planned to be spent this year.

On balance, the accounts appear to be presented in a manner which heightens the SABC's financial strains as much as possi-

ble. While it has been hit by the squeeze on adspend, and it is also true that licence revenue as a percentage of total income is much lower than in many countries (22%, against 42% in Britain — where the BBC carries no ads — 64% in Italy, and even more in most European countries), the accounts hardly portray an organisation suffering as much as most private sector bodies — which have to cut their coat according to their cloth. ■

ARGUS 25/11/86 (260)

SABC ditches epilogue over a prayer for Tutu

The Argus Correspondent
JOHANNESBURG. — The SABC has axed an epilogue featuring a prayer for Bishop Desmond Tutu.

The SABC has also banned its 12 fulltime ministers from officiating in religious TV services.

The prayer for Bishop Tutu, the Nobel Peace Prize winner, was on a pre-recorded TV epilogue intended for broadcast last Tuesday by the Rev Sandy Gilfillan.

Each Tuesday is dedicated to topical matters and the prayer was included by Mr Gilfillan following the bishop's election as head of the Anglican Church the day before.

Mr Gilfillan is a Baptist. He has worked fulltime for the SABC for more than two years.

Mr Bill Chalmers, manager of TV1 religion programmes, objected to one line in the prayer for the bishop. Mr Gilfillan refused to make changes and left the



Mr Bill Chalmers

mittee a copy of the prayer instead. A spokesman for the SABC, Mr Leon Shirley, said the advisory committee had not found any part of the prayer offensive.

On Monday Mr Gilfillan was told that the 12 fulltime ministers employed by the SABC may no longer officiate in religious services or do freelance TV work.

Normally the ministers do radio work and occasionally freelance TV work. Mr Gilfillan has done regular freelance work.

Mr Shirley said Mr Gilfillan had been asked to change a line which "might have given offence in terms of the SABC's religious code".

The epilogue was replaced.

CRITICISED

Mr Chalmers has in the past publicly criticised Bishop Tutu's views.

Asked to comment, Bishop Tutu said: "I think they are so silly. It is sad in many ways. Bill Chalmers was an Anglican, you know. I pray that God will bless him."

Mr Gilfillan requested a tape of the epilogue to present at a meeting of the SABC's religious advisory committee yesterday, but this was refused. He gave members of the com-

SA faces severe skills shortage

South Africa was facing a severe skills shortage, Escom chairman Mr John Maree said in the Johannesburg City Hall last night

Mr Maree told 1200 people at the Technikon Witwatersrand diploma ceremony that "No matter which way one views the education and manpower resources in this country, those resources are unlikely to be adequate, in the coming decade, to educate and train the population to anywhere near its full potential"

Mr Maree said that because of that problem, careful consideration had to be given to the education offered to youth and emphasis had to be placed on the natural and technical sciences

He said "It is necessary that the number of students in the humanities be limited and the number in the natural sciences be increased.

STDP 11/5/80 260
"This is necessary because our economic future depends on the production of raw materials, its refinement, its manufacture of finished goods, and the marketing of those finished goods"

The skills to accomplish those jobs were of paramount importance

Mr Maree said that bursaries and loans would have to be offered to attract students to high priority courses

The country would not be able to finance students for low priority courses.

Mr Maree said it was important to create as many jobs as possible because unemployment created instability

The consequences of instability "have been dramatically evident here in the past few months".

Mossel Bay contract is still not wrapped up

1/5/86 BUS DAY - 260
FINAL negotiations for the offshore design contract of the R5bn Mossel Bay fuel-from-gas project are still taking place

Soekor and EMSO — the company responsible for the offshore feasibility study — are currently discussing clauses in the offshore conceptual design contract, says Soekor PRO Mike Lybrandt

Despite some public confusion, the management contract for this first phase of the R5bn fuel project has not been awarded. This will only be done once details of the contract have been finalised

Government estimates say the off-shore development will cost almost R2,3bn — R21,2m of which will

CHERILYN IRETON

be spent during 1986

However, further progress will depend on how soon the initial contract for the R2,3bn offshore development can be finalised

EMSO, a company jointly owned by EMS and Crawford Russel, is the frontrunner for this first contract

Industry officials are tipping Bateman Foster Wheeler, a joint venture between E.L. Bateman and American company Foster Wheeler, for the onshore contract

Tenders, however, are not yet open for this section, which will include the processing plant.

~~FIN HAN~~
ESCOM

2/5/86

260

ES

Current savings

Escom has found a way to earn an extra R40m a year from the sale of surplus electricity supplies. At the same time, the scheme has saved millions of rands for SA's major cities.

The municipalities of Johannesburg, Bloemfontein, Pretoria, Port Elizabeth and Cape Town have been receiving cut-price electricity from Escom during the summer months. But full charges will be paid for the three winter months from June to August, when some of their own generating capacity will augment Escom's supply.

Slower electricity consumption growth in recent years has meant that some of Escom's established plants have been inefficiently used. The cut-rate scheme was introduced to enable the corporation to utilise more fully its base-load power stations. Savings have been passed on to municipalities, hopefully leading to greater power consumption.

The municipalities' total electricity bills for the year have been based on the higher demand recorded during the winter months. "The new scheme means that we pay a very low price during summer and a higher price during the winter, when our own power augments the Escom supply. It's a kind of off-peak tariff rate," explains Cape Town city electrical engineer Dennis Palser.

Palser says the scheme has worked very well. "When we come to raising the electricity tariff, as we must in the near future, the increase will be 5% lower than it would have been if Escom had not introduced this scheme."

Benefit customers

Escom customer services manager Robert Reilly says the scheme was introduced "to help keep the price of electricity down, to the benefit of Escom and municipality customers."

Palser sees the scheme as "a clever inducement to sell more energy. It encourages consumption because of the cheaper rates."

However, the extra supply has not led to a total shut-down of power generation by the municipalities. "We could not have introduced this system if they did not have their own generating capacity," says Reilly. "Our intention is to increase sales of electricity,

not revenue

"The cities' own generating capacity has not been sufficient to meet demand for some years now," he adds. But Escom is not prepared to be the sole source of municipal power.

Reilly says it amounts to a mutual standby arrangement, with municipalities obliged to maintain their own equipment to be able to cater for emergencies and to provide part of their own needs during winter.

But Cape Town, which had a thermal power station, as well as a hydro-electric station and two gas turbines, has been able to shut down its thermal station altogether.

It seems the scheme will be reinstated next September. Palser certainly hopes so. "Escom," he says, "is to be commended for introducing the system. Cape Town has saved millions of rands in the course of the year."

STAMP 3516 260

SABC does not deny privatisation talk

The corridors of the SABC are crackling with speculation that Teledata, TV4 and certain radio stations — in particular Radio 5, Radio South Africa and Radio Suid-Afrika — might be handed over to private enterprise.

Yesterday, no one in authority would deny or confirm the rumours. It has been mooted that the SABC is interested only in retaining control of TV1, TV2 and TV3, which allows the corporation a station in each language.

The Minister of Foreign Affairs, Mr Pik Botha, would neither deny nor confirm speculation and referred all inquiries to the SABC.

An SABC media spokesman said that no specific decisions had yet been taken by the corporation regarding privatisation of some of its services.

ELECTRICITY prices in South Africa showed a massive average increase of 19,7% for the year ended March 31.

That is according to the latest survey conducted by the National Utility Services (NUS), the international energy and fuel consultants.

The increase is nearly four times higher than the next highest percentage of 5,3% in Sweden, which led the tables in percentage increases the previous year.

Last year's 9% increase and this year's jump — predicted by NUS — stems directly from Escom's new financial planning.

"Although Escom have little choice but to pass on their own increased costs, consumers should surely expect some stabilisation of tariff prices in order that they, in turn, can play their part in reducing the inflationary spiral," said Peter Cornelius of NUS South Africa.

Electricity costs soaring survey

Of the 12 Western countries included in the NUS survey, only five countries — South Africa, West Germany, Sweden, Britain and the US — experienced average increases.

In the others, there was an actual reduction.

The Netherlands took the bouquet with a 22,5% reduction from 12,98c to 10,06c.

Despite the heavy increases, South Africa still maintained the lowest unweighted average of all the 12 countries.

The average of the four major cities, Cape Town, Durban, Johannesburg and Pretoria, at prices

ruling on April 1 this year, was 5,81c.

The NUS survey, based on customer size of 1 000Kw and 450 000Kw a month, shows that Pretoria, at 4,67c, is still the lowest non-hydro supplier in the world and is second only to Manitoba Hydro in Canada at 4,39c.

Cape Town is the highest in South Africa at 7,73c, with Durban second at 6,39c. — Sapa

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BUS DAY

6/5/86

260

Peak loads issue must be faced

THE problem of peak loads in municipal electricity distribution would have to be faced, Minister of Mineral and Energy Affairs Dame Steyn said yesterday.

Replying to the Second Reading debate on the Electricity Amendment Bill, he said Escom invested "thousands of millions of rands" in power stations to increase generating capacity.

However, the problem of peak demand loads from municipalities would have to be addressed. SA could not afford to build power stations which were needed for up to three hours daily.

"If we can curtail peak load by 10%, we can save ourselves a power station," he said.

Steyn said a positive aspect of the Bill was that Escom would, in future, have to declare a profit or loss instead of disguising results by "clever accounting".

He said the Bill provided that the Electricity Control Board would be a forum for objections to Escom's schedule of standard prices — Sapa.

ing this action and (c) what were the results;

- (6) whether any member of the South African Police has received any representations regarding Lawaakamp in 1986, if so, (a) when, (b) from whom and (c) what was the (i) nature, of each representation and (ii) response thereto?

†The MINISTER OF LAW AND ORDER

- (1) Yes
- (a) 05h30 until 12h00
- (b) To trace suspected criminals
- (c) A Major in the South African Police

- (2) Yes
- (a) To cordon off the township
- (b) The Divisional Commissioner
- (c) An infantry division of the South African Defence Force

- (3) Yes
- (a) 33 persons

- (b) and (c) Assault with intent to do grievous bodily harm, Vehicle theft; Arson, Malicious injury to property; Public violence; Robbery, Resisting arrest, Riotous conduct; Sabotage

- (4) Yes, 12 persons
- (5) Yes.

- (a) Road barricades were removed and the inhabitants were informed of the purpose of the police action

(b) To obtain the cooperation and goodwill of the inhabitants

(c) The inhabitants gave their cooperation

- (6) Yes

(a) During February 1986 and on 8 April 1986

(b) I do not deem it in the public interest to furnish this information

(c) (i) All the representations concerned complaints of intimidation, threats of violence, malicious injury to property and stock theft, which were initiated from Lawaakamp

(ii) The South African Police as a result of the representations took the necessary steps on 22 April 1986, through which law and order were restored in the area

Talks with Jacques Chirac
25/5/86
*25 The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Foreign Affairs

(1) Whether any official of any Government Department held talks with any member of the government of Prime Minister Jacques Chirac of France in 1986, if so, (a) what is the name of the official concerned, (b) in what Government Department is he employed, (c) what position does he hold, (d)(i) when and (ii) where did these talks take place and (e) what was discussed,

(2) whether any agreements were reached between the two governments; if so, what agreements;

(3) whether he will make a statement on the matter?

The MINISTER OF FOREIGN AFFAIRS:

- (1) Yes.

(a) Mr A L Manley in addition to contact between the South African Ambassador in Paris and his staff, and the French Government

(b) Department of Foreign Affairs

(c) Deputy-Director, Office of the Minister of Foreign Affairs.

(d) (i) 16, 17, and 18 April 1986

(ii) Paris.

(e) The reform programme of the South African Government, bilateral issues and matters of common concern were discussed

- (2) No

- (3) No

Talks on nuclear energy
26/5/86
*26 The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Foreign Affairs

(1) Whether he recently held talks on nuclear energy with representatives of any foreign governments, if so, (a) on what date or dates, (b) with representatives of which government or governments, (c) what are the names of these representatives, (d) what positions do they hold and (e) what issues were discussed,

(2) whether any members or representatives of any other South African Government Departments were present at these talks; if so, (a) of which De-

partments, (b) what are the names of these persons and (c) what positions do they hold within each of the Departments concerned,

(3) whether any agreements were reached regarding (a) nuclear energy and/or (b) any other related matters; if so, (i) on what specified matters were agreements reached and (ii) what was the nature of these agreements in each case?

†The MINISTER OF FOREIGN AFFAIRS

- (1) Yes

(a) 19 March and 21 April 1986

(b) The Government of the United States of America

(c) and (d) For the discussions on nuclear energy matters the United States delegation was led on both occasions by Ambassador Richard Kennedy, Ambassador at large for Non-Proliferation and Nuclear Energy Affairs, assisted on 19 March 1986 by Mr Frank Wisner, Deputy Assistant Secretary of State for African Affairs and on 21 April 1986 by Dr Chester Crocker, Assistant Secretary of State for African Affairs. I do not feel at liberty to release the names of the other members of the United States delegation

(e) Matters relating to the International Atomic Energy Agency (IAEA) and the Treaty on the Non-Proliferation of Nuclear Weapons

(2) Yes (a), (b) and (c) The full South African delegation at the talks was as follows

On 19 March 1986
Mr R F Botha Minister of Foreign Affairs (Leader)
Mr D W Steyn Minister of Mineral and Energy Affairs
Dr W de Villiers Executive Chairman, Atomic Energy Corporation

Escom in stronger financial position — Maree

JOHANNESBURG — With a much improved cash flow and severe pruning of expenditure budgets, Escom's financial position is considerably stronger than it has been for a number of years, even in the absence of new foreign loans, the chairman, John Maree, said at a press conference yesterday.

He said Escom's revenue from electricity sales increased by 20,7% from R3 832m to R4 624m in 1985.

Volume

The increase resulted from a higher volume of electricity sales and from tariff increases.

Volume increased by 5,1% over the year before, netting R193m in additional revenue.

Two tariff increases last year produced additional revenue of R600m, which, added 15,7% to 1984 revenue.

Charges against revenue increased by 12,9% to R4 585m, primarily as a result of higher generating costs and sharply higher costs of servicing debt.

The net increase in generation, operating costs was 11,5%, which was well below the rate of inflation as measured by the production price index.

"One of the first steps taken by the new management team last year was the introduction of a disciplined and comprehensive programme to manage controllable costs," Maree said.

With loan redemption accounting for 8,1% of total costs, Escom's debt servicing costs now represent half of total

costs, compared with less than a third in 1980.

"Escom's contributions to its statutory funds have been a contentious subject, particularly the capital development fund used to finance capital expansion and the replacement of assets taken out of service," said Ian McRae, senior GM and chairman of Escom's management board.

"We intend to eliminate the capital development fund, so no contribution was made in 1985.

"However, before that change can be effected, the Electricity Act has to be amended."

The contribution to funds dropped to 3,3% of total charges against revenue, which enabled Escom to produce a net operating surplus for the first time since 1979.

Surplus

The operating surplus was applied in reducing the corporation's accumulated deficit.

The liquidation of this deficit, together with an improved ratio of funds generated internally to borrowed funds, is needed to meet lender expectations.

In 1985, Escom's net expenditure on fixed assets amounted to R4 757m, increasing fixed assets investment to R23 969m at year-end.

Net expenditure on fixed assets amounted to more than 86% of the application of funds last year. But only 27% compared with 31% in 1984.

Of the total application of funds was generated internally.

A reversal of this trend is a major priority for Escom — Sapa.

PARLIAMENT

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SABC 'reason for concern'

THE future financial prospects of the SABC were poor and there was sufficient reason for concern over its future financing, a report tabled in Parliament yesterday claims.

The report, *The SABC's financial position and accounting policy in perspective*, coincides with the debate on the Foreign Affairs and Information budget vote under which the SABC falls.

It was compiled by the SABC in response to criticism of its financial position and of its annual report which was tabled in Parliament in April.

The report, in answering the criticism, said the SABC had amassed cash funds in the years before TV2 and TV3 to accumulate reserves in anticipation of

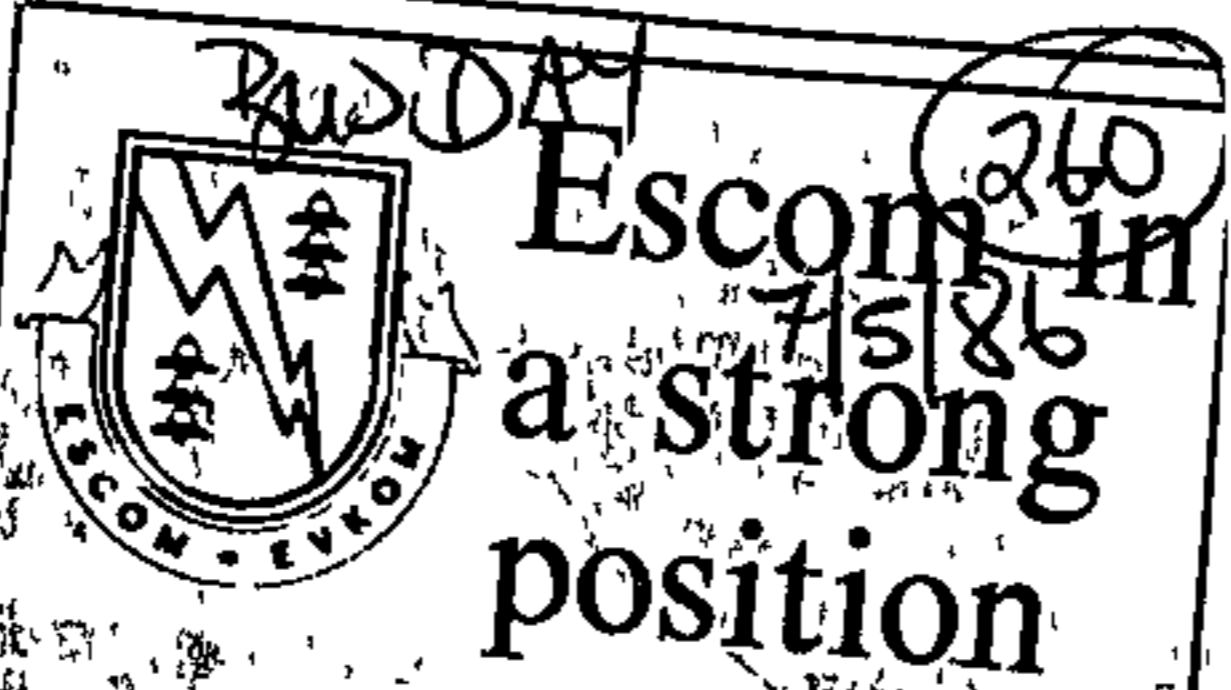
these services which for many years could not be self-financing.

"It must be clearly stated that the SABC is not trying to create an impression of poverty.

"That the SABC sees danger signs on the road ahead is true. For 1985 and 1986 the SABC reports relatively large operating losses and future prospects are poor.

"There is thus sufficient reason for concern regarding the future financing of the SABC," the report says

"The SABC will in future have to borrow for its capital needs. Depreciation will finance roughly 50% of the known capital requirements." — Sapa.



Escom in a strong position

MICK COLLINS

ESCOM's tariff hikes last year netted the corporation an additional R600m in revenue, says chairman John Maree. Presenting Escom's annual report at a Press conference in Johannesburg yesterday, Maree said a much-improved cash flow, coupled with severe pruning of expenditure, put the corporation in the strongest financial position it has been for years.

Revenue from sales increased by 20,7% from R3,832bn in 1984 to R4,624bn in 1985. The increase resulted from tariff increases and a higher volume of electricity sales.

Volume increased by 5,1% or 5 402-million kWh over the year before, netting R193m in additional revenue.

Maree said debt-servicing charges were the major cost over which the corporation had little control — loan charges rose by 46,4% last year because of high interest rates.

He added that the staff complement at the corporation's headquarters at Megawatt Park, Sandton, would be reduced gradually from 3 000 to 1 000 by moving out non-headquarters personnel such as the engineering departments.

Escom plans to raise R3,35bn from local capital and money markets this year, down from R3,56bn in 1985.

In a memorandum attached to the report, it says the financing plan for the current year includes only R300m of previously-arranged import-financing facilities tied to the import of capital equipment.

Escom obtained R1,26bn from abroad last year, R1,11bn of it before the debt standstill.

● See Page 4

Parliament and Politics

Dalling slams 'docile' SABC

HOUSE OF ASSEMBLY. — Although there had been improvements in the SABC as far as the content of its political programmes was concerned all was not yet perfect, Mr Dave Dalling (PFP Sandton) said here yesterday

In the debate on the Foreign Affairs budget, Mr Dalling said "The SABC still seems to believe full debate on current issues between political figures holding diametrically opposed views should be avoided on television.

'Fawning'

"Furthermore, too often interviews, particularly with ministers, remain docile and fawning, with the obviously compliant interviewer nodding his head as answers are given to friendly questions"

Also, when controversial subjects were discussed, the panel of experts selected represented a very narrow spectrum of opinion.

Mr Dalling said interviews were used too often as propaganda platforms by cabinet ministers, with the SABC's connivance

'Less aware'

He understood that the SABC would wish to help end violence, and would not want to broadcast material which might instigate or propagate further violence, but "its general playing down of violence in the townships, except when it suits its book to do so, is largely counterproductive"

It was counterproductive because the average white South African was less informed than he should be, less aware of what was happening in

the country, and less able to understand the issues and make rational judgments

Mr Dalling said the SABC's policy of managing resulted in it losing almost all its credibility and most of its goodwill among the black com-



munity, which boded ill for the corporation's future in the fast-approaching new non-racial South Africa

• The Minister of Foreign Affairs, Mr Pik Botha, should put the SABC's house in order, "even if favoured heads have to roll", said Mr Brian Page (NRP Umhlanga)

There were "too many politically motivated fingers in the pie"

• The Minister of Foreign Affairs had no other choice but to call in the Advocate General to clear the air and restore the reputations of innocent people at the SABC, said Mr Koos van der Merwe (CP Jeppe)

He said the government was "hopelessly underestimating" white resistance to the political bias of the SABC

There had, he said, even been talk of demonstrations about this

The visit of the CP leader, Dr Andries Treurnicht, to the Chief Minister of KwaZulu on Monday had been a newsworthy event and

an attempt to promote better human relations.

However, it had not featured on the late TV news on Monday night, nor had he heard mention of it on the radio yesterday morning

The minister was using the SABC as his personal propaganda machine, he charged

• In reply, Mr Pik Botha invited members of the opposition parties to present their criticisms to the chairman of the SABC Board, Mr. Riaan Eksteen

He said it was unfair to criticize the SABC in Parliament when it could not defend itself and he could arrange a meeting between opposition MPs and the board to discuss any criticism of the SABC

• The financial prospects of the SABC were poor, according to an SABC report tabled in Parliament yesterday in response to criticism of its financial position and of its annual report, tabled in April

'Poverty'

This criticism included accusations that the SABC tried to convey an impression of poverty in spite of vast cash resources, concealed profits, and did not revalue assets

The report says "It must be clearly stated that the SABC is not trying to create an impression of poverty"

"That the SABC sees danger signs on the road ahead is true For 1985 and 1986 the SABC reports relatively large operating losses and future prospects are poor" — Sapa

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Art :
Yes : n
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All :
Yes :
Yes : on

1. Medical Benefit Fund Coverage
3. Provident Coverage
Worker C
Employer
It must be clearly stated that the SABC is not trying to create an impression of poverty
That the SABC sees danger signs on the road ahead is true For 1985 and 1986 the SABC reports relatively large operating losses and future prospects are poor — Sapa
Coverage — "prospects are poor"
Worker C
Employer C
Coverage
Worker C
Employer C
Annual Report
Coverage
Worker C
Employer C
Annual Report
Waiting
Percentage
Maternity

By Peter Farley
Investment Editor

"We are going to run Escom like a business," new chairman Mr John Maree yesterday told a news conference to present his first annual report for the corporation.

But the figures he revealed show that Escom has a long way to go before it can be ranked alongside SA's leading private sector businesses.

On the basis of its historic accounting practices, Escom showed a profit of R40 million, but a more realistic assessment of its performance last year produces losses of almost R190 million.

Not that Escom is trying to hide that fact, but with an accumulated deficit of some R420 million it is clear that it is going to have to work hard to make up lost ground.

The foundations have already been laid with a new management structure in place that should encourage greater efficiencies and plans are in the pipeline to reduce staff by almost 10 percent to 60 000.

The way Escom has historically presented its accounts shows that it last year capitalised interest payments of R1,2 billion and included interest charges of another R2,3 billion on its income statement. This meant that, after

Loss-making Escom heads towards greater operating efficiency

STAN
7/5/86
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electricity sales of R4,6 billion, operating expenses of R2,1 billion and a R150 million contribution to the Reserve Fund, it was left with a surplus of R40 million.

However, if that interest is not capitalised, the reserve fund contribution is dropped and depreciation of R470 million is added back, there is a deficit of R187 million.

One of the corporation's achievements is its success in providing 30 percent of its funding requirements from internal resources.

Despite this, and in part as a result of much of the offshore financing lines now being denied to the corporation, spending plans have been cut back.

Forecasts show that a total R1,4 billion is being slashed off the proposed R15 billion operating expenditure over the next four years, while a further R1,2 billion is being cut from proposed capital expenditure of R14,4 billion.

This means that Escom's funding requirements from the local capital market in the next few years are to drop by around R600 million a year, from an initially projected need of around R3,5 billion a year.

Last year Escom raised a record net amount on the local markets of R3,3 billion after the repayment of some R1,6 billion.

Nevertheless, negotiations are still taking place with the corporation's overseas bankers and a second round of talks is scheduled for June. Project deferrals depend on the outcome of those discussions.

With greater efficiencies already achieved in the use of both coal and water, Escom is now embarking on a programme to educate the public and business to use power more efficiently. This could result, says Mr Maree, in a situation where some of the projected power needs beyond 1990 become unnecessary.

Profits not being hidden — report

CAPE TOWN — The SABC has strongly denied allegations that its financial prospects are sound but that it conceals profits and pleads poverty

In a detailed report circulated to MPs and journalists, it claims Press criticism is unfounded, unfair, often superficial and sometimes highly emotional.

The report, which is unsigned, "strives to correct misconceptions regarding the SABC's credibility by placing the criticism of the SABC in perspective and providing the true facts"

It says cash was accumulated in the years before the advent of TV2 and TV3 TV1 had always been a cash generator, but the cash was drained away in subsidies for services which could not be self-financing, but had to meet South Africa's language and cultural needs

Neither hardship nor bankruptcy were announced in the Annual Report, the new document says, but the corporation saw danger signs ahead

"For 1985 and 1986, the SABC reports relatively large operating losses, and future prospects are poor.

"The latest projections take into account the sudden and drastic decline in expenditure on advertising, as well as the anticipated impact of the M-Net service on the SABC's primary source of revenue."

The report says critics conveniently ignore the operating loss of R27 million in 1985 and the projection of similar losses this year and in the future.

SABC slammed by all sides in Assembly debate

SPAK
7/5/86
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Political Staff

PARLIAMENT — All the main opposition parties were united in condemning the SABC during the Debate on the Foreign Affairs Vote in the Assembly yesterday

Auckland Park came under fire for the alleged pro-National Party bias of its reporting and was accused of poor administration

Several speakers referred to the SABC's report on its financial position and accounting policy, published this week in response to newspaper criticism Mr Dave Dalling (PFP Sandton) said the SABC had lost virtually all its credibility among blacks through playing down township violence, "except when it suits it to do otherwise"

Mr Brian Page (NRP Umhlanga) called for "favoured heads to roll" to stop the "ongoing rumbles" from Auckland Park before the SABC became "an object of ridicule."

Mr Koos van der Merwe (CP Jeppe) demanded a full inquiry into the SABC's finances and challenged the Minister of Foreign Affairs to a public debate (in the Northern Transvaal) over his "misuse" of the SABC for propaganda purposes

MARGINAL IMPROVEMENTS

Even Mr Piet Coetzer (NP Springs) suggested that Mr Botha should start an "indaba" between the SABC and Newspaper Press Union on the future of the media industry

But Mr Botha declined all invitations to "put the house in order" and instead suggested that criticism be redirected to chairman of the SABC Board Mr Brand Fourie

Mr Dalling acknowledged "marginal improvements" in the SABC's political content over the last year, praising "Netwerk" and "Network" for a "generally fairly objective programme"

But the SABC still "seems to believe that full debate on current issues between political figures holding diametrically opposed views should be avoided on the box"

Mr Coetzer said the attacks on the SABC would not solve the central problem — that the vitally important media industry was under threat because of a decline in advertising

May 7 1986

Reduced quality at lower rate

Escom considers cut-price scheme

STAR
7/5/86

(S)

(260)

Political Staff

CAPE TOWN — Escom may launch an "interruptible tariff" scheme for electricity next year.

This emerged yesterday with the tabling in Parliament of Escom's annual report. The interruptible tariff will allow customers who do not need a continuous supply to opt for reduced quality at a lower price. "If evaluation shows the scheme to be viable, it will be launched in 1987," an Escom spokesman said.

According to the spokesman various schemes are being investigated to promote more efficient use of electricity.

Yesterday's report is the first since Escom was restructured. In it chairman Mr John Maree noted the had organisation faced mounting criticism of its financial and operations management, and of its relations with customers, in the past few years.

Prices below inflation rate

He said "It is our firm intent to rebuild the good name of Escom but we know full well that, to do so, we will have to render a superior service"

The new policy includes internal decentralisation, more efficiency and greater sensitivity to customer needs.

Escom will operate on business lines in future, reporting in conventional business accounting terms rather than by way of fund accounting.

Officials are quick to say this does not imply large price increases, Escom has promised to keep price rises below the inflation rate.

The report says electricity sales continued to grow in 1984 in spite of the decline in real GDP. But there will be slower growth in the long term.

The annual average growth rate in the demand for electricity in the next 10 or 15 years is expected to be about 5,5 percent.

BUD DAY 7/5/86
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THE Electricity Supply Commission (Escom) would be operating on conventional business lines from 1987, but this did not imply large electricity price increases in future, says a memorandum on Escom.

The memorandum accompanied Escom's 1985 report tabled in Parliament yesterday.

"It is Escom's stated intention to maintain increases in the price of electricity at less than the inflation rate," the memorandum says

It also said for the first time since 1979, Escom had produced a net operating surplus which will be used to reduce the corporation's accumulated deficit.

The Electricity Act stipulated Escom should not make a profit or a loss in providing electricity, but an amendment to this was now proposed so that

No high-power rises in store, Escom assures

the corporation could operate on business lines

"This does not imply large price increases in future," the memorandum said.

From the beginning of the 1987 financial year, Escom proposed to report on its financial activities and position in conventional business accounting terms.

"The intention is to move away from the fund accounting convention, which is prescribed by current legislation, and to adopt widely accepted business accounting standards, incorporating depreciation accounting for fixed assets used in commercial operation."

Considerable progress had been made in assessing the effects on Escom of the proposed accounting changes

In his chairman's review, John Maree said the past few years had been difficult for the corporation

"It has had to contend with mounting criticism of its financial and operations management and of its relations with customers"

Maree said "It is our firm intent to rebuild the good name of Escom, but we know full well that to do so, we will have to render a superior service"

According to the memorandum, the new

control and management structure for Escom, incorporating the Electricity Council and a management board, came into being in May last year

The main thrust of the new policy formulated by the council was towards greater decentralisation, greater sensitivity to customer needs, optimisation of operating efficiency and delegation of responsibility, authority and accountability to the lowest effective level within the corporation.

Escom had also changed its tariff structure with the introduction of a uniform national rate in January this year.

This was benefiting customers in most parts of the country as regional price differences had been eliminated

"In addition the policy of adjusting the price of electricity to reflect fluctuations in the cost of coal has been changed

"In the past, these quarterly adjustments added about 2% to the average annual price of electricity, but they are now included in the tariff."

In his chief executive's report, senior general manager Ian McRae said the lower forecast for long-term growth in demand for electricity was having a considerable, positive effect on Escom.

"Some capital projects have been deferred and this has resulted in a general scaling down of operations in all disciplines and on all levels to produce a leaner, fitter organisation." — Sapa

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5.
6.

Leaner Escom unveiled

MICK COLLINS

260

AFTER four months of intensive behind-the-scenes restructuring, Escom this week emerged a leaner, meaner power utility.

Chairman John Maree says the first quarter period was traumatic but necessary to streamline a management too long bogged down by bureaucracy.

"We achieved in those four months what it took the British two years and the Australians three years to achieve. And, it's working. We may have dropped a few eggs along the way but we have managed to cut capital and operating expenditure. That's the name of the game."

Maree's first task was to undertake a whistle-stop tour of the country to visit Escom's main centres.

Meetings were held with over 300 managers to obtain their views. A further 30 meetings with the top managers were then held in order to identify those aspects of the business which needed attention.

Maree described the establishment of task forces and plans for the rapid achievement of objectives. "Certain proposals emanating from the task forces have already been implemented. The action has revealed consid-

erable leadership potential within the ranks, and every effort will be made to develop this potential to the full."

Maree and his general staff then decided that two major line functions, generation and distribution, should each report to their own GM.

"In addition, a general manager was appointed to the new function of marketing with the objective of promoting energy conservation through the more efficient use of electricity."

Consequently a new structure was developed which saw Escom divided into 52 strategic business units. Greater re-

sponsibility, authority and accountability have been delegated to these units and the lines of communication to top management have been shortened.

On the subject of equal opportunity Maree is not reticent. "For too long we have paid lip service to this aspect of personnel relations. From now on, if the man can do the job he gets paid accordingly."

The corporation is also pressing ahead with its massive cost-cutting operation, and still plans to prune its staff complement from 66,000 to 60,000.

"No retrenchment programme is planned, but the reduction will be achieved by natural attrition through resignations and retirements," says Maree.

vacancy
week
week

- .. All workers
- .. Yes
- .. Yes
- .. 15 days
- .. All workers
- .. --
- .. All workers
- .. 120 days
- .. -- days
- .. 6 months
- .. 4 days
- .. 75.0 %
- .. --

4. Pension Fund

- Coverage : All
- Worker Contribution : Yes
- Employer Contribution : Yes

**Broadcasting
faces changes**

It has become clear that the face of broadcasting in South Africa is about to change dramatically.

Mounting speculation that the SABC is seriously considering the privatisation of large portions of its huge organisation, has recently been given a boost. Outside consultants told the corporation it would first have to be turned into a profitable organisation before it would be saleable as a private company.

● See Page 1, Tonight!

9/5/86
ESCOM FIN MAIL (260)

A useful monster

What has assets of R31 billion, 66 000 employees, 15 chartered accountants and is owned by no one in particular? The answer is Escom, which generates nearly 60% of

Africa's electricity. Its latest report, a major one because it is the first after a commission of inquiry, has just been tabled in parliament

Revenues increased 20,7% to R4,6 billion in 1985 (an incredible R70 070 *per capita* employee) although sales by volume increased only 5% to 5,4 billion kWh. The balance was earned through two tariff increases which brought in an additional R600m. This added 16% to 1984 revenues

Only 27% of Escom's investment was funded from internal sources in 1985, against the standard lenders' preference of around 33%. Chairman John Maree expects that by "reducing capital expenditure and operating costs," the proportion of internally generated funds will be around 33% within three years.

One of the commission's main recommendations, that Escom implement a new management and control structure, saw the light with the establishment of a new Council in May 1985. Objectives, among others, are decentralisation and some new user charge methods, such as off-peak tariffs

One of the main changes is the proposed implementation of a new business accounting structure. This needs an amendment to prevailing law so results will first be seen next year. Escom — and other parastatals — has often been heavily criticised for capital write-offs against current revenues

Escom is large by SA and international standards and, with its funding levels (a net amount of R3,3 billion in 1985), it is particularly sensitive to changes in interest rate margins. Recent high interest rates swelled loan charges by 46% last year

Interest payments and loan redemption charges now account for 50% of Escom's costs, compared with 33% in 1980. Some R1,3 billion of foreign capital was raised in 1985

The future? This is perhaps best expressed by Maree himself who says staff numbers can be cut from 66 000 to 60 000 over the medium term, mainly through natural wastage and early retirement. With sales to rise at an annual projected 5,5%, "the higher output will have to be achieved by increased productivity." Bravo! ■

Talks are going on — McRae *BUS DA 9/5/86 260*

Escom's cutbacks won't hit industries

MICK COLLINS

FEARS that Escom's massive capital expenditure cut-backs would hit already ailing support industries have been discounted by top officials of the corporation.

Manufacturers have expressed concern at the drastic measures introduced by Escom to cut costs. The utility has slashed capital expenditure by R1,1bn and lopped R1,4bn off operating costs for the period 1986 to 1989.

"It is important to us to nurture and support local industry," said senior general manager Ian McRae.

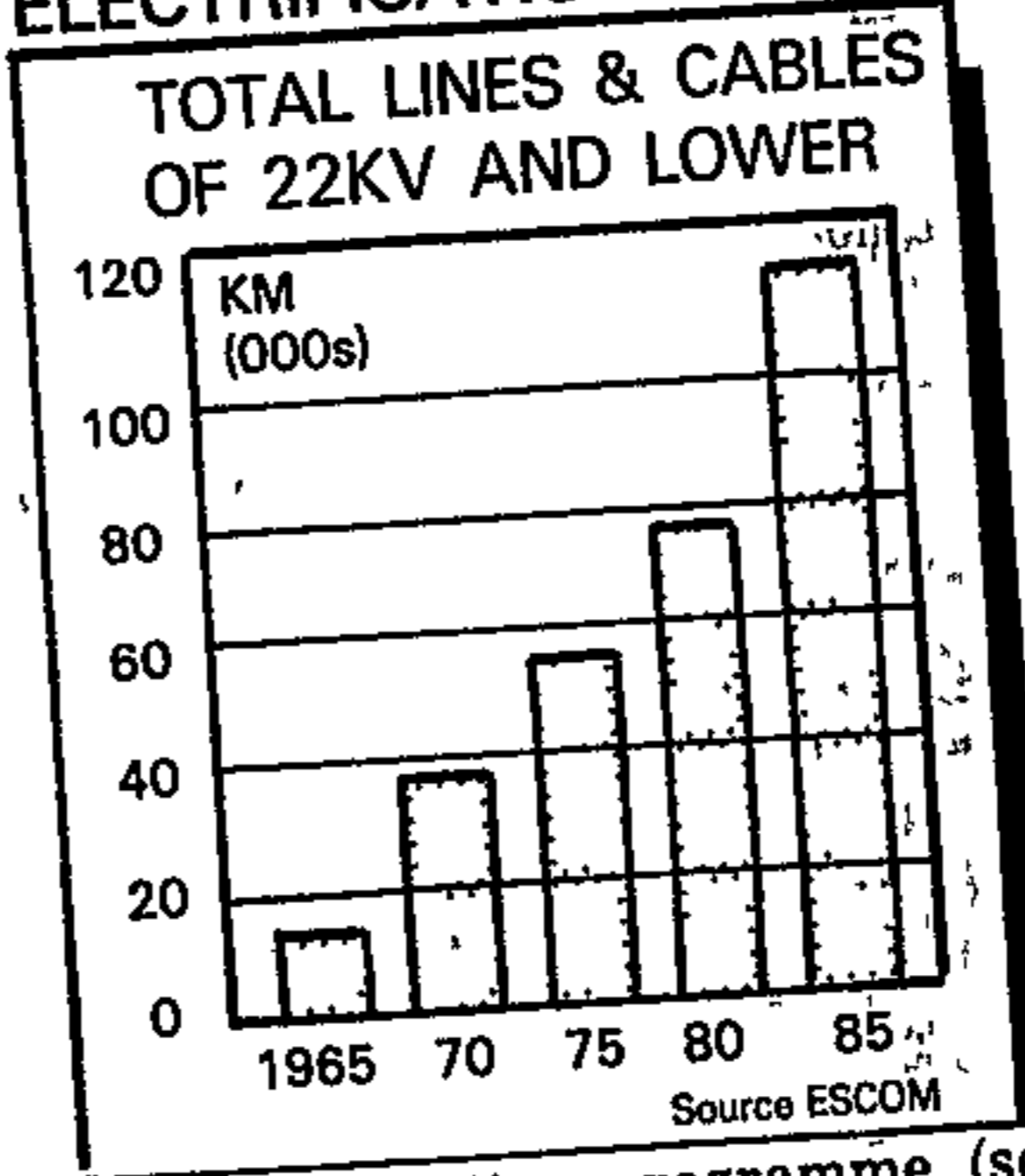
"We are having ongoing talks with all suppliers and are negotiating the most cost-efficient way of scaling down our expansion programme.

"We will keep industry going by way of offering additional maintenance contracts and have planned for more discussions in June. We must help each other through this depression for the good of all concerned."

The corporation's maintenance strategy is being geared towards a condition-based, rather than a time-based, approach. This is expected to lead to better performance, lower maintenance costs and at the same time serve as a lifeline to local industrialists.

Escom has already stepped up its ru-

GROWTH IN RURAL ELECTRIFICATION



ral electrification programme (see graph) through the use of private contractors. Nearly 12 000km of reticulation lines were built during 1985, 11% more than 1984.

The net number of farming supplies provided during 1985 was 5 346, an increase of 8% over 1984. The total number of rural consumers hooked up to electrification schemes is now 70 364.

Eddie Ralph, GM engineering, said at the end of 1985 there were six power stations under construction.

TEAROOM, RESTAURANT AND CATERING TRADE PRETORIA

Parties: Employer Organisation: Pretoria and Districts Caterers' Association
Trade Union: Pretoria Liquor and Catering Trades Employees' Union

Area: Magisterial Districts of Pretoria, Kempton Park, Cullinan*, Brits*, Randburg*, and Wonderboom

Footnotes:

1. Annual leave - All workers are entitled to 18 days annual leave after 12 months of service.
2. Meals - All workers except watchmen must receive free meals for each meal time that falls within their working hours.

FIN MAIL
9/5/86

KOEBERG COMPARED

260

The disaster at Chernobyl has prompted questions about the safety of SA's Koeberg nuclear power station. However, explains an Escom spokesman, where Chernobyl uses a graphite moderated reactor, Koeberg's is moderated by water.

This is an important difference. Water does not burn, graphite does. The fire at Chernobyl is commonly thought to have occurred when the fuel rods which run through the graphite overheated and set it alight (see page 55).

Because Koeberg is a pressurised water reactor, a similar accident is impossible. The spokesman also says that safety precautions built into Koeberg are far greater. "The industry learnt a lot from Three Mile Island," he says

Koeberg's fuel (97% U238 and 3% U235) is contained in ceramic pellets sealed in zirconium tubes within the reactor vessel of 20 cm stainless steel. All this nestles in a 2 m thick reinforced concrete "biological shield" and an outer containment shield of 1 m reinforced concrete

This all sits in an airtight containment building made of 1 m thick steel-lined postressed concrete.

The containment system is to prevent leakage of material and radioactivity should the worst happen. Before a meltdown can occur at Koeberg, a number of safety systems would have to fail "In the event of a loss of coolant accident (loca) there are a number of back-up systems"

The biggest problem in this event would be stopping the reaction before it overheated, resulting in a meltdown. Water which contains boron to absorb neutrons would automatically flood the reactor vessel in the event of a loca.

Another design fault at Chernobyl is said to be that the control rods which absorb neutrons and slow down the reaction have to be mechanically inserted. Koeberg's control rods are introduced into the reactor from the top. They are held by magnetic clips which would automatically drop the rods into the reactor if problems were to arise

Government's share of GST on advertising is SABC's loss

The debilitating impact of the imposition of GST on advertising has been brought firmly to the fore by the financial results from the SABC, which showed that the corporation lost R27 million last year

But there has been a deafening silence from the corporation on the issue of GST, and SABC management has blamed almost every other economic factor for its financial losses

Nevertheless, research by McCann DeVilliers' Tim Bester shows that combined advertising spending on TV and radio last year totalled R294 million. With GST at 12 percent, this would have meant some R29 million was paid to the government by the ad agencies — on behalf of their clients — before the money for the ads went to the SABC.

Bester points out that for every R1 million budgeted to be spent on advertising, 10,7 percent — or R107 000 — is deducted before any money is passed on to the media. So the SABC, or the print media for that matter, never get the benefit of that money.

The SABC's total advertising revenue last year should, therefore, have been R325 million if there had been no GST. Total revenue for the corporation was R389 million, after including license fees and sundry other income.

SABC's deputy director general for finance Wynand Harmse admits that, "without GST our

PRESS • TV • RADIO • PR • ADVERTISING

THE NEWSMAKERS

by PETER FARLEY



losses would have definitely been a lot smaller." He accepts that when GST was introduced on advertising it mostly came out of existing budgets, but does not believe all of that money would flow back into ad budgets should the levy be lifted.

But, even if the SABC would not have received the entire R29 million — to make a profit for the year of R2 million, it could have reduced the losses to a pretty nominal figure.

However, Bester reckons that not one client would have reduced spending if GST had been lifted. "As far as clients are concerned the budget is a million, whether it includes GST or not."

But what is even more farcical is that the cost of collecting the GST could save money for government, which is raking in payments from a wide variety of sources with one hand and then with the other hand having to give back virtually all of it to the SABC to fund the losses.

The impact on other media is pretty much the same, but with income from a wider variety of sources the direct result of GST

payments is not as easy to pick out. However, if the SABC were to forcefully come out in a public stance against GST it is likely that the government would take more notice than the general lobbying from the industry that has so far taken place.

It is also worth bearing in mind that the removal of GST would be a far more efficient way of the corporation balancing its books this year than to have to go back to the public for yet another emotive increase in the license fees.

Kreepy Krauly's agency resigns

Following the announcement the Jonssons had parted company with Swissair, another agency has resigned a previously high-profile client.

This week it was Bernstein Loxton Golding & Line to part company with Kreepy Krauly after a four-year relationship. Darryl Bernstein puts it down to a lack of activity by the pool-cleaners in recent months.



At a recent function organised by the Creative Directors' Forum (CDF) was Charles Blakemore (right) who is to chair the judging panel at this year's Lorie awards. With him is CDF head Laurance Kuper.

15/5/86
260 BUD
Escom
promises
minimum
increases

Own Correspondent

ELECTRICITY tariffs will probably not be increased by more than 10% next year, chairman of Escom's Electricity Board John Maree said in Cape Town yesterday.

Addressing the Afrikaanse Sakekamer, Maree said Escom was committed to keeping electricity tariff increases between 2% and 3% below the rate of inflation.

"So, if the rate of inflation is 12% next year, electricity tariffs will not be increased by more than 10%," he said

In an interview with the *Cape Times* before his address, Maree said that "mismanagement of Escom is something of the past".

He said that, although recent negative publicity had had a demoralising effect on staff, it was "nonsense" to say millions of rands were still being wasted by the organisation.

Escom and its assets were now managed more effectively than in the past when "staff members were in the seats of power".

He told the sakekamer Escom had not exceeded its budget for the first quarter of this year.

A decision had been made to cut capital spending by R1,3bn over the next three years after it became clear that an overseas loan of R1,5bn would not be available this year.

Apart from substantial cuts in capital spending, Escom was also in the process of reducing the number of its employees by about 5 000

It had a staff of 65 000 and many had already been given early retirement. Another 3 000 would have to go.

Maree predicted that in two years' time the priorities and objectives set when the new management structure was announced last year would have been achieved.

Escom vows to harness rises

CAPE TOWN — Tariffs would not be increased by more than 10 percent next year, the chairman of Escom's electricity board, Mr John Maree, said yesterday.

He told the Afrikaanse Sakekamer in Cape Town that Escom was committed to keeping electricity increases between 2 percent and 3 percent below the inflation rate.

In an interview before his address, he said that "mismanagement of Escom is something of the past". Although recent negative publicity had had a demoralising effect on staff members, it was "nonsense" that millions of rands were still being wasted.

such abuse, Lloyd's last month imposed stringent controls on the placing of reinsurance.

Meanwhile, government has appointed a committee chaired by Sir Patrick Neill to look into the protection of members. It has until July to report. Issues to be examined include conflicts of interest, record keeping, arrangements for judging the fitness of underwriting agents and whether prospective names are well enough informed about membership of Lloyd's

FIN MAIL
 THE SABC 6/5/86. 260

Hitting back

The SABC has hit back at widespread criticism of its financial and accounting policies — such as those voiced in the *FM* (Economy April 25) In a trenchant 21-page document, the SABC dismisses the criticism as “unfounded and unfair, and in some cases highly emotional”

The SABC claims that while it is not trying to create an impression of poverty, there will be “relatively large” operating losses this year, and “future prospects are poor” It suggests that it will be some years before TV2 and TV3 will be profitable, meanwhile, TV1 is the “generator of cash”

Within two years, says the document, the SABC's accumulated investments will have fallen to “a meaningless amount” In the last balance sheet, cash and near cash totalled R216m After R40m-R50m new borrowings annually in 1986-1987, the SABC expects its reserves will be only R60m-R70m in 1988, of which R40m is “frozen” for the staff housing scheme

Advance revenue

In another step which will take a once-off toll on finances, the SABC is to stagger its licensing year. At present, it receives R60m in advance revenue (a common practice for bodies largely dependent on subscriptions and the like. it is not clear what benefit will accrue from the change)

The report stresses that while the balance sheet may be sound, the SABC is looking for several years in which losses will approximate 1985's R27m, and admits that about half capital needs will have to be financed externally in future. Much equipment is said to be nearing the end of its useful life

Interestingly, while the SABC attempts to rebut in detail criticisms of its finances made in other publications, it does not mention the *FM*'s comments except implicitly in justifications of its accounting policies on items like depreciation and the failure to publish a cash flow statement The *FM* remains unconvinced

Interestingly, too, about the only new information relates to an area criticised by the *FM* — among others — programme purchases. While no figure is put on local purchases, foreign purchases have been R7,2m in 1982, R10,1m in 1983, R14,1m in 1984,

and in 1985, R13,8m plus R10,4m for TV4 (which uses mainly purchased programmes) Most programmes are bought in US dollars, and the average exchange rate in 1985 was about 30% weaker than in 1984

There was actually a de-stocking of imported material in 1985.

If the SABC indeed matched programme costs with usage, its 1985 loss would thus have been even higher — a strange defence against criticisms of unsound accounting practices

And the basic point remains unlike loss-making private-sector bodies which have to cut their expenditure according to their revenue, the SABC apparently first determines what it wants (needs?) to spend and then sets about extracting it from a captive clientele The SABC seeks to justify this by its “mission” to “educate and entertain” Pity it so seldom succeeds in either.

There have been rumours that the privatisation of some services is being considered; it is difficult to believe that any new owners would be able to adopt such a cavalier attitude

16/5/86
RESERVES ~~88~~ **FIN MAIL**

Old Mother Hubbard

It is still early days to ascertain the reasons for the fall in gross reserves last month to their lowest level since 1979 It is also premature to be alarmed — although they are too low for comfort

The Reserve Bank's reserves have declined 14,7% (R569m) since March to R3,2 billion, of which gold holdings dropped to R2,6 billion (R3 billion) and foreign currency holdings to R634m (R771m)

Various factors can be cited for the decline, but not much information is yet available Customs and Excise has still to release the April trade figures, which would enable one to determine the degree to which the loss is on the current or capital account But only once the BoP figures are known will the picture be in focus

Nevertheless, some observations can be made The average price used to value gold reserves fell to R638,13 a fine ounce (R661,30) The physical gold stock dropped over 400 000 oz to just above 4m oz (the lowest since 1977), reflecting gold swaps at the beginning of April to provide for the first partial foreign debt repayment It is also thought that the Bank made heavy oil credit repayments in April as a result of bunching

JCI economist Ronnie Bethlehem says the decline “is not as serious as immediately indicated, once the gold price adjustment is taken into account” Taking out that change, he calculates a R475m decline in reserves, as opposed to the reported R569m

“In any event,” he says, “it is

BANK CHANGES

Jaap Meijer, Reserve Bank GM (Money and Capital Market), is to head the Bank's economics division. Incumbent Chris de Swardt is to take over Tony Ockendon's position as GM (Banking Supervision). De Swardt is likely to occupy a controversial position as it is widely believed responsibility for supervising banks will pass to the Bank from the Registrar of Financial Institutions, probably later this year.

Ockendon himself will become a special economic adviser in the Bank. Meijer was once deputy head of the economic unit. No announcement has been made regarding his replacement.

net reserves that are important, not the gross figure” Declining reserves also hide the fact that the Bank has reduced its liabilities

There is, too, little doubt that part of the drop reflects the withdrawal of dollars to facilitate the partial repayment of foreign debt — both inside and outside the net — hence the pressure that has built up against the rand since the beginning of April But it should be noted that many banks either bought or had dollars in reserve in the previous months

Despite this, as Anglo economist Jim Buys says “The demand for dollars must have exceeded the surplus on current account” Forex reserves, which do fluctuate wildly, have been lower recently In September they were R498m, but rose to R1,23 billion and R1,36 billion in January and February respectively

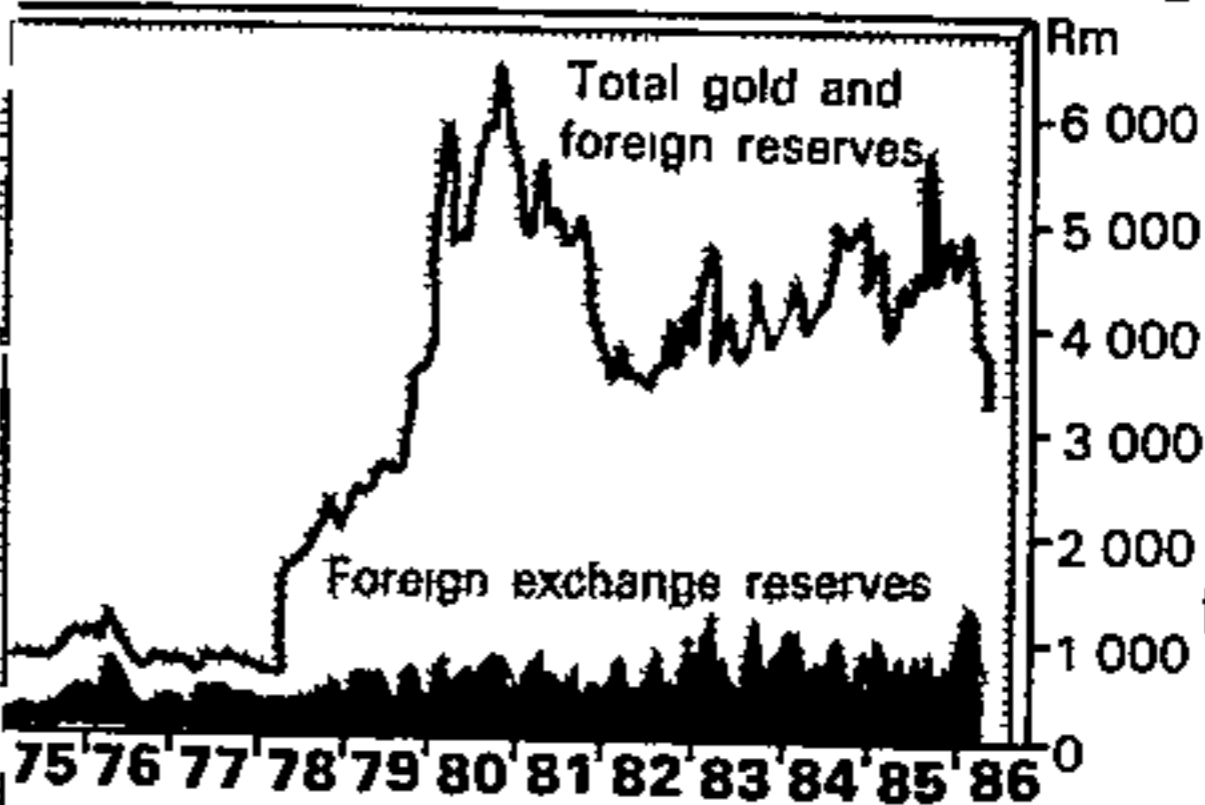
Bethlehem estimates that despite the fall in gross reserves, liquidity in the banking system improved an overall R792m in April “This is consistent with past performances”

Offsetting the decline in reserves was an expansion of R1,3 billion liquidity in the banking system This resulted from a R98m decline in notes in circulation, a R862m drop in official deposits with the Bank and a R307m fall in bankers' deposits with the Bank

What are the broader economic implications of low reserves?

Buys is blunt “It reduces our leeway in servicing all foreign commitments And the ability to meet sudden dollar demand is limited”

RESERVE BANK ASSETS



Source Standard Bank



Escom seeking R100m

17/5/86

BUD DAY

260

ALAN SENDZUL

ESCOM hopes to raise R100m this week when it comes to the market for the first of its two public bond issues scheduled for this year.

After a determined effort to ease the financing burden on the local capital market, Escom declared it had cut, by R200m, its total financing needs from the original R3,6bn.

Escom's new-look management team told a packed gathering of investors that it planned to draw its money this week through a re-issue of Loan 163, a 10% 2004 loan, and a medium-term loan.

The 163 is part of the bumper

consolidation issue which Escom used to tidy up its smaller, less marketable bonds, thereby streamlining the running of its portfolio

Funding manager Francois Botha said the market test — to gauge the price of the bond issue — had gone extremely well

Senbank and UAL acted as consulting merchant banks even though Escom usually handles the marketing and pricing of the issue.

Another R1,4bn will be available later to beef up the 163's secondary market tradeability

Investors seemed impressed with Escom's professional presentation of finances and appeared to have been wooed before applications are due.

Escom has also added a sweetener to the medium-term loan.

It has tagged on an option whereby it would buy back the bonds from investors at the market rate ruling in a specified number of years.

This would mean that those who exercised the option would be buying a short-dated bond, but they could get the high return connected with longer-dated maturities.

specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of the Commission regarding the promotion of Blacks, Coloureds and Indians to higher grades,

(2) whether staff of different race groups belong to the same staff association, if not, why not?

THE MINISTER FOR ADMINISTRATION AND ECONOMIC ADVISORY SERVICES.

The under-mentioned details also serve as answer to identical Question nos 813 and 814, 817 to 820, 823 to 825, 827 to 838 and 840

(1) (a) and (b) The particulars supplied by individual departments/institutions as at 1 April 1986 are reflected in the following annexures *

Department/Institution	Annexure
Home Affairs	1
Foreign Affairs	2
Bureau for Information	3
Finance	4
Prison Service	5
Trade and Industry	6
Justice	7
Office of the State President	8
Office of the Commission for Administration	9
Office of the Auditor-General	10
Agricultural Economics and Marketing	11
Manpower	12
Mineral and Energy Affairs	13
National Health and Population Development	14
National Education	15
Environment Affairs	16
Education and Training	17
Development Aid	18
Public Works and Land Affairs	19
Central Economic Advisory Service	20

Central Statistics Service	21
Constitutional Development and Planning	22
Transport	23
Water Affairs	24

(1) (c) In terms of the official employment policy, there is no discrimination against any candidate/officer of any population group. The principles of merit and efficiency are always applied when posts are filled

(2) No Membership of the various staff associations is determined by their respective constitutions. The Commission for Administration is not called upon to prescribe to these associations what their membership requirements ought to be

*[Reply to subparagraphs (1)(a) and (b) of this question, re Annexures 1 to 24, bound in Annexures of Parliament—see M147-1986]

Staff establishment

840 Mr M A TARR asked the Minister of National Health and Population Development

(1) (a) What was the authorised staff establishment of his Department in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Department regarding the promotion of Blacks, Coloureds and Indians to higher grades,

(2) whether staff of different race groups belong to the same staff association, if not, why not?

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT.

(See reply to Question No 839 in col 1802)

Handwritten: Cahora Bassa Scheme
841 Mr L F STOPBERG asked the Minister of Mineral and Energy Affairs +

(1) (a)(i) What amounts have been invested in and/or spent on the Cahora Bassa scheme by the State, State institutions and other local institutions with the permission of the State and (ii) in respect of what specified period is this information furnished, (b) what percentage of the total investment in the said scheme do these amounts represent and (c)(i) in what manner are these amounts being repaid and (ii) what amount has been repaid,

(2) (a) how much electricity has been supplied to the Republic by this scheme in each specified year since it was put into operation and (b) what was the planned supply to the Republic in respect of each such year,

(3) (a) at what price was this electricity supplied to Escom in each of these years and (b)(i) what is the current price of such electricity in terms of the Nkomati Accord and (ii) in respect of what date is this information furnished?

THE MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) (a) (i) The State has made available an amount of R35 million to the Portuguese Government to cover expected losses during the first few years of operation of the project. An amount of R144,8 million was lent to Escom for the construction of power lines and a sub-station on RSA territory. The Industrial Development Corporation granted R41,5 million, in the form of export credit financing, to the South African contractor who was a member of the consortium that built the scheme

(ii) From 1973 to 31 December 1985,

(b) This figure is not available as the final cost of the project which was the responsibility of the Portuguese Government, is not known

(c) (i) The amounts of R35 million and R41,5 million are redeemed in instalments. In terms of an agreement Escom is not obliged to repay the amount of R144,8 million unless there is a decrease of the tariff paid by Escom for power supplied from Cahora Bassa. The benefit which may be gained by Escom by such a decrease must be paid over to the State until the amount advanced to Escom is redeemed.

(ii) In respect of the amount of R35 million, Nil
In respect of the amount of R144,8 million Nil
In respect of the amount of R41,5 million R27,3 million

NOTE The first instalment in respect of the amount of R35 m is not payable before February 1989

Year	GWh	MW (Maximum Supply)
1977	5 000	1 000
1978	7 200	995
1979	10 278	1 385
1980	10 278	1 370
1981	10 278	1 370
1982	10 278	1 370
1983	10 278	1 370
1984	10 278	1 370
1985	10 125	1 355

1807

TUESDAY, 20 MAY 1986

1808

(3) (a) Year	Price in cent per kWh for firm power	Price in cent per kWh for non-firm power	Actual average price in cent per kWh
1977	0,5	0,166	0,390
1978	0,5	0,166	0,381
1979	0,5	0,166	0,408
1980	0,5	0,166	0,400
1981	0,5	0,166	0,166
1982	0,5	0,166	0,167
1983	0,5	0,166	Nil
1984	1,1	0,25	Nil
1985	1,1	0,25	0,255

(b) (1) 0,75 cent per kWh for firm power plus a premium of 0,35 cent per kWh if the supply is reliable; and 0,25 cent per kWh for non-firm power during *force majeure* situations and delivery of more than the contracted supply

It may be mentioned that electricity is not supplied in terms of the Nkomati Accord. It is done in terms of a tripartite agreement between the South African, Portuguese- and Mozambique Governments (called the main agreement) and a supply agreement between Eskom, the Portuguese- and Mozambique Governments

(ii) March 1977 to 31 December 1985

Staff transferred

848 Mrs H SUZMAN asked the Minister of Justice:

(1) Whether any staff members attached to the commissioners' courts were transferred from the former Department of Co-operation and Development to his Department with the transfer of these courts in 1984; if so, how many;

(2) whether any of these staff members

HQA

1809

TUESDAY, 20 MAY 1986

1810

(4) What is the average maintenance per child per month granted by these courts in respect of Black persons in 1985?

The MINISTER OF JUSTICE

There is no maintenance court at Observatory, Cape Town. Observatory falls within the magisterial district of Cape Town and maintenance enquiries originating from Observatory are held in the Magistrate's Court, Cape Town. Statistics of cases which originate from Observatory are not kept separately and the required information is, therefore, not available.

Maintenance

855 Mrs H SUZMAN asked the Minister of Justice

(1) Whether any complaints have been received by any persons attached to his Department regarding the division of maintenance court functions among Observatory, Wynberg and Cape Town in the Cape Peninsula, if so, (a) when, (b) from whom and (c) what was the (i) nature of the complaints and (ii) response thereto,

(2) whether any action is to be taken as a result, if not, why not; if so, (a) what action and (b) when?

The MINISTER OF JUSTICE

(1) and (2) As far as can be established no complaints have been received by officers of the Department

Divorce

856. Mrs H SUZMAN asked the Minister of Justice

(1) (a) How many *in forma pauperis* divorces were granted in 1985, (b) what was the limit in cash or assets for qualification for *in forma pauperis* divorces as at the latest specified date for which information is available and (c) (i) when was this limit for the means test last increased and (ii)

what was the increase on this occasion,

(2) whether the means test for *in forma pauperis* proceedings will be re-evaluated in the light of the rising cost of living and the cost of divorce; if not, why not, if so, when?

The MINISTER OF JUSTICE

(1) (a) The required information is not available

(b) R100

(c) (i) On 15 January 1965 with the promulgation of the rules regulating the conduct of the proceedings in the several provincial and local divisions of the Supreme Court of South Africa.

(ii) Before the commencement of the above-mentioned rules the matter was dealt with separately in each Division of the Supreme Court. In the Transvaal, Natal and Orange Free State Provincial Divisions the limit was R50. In the Cape Provincial Division the limit was R30.

(2) Yes The matter is at present under consideration.

Maintenance

857 Mrs H SUZMAN asked the Minister of Justice.

(1) What percentage of maintenance order applications was (a) finalised by the maintenance officer and (b) referred to trial in respect of (i) Coloured and (ii) White persons in 1985;

(2) what was the average maintenance order granted per month per child in respect of (a) Coloured and (b) White persons in 1985?

HQA

Escom surgery should have a ripple effect on the economy

21/5/86 - BLOODY (circled) 260

WHEN A public corporation the size of Escom decides to upgrade its image and apply surgery to its finances there is sure to be a ripple effect throughout the economy.

The utility believes the running of its affairs can make a dent on inflation and probably contribute to lower capital market rates from reduced borrowing pressure

Funding manager Francois Botha feels that 1985 was a high cost year and projections for the rest of this decade bears it out to be exceptional. The 1989 borrowing projection of R4,1bn is second only to 1985's R4,9bn with 1986 being R3,4bn, 1987 R4bn and 1988 at R3,8bn.

At this stage it appears that foreign money for the next few years will be limited to export credit guarantee finance. Export agencies will put up R320m for Escom this year with roughly the same amounts during the next few years.

True to speak, the utility's promises can only be measured at its financial year end, but the importance of this streamlining precedent should not be overlooked bearing in mind the enormity of the big semi-government organisations

ALAN SENDZUL



● BOTHA . . . seeking overseas funds to refurbish Escom's image

Botha said after his recent trip abroad that he was not unduly concerned about the prospect of foreign funding. But then it was not so much a quest for fresh money than it was to try and defer repayment on loans.

But his apparent plan, which is still being negotiated with foreign bankers, appears to be some deal which would allow Escom to take over standstill proceeds being kept with the Public Investment Commissioners (PIC)

The PIC is holding a few hundred million dollars which could be lost to

the country once the standstill is lifted. It appears that Escom had some leverage from its dealings over the years in the Eurobond market.

In the past, the success of its foreign public bond issues has been accredited to support from small investors. Botha said "Well known brand names like IBM, Phillip Morris or Siemens have always attracted money with lesser regard paid to the bond's riskiness

"At Escom we don't have that kind of appeal but over the years people have become accustomed to our name in the market and that has helped us. However, things are different and our banking friends have told us that they were caught unawares by the unilateral standstill"

Botha said Escom's 20 years in the Euromarket had made it an accepted force but overseas investors had not directly linked its name to that of the SA government.

On the subject of forward cover, an area which has proved treacherous for the bigger bodies, Escom said its policy had been one of selective cover. Leaving foreign loans exposed was second most expensive to covering everything.

Afrikaans newspapers reject PFP adverts



By David Braun,
Political Correspondent

260

CAPE TOWN — Progressive Federal Party advertisements critical of the SABC and Government policy have been rejected by the country's biggest Afrikaans newspaper publishers — unless the party agrees to censor them heavily.

Readers of the major daily Afrikaans newspapers were therefore being denied access to its advertisements, the party claimed yesterday.

Mr Peter Soal, director of special projects for the PFP, said that an advertisement the party had recently submitted for placing in newspapers of Nasionale Koerante, publishers of *Beeld* and *Die Burger*, would only be accepted if they were heavily edited.

The advertising copy submitted to the company

had been returned in the edited version which, the company said, its editors were prepared to accept as an advertisement.

The original advertisement was to have been headed "The SABC won't let you see the movie, so read the book".

Nasionale Koerante editors were prepared to accept only "Read the book".

The following sentence was cut completely "However, thanks to the Government's blatant manipulation of the SABC, it hasn't always been easy to communicate what we are for".

A sentence which referred to getting South Africa "out of the mess the Nat Government had created" was changed to read "getting South Africa out of its present mess".

Entire sections referring to details of PFP policy were deleted. The acceptable version of the adver-

tisement was reduced to eight sentences.

A letter accompanying the edited copy suggested that as the advertisement would not take up as much space, the money saved should be used to place it also in *Oosterlig*, another Nasionale Koerante publication.

Mr Soal said Nasionale Koerante would not allow its newspaper readers to make up their own minds. "They decide what their readers will be allowed to digest," he said.

Mr Soal said the PFP was at a great disadvantage because it was excluded from the SABC as well as private radio stations which did not take political advertising. Many magazines would not take the PFP advertisements either.

"This is a depressing state of affairs. We are in a climate of reform and while the PFP has a positive contribution to make it is denied access to all sections of the public," he said.

Afrox plans R100-m link with Iscor

By Stan Kennedy

Following the award of a 20-year contract to supply oxygen, nitrogen and argon to Iscor's Pretoria Works, Aprox will build two 700 ton/day oxygen plants over the next two years at a cost of R100 million.

The plants, designed by Cryoplants of London, are similar to those operating in the United States and which have proved to be highly efficient in electrical energy.

Because of the specialised technology involved in air separation, the major items of equipment will be imported. The cold boxes will be built by Cryoplants and the compression equipment will be imported from West Germany and Switzerland.

Iscor will be the first in the world to adopt the coal reduction (kohlen reduktion or KR) iron-making process of Korf Engineering of West Germany.

POLLUTION

The KR plant will replace the traditional blast furnaces and will enable Iscor to cut its iron-making costs by using local non-coking bituminous coal instead of coking coal.

It will also eliminate the large investment in coke ovens, as well as the associated pollution problems.

In the KR furnace, hot pre-reduced iron ore will be continuously smelted by the simultaneous injection of coal and oxygen.

This will produce an iron with similar characteristics to blast furnace iron.

A gas complex at The Doggett, California, which is similar to the two being installed at Iscor's Pretoria Works. The US plant is a 900 t/d supply scheme while the Iscor plants will be 700 t/d.

The downstream steelmaking process, in which the KR iron will be refined into steel with oxygen, will be based on the existing electric arc furnaces.

Normally, electric arc furnaces consume scrap steel, melting and refining it to the required specification. With the availability of KR iron, Iscor's

dependence on scarce, high-quality steel scrap, will be reduced.

Installed KR capacity will be 300 000 tons/year. Used with scrap steel in the electric arc furnaces, there will be about 900 000 tons/year of steelmaking capacity.

From the large quantity of ni-

trogen produced, about 175 tons a day will be used for purging and blanketing operations in the KR furnace to eliminate the possibility of explosions.

Argon will also be produced in large quantities on the air separation plants and for use in the sophisticated ladle steel-making operation.

Our power's cheapest but ...

SA tops the list in electricity price increases

Electricity prices in South Africa showed a massive average increase of 19,7 percent for the year ended March 31, according to the latest survey conducted by the National Utility Services (NUS), the international energy and fuel consultants

This increase was nearly four times higher than the next highest percentage of 5,3 in Sweden, which last year led the tables in percentage increases

Last year's 9 percent increase and this year's jump — predicted by NUS — stems directly from Escom's new financial planning.

"Although Escom have little choice but to pass on their own increased costs, consumers should surely expect some stabilisation of tariff prices in order that they, in turn, can play their part in reducing the inflationary spiral," said Mr Peter Cornelius of NUS South Africa

Of the 12 Western countries included in the NUS survey, only five countries

— South Africa, West Germany, Sweden, Britain and the US — had average increases.

In the others, there was an actual reduction with the Netherlands taking the bouquet with a 22,5 percent reduction from 12,98 c to 10,06 c (US\$6,09c — 4,72c)

Despite the heavy increases, South Africa still maintained the lowest unweighted average of all the 12 countries. The average of the four major cities, Cape Town, Durban, Johannesburg and Pretoria, at prices ruling on April 1, this year, was 5,81 c/kWh (US 2,73c)

The NUS survey, based on customer size of 1 000 kW and 450 000 kW per month, shows that Pretoria at 4,67 c is still the lowest non-hydro supplier in the world and is second only to Manitoba Hydro in Canada at 4,39 c. Cape Town is the highest in South Africa at 7,73 c, with Durban second at 6,39 c. Sapa.

Top firm warns of price hike on home appliances

A large distributor has warned the price of its domestic appliances and TV sets are to go up in June or July

Mr Mike Bosworth, managing director of Tek Electronics, said although the improvement of the rand has seen prices on certain goods drop it was a mistake to think they would drop further

Prices rocketed last year as the rand fell dramatically against the dollar.

Mr. Bosworth said "Prices have now stabilised and an increase can be expected in June or July on account of inflation which is running at an estimated 20 percent.

"For example, the retail price of a Telefunken 51 cm TV set six months ago was R1 699. The same set now costs R1 799 and we expect it to go up to R1 999 in July

"Similarly, a Defy basic 419 stove was R799

six months ago. It now sells for R899, and will cost about R999 in three months' time"

He said the argument that a favourable rand-dollar exchange rate would bring down the prices was simplistic.

"It fails to take into consideration the adverse effect of the rand-dollar-yen cross-rate which is working against South Africa's interest and is not likely to improve soon. Nor does it take into account the inordinate amount of money collected by the Government on each item.

PANIC BUY

"The Government's take in white and brown goods is extremely high and has the effect of pushing up prices even more

"Taking a Telefunken 51 cm TV as an example and an exchange rate of 50c, the Government's share is R543. The set retails for R1 799, GST is

R216, import duty on imported content R33, the 10 percent surcharge on imported content R40, and ad valorem duty R254

"Although the Government is to change the ground rules vis-a-vis the importation of white and brown goods at the end of the year, we question the wisdom of allowing wholesale imports which may be cheaper in price but which will offer the consumer no real service back-up and brand reliability"

Mr Fred Pearce, marketing manager (video) of SA Philips, said his firm did not envisage a price increase "just yet".

Retailer Mr Tony Factor said "Consumers must not panic buy. Over the last 18 months we have heard about tremendous price hikes for TV and video. They have gone up for five or six days and because of the lack of response prices were reduced again"

BUDDAY 22/5/86

260
Escom's
issue gets
backing

ALAN SENDZUL

ESCOM'S R100m public bond issue was twice over-subscribed, despite the damper created by the recent cross-border raids

Fund manager Francois Botha was delighted with the outcome, remarking that Escom had managed to raise reasonably-priced money while investors also got a good deal.

The inflow of money was heavily-biased towards the new Loan No. 165, a 1995 medium-dated bond with a coupon rate of 11% and a three-year resale option which could well favour investors.

The other two loans, a 10,5% 2004-bond and an 11% 1995 bond (but without the option), drew scant attention

Though the rate at which the 165 1995 loan with its option had been pitched might have looked a bit on the generous side, Botha said the outcome suited Escom, which had a preference for the longer, nine-year money

Escom tariff rises 'will be kept below inflation'

22/5/80
By Kym Hamilton
Pretoria Bureau

Escom tariff increases for 1987 and onwards will be kept at about 1 or 2 percent below the inflation rate.

Speaking at an Engineering conference in Pretoria, Escom's senior general manager, Mr I C McRae pointed out that in the last 20 years, electricity tariffs have been constant in real terms

Research shows that electricity usage in South Africa should be about three percent above the gross domestic product, which should be 1,5 percent more than the population growth, he said

The present situation showed the GDP was not keeping up with the population growth

Mr McRae said this situation was unacceptable and Escom had started a programme to supply sufficient electricity to support an acceptable GDP growth rate while keeping electricity tariffs reasonable

These approaches include

- Off-peak and interruptable tariffs,
- Promoting energy-efficient equipment,
- Extending the life of power stations; and
- Purchasing power from outside sources

These measures, plus the new bulk and rural tariffs, will reduce electricity prices and stimulate growth, said Mr McRae.

Escom pitches FINMARC.

Escom, SA's largest borrower after the Treasury, is in the market for R100m. On offer are two loans: loan 163 (10,5% 2004), which Escom consolidated last year, and which is being reissued at 17,75%, and a new medium-term loan, loan 165 (11% 1995). The latter is offered as a straight nine-year loan issued at R77,82 with a yield to maturity of 16,6%, or at R82,04 at 15,5% with a three-year option to sell back to Escom at the issue yield, but an obligation then to repurchase the same nominal amount at the prevailing market rate. If in three years, say, the rate is 18%, investors can sell at 15,5% and buy back at 18%.

Escom funding manager Francois Botha says "In this way, we are assured of liquidity for nine years and investors can readjust yields after three years." The new loan is 90 points above Escom three-year stock and 110 points below nine-year stock.

Clearly, this is an attempt by Escom and its merchant bankers (UAL and Senbank) to match Escom's preference for long-term

finance and investors' preference for shorter stock. One broker expresses surprise that Escom had to provide an option "I would have thought it could raise R100m more easily," he says.

The issue should be well subscribed. Escom is unlikely to take up more than R100m, though it plans to issue a total R1,6 billion in loans 163 and 165.

It also emerges that the Reserve Bank, acting on Treasury's behalf, has tapped the full amount (R1 billion) of its new 1989 stock. The Bank will thus have to move to some other stock for the rest of the year.

Dealers are "very anxious and uncertain" after SA's raid into neighbouring states. The long end was most affected. As the *FM* went to press on Tuesday, RSA 13% 2005 was trading at 17,18% compared with a Monday low of 16,87%, Escom 11% 2009 at 17,94% (17,56%), and Sats 7,5% 2008 at 17,5% (17,32%).

In the shorter end, both Escom and RSA medium-term stocks firmed in reaction to the raid, RSA 15,5% 1990 by 24 points to 15,31% from Monday's low and Escom 9,25% 1994 by 27 points to 16,53%.

The short end was hardly affected (see story headed "Money Market"). RSA 15% 1988 was unchanged since Monday at 13,3%. Dealers report that the keen institutional interest of two weeks ago slowed, even before the raid. ■

Students in attack on SABC News

Sowetan
23/5/86

260

THE Student Representative Council of the University of the North has slammed SABC-TV news coverage of recent events on the troubled campus near Pietersburg as proof that "the media in South Africa serve the interests of the few — the oppressors".

Referring to the burning down of the university's agricultural block on May 17, the SRC said in a statement released to SAPA:

"The Government media (SABC) made a lot of noise saying students were responsible for the burning down of the block. We reject this allegation in the strongest terms — agents of the system carried out this barbaric act as part of a calculated campaign to get an excuse for the police to come onto campus"

A mass meeting on the campus this week was broken up by security forces and police raided the SRC offices and confiscated a number of documents

In response to SABC reportage of these events, the statement said

"In the evening news on the SABC-TV a pack of lies was reported that a lot of documents received reflected a very clear-cut relationship between the SRC and the ANC — the reality of the situation is that all posters and documents in our offices are legal and part of the media as used by the struggling masses of South Africa." — Sapa

BUDAY-
23/5/80

Escom has eyes on frozen loans

260

ALAN SENDZUL

ESCOM looks set to take the first bite out of the dollar pool of frozen foreign loans the Public Investment Commissioners (PIC) are holding in trust.

The utility is discussing the possibility of converting some of these dollars into four-year paper with foreign bankers. The terms are believed to be close to 1,5% above the Libor rate.

The dollars are a build-up of payments made by local companies on maturing foreign loans caught in the standstill net. They are earning foreign banks 0,875% above Libor.

The Reserve Bank was the original custodian of standstill dollars, but the account was transferred to the PIC, say sources, on fears that SA's foreign assets could be seized.

The PIC is believed to holding more than \$500m in trust for foreign banks.

These dollars are ripe for picking, particularly considering that SA's creditor banks — which are involuntary investors in SA — will be looking for the best possible return on their frozen money.

If the PIC on-lends these dollars to Escom, the identity of the banks abroad will not be disclosed.

Escom has been examining a number of ways of reducing its dependence on the local capital market to prevent its borrowing requirements from pushing interest rates higher.

It has recently alluded to possible plans with overseas bankers.

Iscor is
'racist in
union
dealings'

260

By Mike Silgma

The Metal and Allied Workers' Union (Mawu) has accused Iscor of racism for refusing it participation in this year's wage talks.

Mawu said Iscor had demanded the union have 30 percent membership before it could be allowed to take part in the talks — a condition not applied to white unions.

It said while the Union did not object in principle to the precondition, its demands for majority unionism had been rejected by the Steel Engineering Industries Federation, of which Iscor was a member. The federation had insisted that all unions, irrespective of membership size, be included on the metal industrial council.

LEGAL ACTION

"Many small white unions are represented in the negotiations and Iscor has stated explicitly that the precondition would not be applied to these white unions. Mawu has substantial membership at Iscor, which is increasing rapidly," said the statement.

The union said it would consider legal action against both Iscor and Seifsa.

An Iscor spokesman denied the company's actions were racially motivated. The company had to negotiate with up to 12 unions, with another seven still recruiting membership, he said.

SABC poses 'threat to Afrikaans'

By Deon Delpont

DURBAN — Afrikaans academics are worried that their language is under threat from SABC technology.

Their grouse is about simulcasts — broadcasting the original soundtrack of television programmes on radio while the dubbed version is transmitted on TV — which are due to begin in earnest in July.

They are calling for the establishment of an advisory council of academics which the SABC would have to consult.

Among their chief criticisms is that English-speakers and blacks, who have been able to improve their Afrikaans by watching Afrikaans programmes on TV, will choose to listen to the simulcasts in English.

STMM 26/5/86 260
An expert on languages, Professor Jaap Steyn of the University of the Orange Free State, claims that English is being advanced at the expense of indigenous languages such as Afrikaans, Zulu and South Sotho.

The academics' fears for the language seem to be supported by recent market research which found that during "Miami Vice" many Afrikaners preferred tuning into the radio for the original English soundtrack.

Of the 200 people questioned in the survey — half of them Afrikaans-speaking — two thirds had listened to the radio.

Afrikaans newspapers have quoted academics, language experts and cultural leaders as saying that about 90 percent of the simulcast broadcasting would be in English.

Escom builds biggest radiator in the world

28/5/86 By Jaap Boekkooij

Escom technicians have started to build the world's largest radiator, a giant version of a motor-car water cooler with enough piping to stretch end-to-end from Cape Town to Tanzania

The radiator, one of six which will lie across the bottom of the world's biggest cooling towers at Kendal, near Ogies on the eastern Highveld, is a closed system from which water losses through cooling will be virtually nil

The first radiator is to prove its massive water savings when the initial power unit of Escom's "dry" power station Kendal comes on stream in 1988. Conventional power stations are notorious for their huge water evaporation losses

Kendal's jumbo coolers consist of almost 2 000 km of steel piping somewhat thicker than a garden hose

No profit for 15 out of 20 dailies

The Competition Board, in its probe into the *Natal Mercury* merge into the Durban branch of the Argus group, was shaken by estimates that a mere five out of the 20 daily newspapers in South Africa were likely to show any profits at all.

Eyebrows were raised higher when experts suggested that in fact there were still too many newspapers in certain areas, such as on the Witwatersrand, where no fewer than eight dailies were slugging it out.

The Competition Board turned attention to an economic dilemma that spread far beyond the *Natal Mercury* and engulfed the entire Press world.

Among the revelations collected in evidence:

- TV and radio had now acquired no less than 30 percent of the entire pool of spending on advertisements, with a catastrophic effect on the economic viability of newspapers and magazines

SLICE INCREASED

- The slice increased as commercial slots expanded from TV1 to the launch of TV2, TV3 and now TV4.

- On top of that, SABC radio was now using the launch of more and more local stations — plus the spread of advertisements to the reshaped main English and Afrikaans services — to compete with low tariffs for the advert expenditure of small businesses

- Knock-and-drops, distributed free to consumers and packed with advertisements, were a new development in the battle for adverts.

- In a formidable escalation in newspaper production costs, the price of newsprint — the most significant single raw material expense — had soared in only five years from R520 to R1 060 a ton.

- Prices of such items as printing ink and plates for the presses had also spiralled with inflation, weak rand exchange rates, and new technology

DISTRIBUTION

- Distribution expenses had soared along with higher transport costs.

- Much of the capital equipment needed by the industry had to be imported — exposed to a 10 percent import surcharge as well as swings in exchange rates.

- Imposition of general sales tax on advertising services — being fought tooth and nail by the newspapers — had also been sharply negative

The Competition Board weighed the problems and put in a significant remark itself in its final report. Problems inside the Press were exacerbated not only by prevailing economic realities but also by the limits that had held newspaper companies back from diversification into the electronic media.

It also blamed the prolonged exclusion from the electronic media for accentuating the degree of concentration in the newspaper industry — an issue still bristling with controversy

Seven to eight million will be drawn into MICH

Two pieces of advertising have had share last year

deafening especially to liberals who are still in mourning. There is still bafflement how SAAN within the space of only a couple of years, toppled from a money-spinner into a financial chasm that shows bank overdrafts of R45 million. Mr Stephen Mulholland, drawn from the editorial side to become managing director of SAAN in a monumental reshuffle, shows more anger than despair about the debacle.

In typical style — "decisive, impatient and willing to buck convention" — he laid the blame at failures inside the former SAAN management.

The old management team failed to pay enough attention to group structure, corporate culture, discipline and proper strategic planning", he told me. If financial realities were sacrificed for purely journalistic objectives, it was a management error.

We have now approached the Argus group to enter into rationalisation talks — and are going very well. If SAAN had done it sooner, perhaps the *Rand Daily Mail* would be alive and kicking

kick down educational institutions from

few newsagents

Organisations are dying to what the source of the emerging political problem — a short-term organs

the number of newsagents has failed to keep pace with the expanding field, a crisis has arisen

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 and Wynberg REVEREND
 Tel 786-1111

JOHANNESBURG
Corner Park Road
 Tel 4-7801

PRETORIA NORTH
13 Wanderpark
 Tel 4-7801
Pick 'n Pay
 W.L.C. 441 1977
 Floor Shop 27
 Tel 07-84-9622

BRIDGE
1111 Street
 Tel 84-9622

E07/DO46463

Mayor unveils Escom's new substation

29/5/86
STAR
260
Municipal Reporter

Johannesburg's third bulk supply substation was officially commissioned yesterday when a plaque was unveiled by the mayor, Professor Harold Rudolph

The R16 million Delta Substation is adjacent to Escom's Craighall Substation supplying electricity to Johannesburg, Sandton and Randburg

Mr Wessel Barnard, the city electrical engineer, said the substation comprised some of the most modern equipment available in the world today

Special low-noise transformers were installed so as to cause minimum inconvenience to nearby houses

The structure was scaled down from its original size when the substation was considered in the early 1960's because of the compact nature of the modern switch gear, Mr Barnard said

Escom to test jumbo station

By Jaap Boekkool

At the end of this year Escom will start testing jumbo power stations which will not be cooled by conventional cooling towers but by nearly 300 giant electric fans

The new power station at Matimba near Ellisras in the Bushveld, is the first of the so-called direct dry-cooling type in which no water is lost through evaporation. It will save an estimated 42 million tons of water a year

The new Matimba station will be odd-looking as the first large power station in the country without traditional cooling towers.

While generating almost 4 000 MW, enough to power four cities Johannesburg's size, 294 giant electric fans, each of 9 m in diameter, will operate the cooling system of direct-cooled condensers, designed in Germany but adapted to local conditions

The fans, rushing heated air away from turbines, will create a small local "hot spot" in the Bushveld where temperatures in summer and winter will be about 5 deg C higher than in surrounding areas. This tropical oasis will be studied by environmentalists for changes in plant and animal life.

When completed, Matimba's water savings will be of great benefit in a part of the country long plagued by droughts. The dry-cooling will be a pioneering effort not matched anywhere in the world except by an American power station only one-twelfth Matimba's size

At Kendal on the eastern Highveld, Escom is also building a dry-cooled jumbo power station which will work on a different principle. Its six cooling towers, at 165 m the largest in the world, will contain giant radiators which will run the cooling system without water evaporation

PIN MAIL 20/5/86

CAPITAL MARKET

Placing Escom

260

Escom's issue, which attracted R429m for the R100m on offer, is not the stampede it appears. Only 15 investors applied (one being a broker), two of them for more than R100m each. Escom actually took up R161m. R147m in the option variety of the

newly created loan 165 (11% 1995) and R8m in the straight nine-year loan of this stock (at 16,6%), loan 163 (10,5% 2004), the loan consolidated last year and reissued at 17,75%, drew R5,5m

Following such a large oversubscription, criticism that the rate was too liberal is to be expected. Both Escom and its merchant banks (UAL and Senbank) are adamant that the issue was pitched correctly, pointing out that there were not many subscribers.

The interesting feature is that there is no uniform opinion where rates will be in three years' time. Escom found investors divided.

The Public Investment Commissioners (PIC) has ceased selling 1994 and 1995 stock. The Reserve Bank is understood to be tapping 1992 stock from the PIC.

The market itself has been dead, neither the AA Mutual nor African Bank affairs having any impact. Dealers were no doubt looking forward to Wednesday's "puff and toot on the Gilt express" to Magaliesberg, organised by Rand Merchant Bank.

Volumes are down from a week ago, totalling R1,9 billion on the JSE (R2,5 billion). But for R226m trade in Sats (off only 57 deals), Monday's R346m would have been virtually nothing. Apparently one date switch worth R200m was carried out. Sats' dealers were themselves surprised, only having traded R19m on the day.

Rates are trading around the levels of a week ago. In the long end RSA 13% 2005 was trading on Tuesday at 17,12% compared to 17,18% a week ago, Escom 11% 2009 at 17,8% (17,94%), and Sats 7,5% 2008 at 17,48% (17,5%). In the medium end RSA 15,5% 1990 dropped to 15,24% (15,31%) and Escom 9,25% 1994 to 16,47% (16,53%). ■

Lawyers get court order against Radio 5 show

By Bart Marinovich

Radio Five's "Chuckle and Chat Show" on the legal profession has had immediate repercussions — a Rand Supreme Court order has prevented a follow-up programme and the show's freelance deejays have been suspended.

The Law Society of the Transvaal sent a telex to the Director General of the SABC complaining about the contents of the programme.

Mr Edward Southey, president of the society, said last night: "We feel a number of defamatory and incorrect statements were made during the programme and would like to put the record straight. We would like to look at the transcripts before deciding what steps to take."

The programme, on Wednesday evening, probed some aspects of the legal profession. Apparently, the show was not monitored prior to broadcast.

In a statement issued last night, the SABC said it dissociated itself from the views expressed and ap-

logised to "any targets of adverse comments and statements" during the programme.

Co-presenters David Blood and Tony Sanderson were suspended pending an internal investigation by the SABC.

Mr Blood and Mr Sanderson will remain off the airwaves until the investigation is complete. It is not known how long that will be. Both were apparently in Cape Town and unavailable for comment.

Vince Connell — the Chuckle and Chat Show's regular newsreader — presented last night's show.

Head of Radio Five, Mr Pietie Lotriet, said the court interdict, granted by Mr Justice A M van Niekerk, prevented further programmes on the legal profession. It was served yesterday evening.

The applicants were Mr Alan Levin and Mr Wertheim Becker and the respondents were the SABC's Radio Five and Mr Azriel Lionel Reichenberg.

Mr Reichenberg was believed to have been in the studio at the time of the programme.

except tangentially. The question, though, that we will turn to next is what the process of secularization has meant for the traditional religious contents and for the institutions that embody them.

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- (c) (i) A V Louw
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(vi) D M Uys
- (vii) *Undivided Shares*
W T Nefdt; Estate late D Nefdt; Estate J Nefdt; Estate A J and J J Wilson, Estate H E Groenewald, E B Liebenberg, G F Steyn, G J Louber; Estate late P J Nefdt and J C D Lourens
- (viii) N G Kerk Bredasdorp.
(ix) N J Human
(x) G A Barnard
(xi) Andato Beleggings (Edms) Bpk
(xii) Oyster Bay Investments (Pty) Ltd
(xiii) P F and J P Dreyer
(xiv) P R S Scott, G S G Scott; W H R Schreiner
- (d) The following sites are included
- (i) Rem Portion 2 (Rys Punt) of the farm Buffels Fontein No 170
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- (ii) Rem Portion 1 of farm Klip Fontein No 64
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Rem Portion 2 of farm Klip Fontein No 64
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Rem Portion 13 (Annex Martha) (portion of Portion 1) of farm Klip Fontein No 64
Rem Portion 1 of Farm No 169
Rem Portion 10 (Klip Fontein) of farm Klip Fontein No 64
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Portion 29 (portion of Portion 17) of farm Klip Fontein No 64
Portion 30 (portion of Portion 17) of farm Klip Fontein No 64
Portion 23 (Blou Krans) (portion of Portion 11) of farm The Potteberg Estates No 516
Portion 35 (portion of Portion 31) of farm The Potteberg Estates No 516
Portion 20 (Nutsie) (portion of Portion 5) of farm The Potteberg Estates No 516

- Portion 21 (Nutsie West) (portion of Portion 5) of farm The Potteberg Estates No 516
Portion 22 (Nutsie East) (portion of Portion 5) of farm The Potteberg Estates No 516
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- (e) (i) 19 September 1979
(ii) 2 September 1982
(iii) 27 January 1966
(iv) 12 November 1973
(v) 2 August 1952
(vi) 19 April 1972
(vii) 5 June 1973
(viii) 9 September 1938
(ix) 24 January 1972.
(x) 22 December 1971
(xi) 8 August 1970.
(xii) 8 July 1969.
(xiii) 28 April 1981
(xiv) *Shareholders*
1 July 1957, 7 April 1961, 1 April 1953, 25 November 1959, 16 October 1973.
- HANSARD 31/1/80
Port Elizabeth: nuclear power station
260
- (1) Whether an investigation has been instituted into the selection of a suitable site for a nuclear power station (a) east and (b) west of Port Elizabeth; if so,
- (2) whether this investigation has been completed, if not, when is it anticipated that it will be completed, if so, when,
- (3) whether (a) a suitable site has been purchased or (b) an option has been taken on any site for this purpose, if so, (i) what specified site, (ii) at what price, (iii) what is the area of this site and (iv)(aa) who is or was the owner of this site and (bb) when did this owner acquire the site?

†THE MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) Yes, in October 1985 Escom started a physical investigation in two areas in the Eastern Cape. These investigations form part of a national programme to identify sites for possible future nuclear power stations

The current investigations are being conducted in

- (a) The area east of Port Elizabeth from the Sundays River Mouth to Cape Padrone. It stretches 16 km inland and 10 km seaward
- (b) The area west of Port Elizabeth from the Tsitsikamma River Mouth to Seal Point (Cape St Francis). It also stretches 16 km inland and 10 km seaward

- (2) No, the current investigations in the above-mentioned areas will be completed in December 1986. At that stage the viability of smaller sections of the area will be clear.
Should it be decided to conduct more intensive investigations into the smaller sections, the investigations will take a further 12 months

- (3) (a) No, at this stage no sites have been identified for future nuclear power stations and consequently no purchases have been made
- (b) No options have been or are be-

KUS DAY
260 4/6/86

Interdict extended

A RAND Supreme Court order preventing the SABC from broadcasting certain defamatory statements on Radio 5's "Chuckle and Chat Show" was yesterday extended to August 5. Last Thursday's ruling prevented a re-appearance by a Johannesburg financial adviser on the show that same night and led to the suspension of presenters David Blood and Tony Sanderson.

The application was brought after Lionel Reichenberg's alleged defamation of two lawyers

LIAM EGAN
who appeared on the Wednesday night's show devoted to the legal profession

At yesterday's hearing, Mr Justice R Stegmann extended the rule after Reichenberg had informed the court of his decision to contest the original ruling.

The SABC will pay the costs of the initial application by Allan Levin and law firm Wertheim Becker, but is freed from further litigation

Government ban on all meetings

of the three Houses an amendment may be moved for the Bill to be referred or recommended to the appropriate standing committee

If such an amendment is agreed to by two of the Houses and the Second Reading of the House is agreed to by the other House it shall be deemed that all three Houses have agreed to the amendment

5/16/86 BUS DAY 50
● From Page 50
Observers believe the Bills could then not automatically be sent to the President's Council for arbitration as was originally thought to be the natural path for the government to take should it not get the Bills passed by the three Houses

Koeberg Alert speaks out

5/16/86 BUS DAY
KOEBERG Alert yesterday leapt to the defence of Reg Coogan, Cape Town's medical officer of health, after Escom had attacked his criticism of the nuclear emergency plan there
Coogan said the consequences of the

50 260
Chernobyl disaster showed radiation could reach Cape Town But Escom's divisional manager Paul Semark said it was unrealistic to evaluate Koeberg's plan in the light of Chernobyl as the two stations were so different

FRIDAY, 6 JUNE 1986

Indicates translated version

For written reply

General Affairs

HANSBARK
Maputo: Imports of petrol/diesel fuel

1007 Mr L F STOFBERG asked the Minister of Mineral and Energy Affairs †

- (1) Whether petrol and diesel fuel for use in the eastern parts of the Transvaal is supplied by means of imports through Maputo, if not,
- (2) whether it is anticipated that large quantities of fuel will be provided by means of imports through Maputo in the foreseeable future, if not,
- (3) whether a zone price system for fuel, based on the delivery of large quantities of fuel through Maputo, is being maintained; if so, why,
- (4) whether, in terms of the above-mentioned zone price system, fuel users in certain parts of the country are being subsidised by fuel users in other parts of the country, if so, (a) why and (b) what are the relevant particulars in this connection?

The MINISTER OF MINERAL AND ENERGY AFFAIRS.

- (1) No
- (2) No
- (3) and (4)(a) and (b) Yes Maputo has been phased out as port for the importation of crude oil as a result of the production of Sasol II and III as well as Naterf being sufficient to supply the whole of the Transvaal with petrol and diesel. The prices of Sasol products supplied to the crude oil industry for the marketing of those products, excluding those marketed

by Sasol itself through Sasol pumps, include transportation costs equal to the amount of transportation should these products be distributed through Maputo

In accordance with the current price zone system, the prices of products sold in a portion of the area served by Naterf are based on the transportation tariff calculated at the Maputo port tariff while Naterf supplies the products at the Durban port transportation tariff. The deficit is being debited to the industry's under-recovery account and the recovery thereof is spread over the total consumption in the Republic. The amount is small relative to the total value of sales in the country.

The total price zoning system is currently being investigated in order to eliminate the abovementioned as well as other problems.

English-speaking persons: income tax

into Treasury

HANSBARK

1064 Mr H D K VAN DER MERWE asked the Minister of Finance †

Whether his Department has statistics on what portion of the amounts paid into the Treasury by English-speaking persons in South Africa by way of income tax, has been spent on education for Afrikaans-speaking persons, if not, why not, if so, what amounts from this source were spent on such education during the past four decades?

The MINISTER OF FINANCE.

No, it does not serve any fiscal purpose to keep information of this nature

1070 Mr B BOODAL asked the Minister of Manpower

- (1) (a) What total amount was spent during the latest 12-month period for which information is available on (i) job creation programmes and (ii)

programmes for training unemployed persons and (b) how many persons were (i) employed as a result and (ii) given training,

- (2) what (a) total number of persons were involved in, and (b) was the total cost of, administering these programmes as at the latest specified date for which information is available?

The MINISTER OF MANPOWER:

- (1) (a) (i) An amount of R124,77 million was spent on job creation programmes during the 1985-86 financial year
- (ii) R87,6 million was spent on programmes for the training of unemployed persons during the 1985-86 financial year

- (b) (i) More than 560 000 persons were employed.
- (ii) 253 168 persons were given training.

- (2) (a) The number of persons involved on these programmes by participating bodies varied from day to day and consequently it is not possible to determine the exact figure
- (b) Officials involved with the special job creation programmes do this work over and above their normal duties and consequently there were no extra costs incurred in the administration of the programmes.

Annual reports

1090 Mr P G SOAL asked the Minister of Manpower.

- (a) How many annual reports were produced by his Department during the latest specified period of 12 months for which information is available, (b) in respect of

what bodies were these reports produced, (c) what was the cost of producing each such report and (d) who did the printing of each report?

The MINISTER OF MANPOWER:

- (a) Four reports were produced.

- (b) Director General of Manpower in respect of the 1985 calendar year
National Manpower Commission in respect of the 1985 calendar year
Unemployment Insurance Fund in respect of the 1984 calendar year.
Workers' Compensation Commission in respect of the 1984-85 financial year

- (c) R24 490,46, R16 520,00, R1 377,60, R1 093,22

- (d) Cape and Transvaal Printers (Pty) Ltd, Cape Town
Cape and Transvaal Printers (Pty) Ltd, Cape Town
Pretoria Printers, Pretoria
Hennie's Secretarial Services (Pty), Ltd, Pretoria

Annual reports

1097 Mr P G SOAL asked the Minister of Finance.

- (a) How many annual reports were produced by his Department during the latest specified period of 12 months for which information is available, (b) in respect of what bodies were these reports produced, (c) what was the cost of producing each such report and (d) who did the printing of each report?

The MINISTER OF FINANCE.

- (a) Seven

- (b) (i) S A Mint

- (ii) Branch, Public Finance (Report of the Local Authorities Loans Fund Board).



ESCOM's new R33 million regional headquarters building in Bellville. To save money, one of its five floors has been left unfurnished and locked up until needed later.

Escom staff begins R33m Great Trek

W/Escom's
7/6/86

260

berg Bureau

ESCOM'S 450 workers are having their own Great Trek — from 11 Peninsula buildings into their new R33 million regional head office in Bellville.

It's a major task, and Mr Dave Bailey, Escom's top office organiser, has been planning the move in great detail with the architects since 1981.

The big move started last week and should take two months to complete.

The cash office has opened for business in the lobby of the five-story building in Voortrekker Road. The three cashiers have direct access to the central mainframe to deal with customers' queries.

The 300-seat cafeteria and kitchen on the ground floor are almost ready. The hotel-style kitchen will provide meals for hundreds of employees at Peninsula power stations and workshops.

The payroll department and manpower and buying offices are to move from rented premises on the Foreshore this weekend.

Four floors will be occupied and, to save money, one floor will stay closed until it is needed.

A particularly daunting task was co-ordinating Escom's regional library, says Mr Bailey, with 90 percent of its books and manuals scattered throughout the Peninsula.

Hundreds of thousands of blueprints of the Southern and Western Cape power grids are already being hung in shoulder-high, fire-proof, stainless steel filing cabinets.

Miles of cables for computers, electricity and telephones have been installed — within easy reach — in the ceilings.

A centralised cleaning system will reduce the cost of night-cleaning crews as the whisper-quiet vacuum system can be used during off-

office hours without hindering workers.

Keeping down noise and visual disturbance was a major consideration in the design of the open-plan offices.

The concrete ceilings have indented squares, covered with sound-insulating fabrics and angled to scatter noise. A sound-baffling signal will emit a harmless hiss, said to cut down on bothersome background or "white noise".

Other worker-friendly features are private restroom lockers and "split-lighting".

Small spotlights at each desk with dimmer overhead lights will save about 20 percent in electricity bills.

Mr Bailey said Escom tests had shown that these isolated light-cones gave workers greater "islands of privacy".

About 250 large planter boxes with hydroponic plants have been installed throughout the building.



Escalators at Escom's new regional headquarters are lit naturally from a giant skylight.



The 300-seat cafeteria and hotel-style kitchen which will eventually cater for 2 000 employees at the coal-fired power stations and Escom workshops throughout the Peninsula.

Pictures: HANNES THIART, The Argus

6/6/86 FIN MAIL

260

A look into obscurity

After years of powerful growth, Sasol's revenues could be due for a bruising. Most investment analysts agree with that. But there is less agreement on the implications for the synfuel and chemical giant's dividends or its share price, divergent views on these points have made Sasol one of the JSE's more contentious stocks.

Contradictions and uncertainties abound in any discussion of Sasol. That alone makes this year look different from the previous years since the listing in 1979. Ever since Sasol moved onto the JSE in the largest privatisation of a State-owned enterprise yet seen in SA, it has reported powerful earnings and dividend growth (see table), building up a consistent track record.

Against this record, the share has often been something of a disappointment. Although the price firmed steadily since early 1984, when the rand started plunging, Sasol's yield has always lagged other blue chips like Pick 'n Pay or Liberty. Late last year,

Despite the consistently good earnings and dividend record since the listing in 1979, and generally favourable reports from stockbrokers' analysts this year, sentiment on Sasol has turned cautious.

after the rand plunged in the wake of the emergency, Sasol's price soared, then, soon after peaking at 910c, it launched into a four-month slide to 625c that wiped R1,6 billion from the peak market capitalisation of R5,1 billion.

The shake-out was fuelled by the firming rand and crumbling international oil price — the worst possible combination for Sasol, as the price it receives for petrochemical products from its synfuel plants is based on the rand equivalent of international petrol prices. The rand price of oil, the variable most crucial to operating profits, had fallen from about R80 a barrel last October to only R26-R30 a barrel. Even when compared with the first half of 1985, when prices were R50-R60 a barrel, there has been a drop of some 50% (see graph).

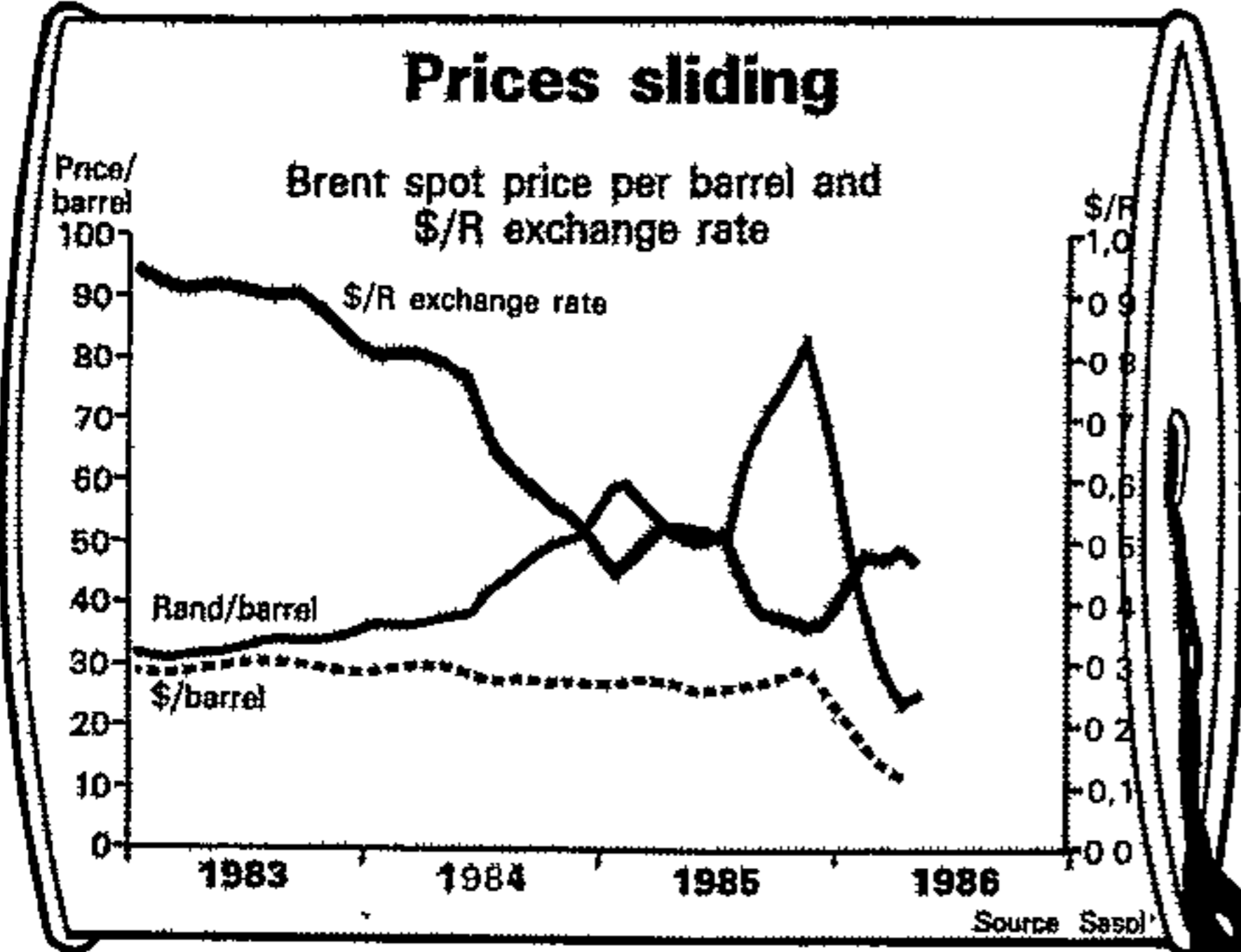
While most stockbrokers' reports on Sasol remain bullish on fundamentals, their reassuring recommendations have been overshadowed by more bearish sentiment. The rand's decline over the past fortnight has not injected market support and the

share continues to drift around 685c.

Bullish analysts point to a number of factors — fat in the financial accounts, the strengthening balance sheet and improving efficiencies — which, they say, should ensure that earnings and dividends are protected over the next 12-18 months.

Certainly, Sasol has salted away much of its recent bonanza profits, 50%-held Sasol 3, after declaring a nine-times covered dividend of R50m in 1985, declared no dividend at the end-December interim, when its after-tax profits were R204m. The interim also saw the creation of a R50m profit equalisation reserve and it would not be surprising if another R50m is added in the second half.

Accounting policies have long been conservative. Despite abolition of tax incentives,



GM Du Toit ... juggling the variables

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Sasol has adhered to lifo stock valuation. By reverting to fifo, it could immediately tap the lifo reserve of some R300m, or, by reducing stocks, it could draw on part of this reserve, and take, say, R50m

Also, interest payments, which absorbed R307m in 1985 and a net R95,2m at the interim, are falling GM André du Toit says that even on the present outlook, interest-bearing debt (currently R1,1 billion) could possibly be fully repaid by the end of 1988.

Restoration of the 4,5c/l levy withdrawn from the petrol price formula from January 1985 could provide some compensation for the fall in the rand oil price. But this is another point of difference between analysts Ed Hern, whose analyst Manny Pohl produced a bullish report (recommending a buy at 740c), is confident the levy will be restored

A notable contrarian is Alan Hill of Max Pollak & Freemantle. He has followed Sasol for years, in a report put out on February 12, he became guarded on the share. He sees rand oil prices remaining weak at least until mid-1987. While improved results are still likely for the year to end-June 1986, Sasol must be expected to be a relatively weak performer in this period, he says.

"Furthermore, should the rand oil price remain below R40 a barrel for any prolonged period, Sasol will struggle to sustain a satisfactory earnings growth pattern, unless there is a revision of government's fuel pricing formula." Hill stresses the dividend is highly sensitive to the rand/dollar exchange rate.

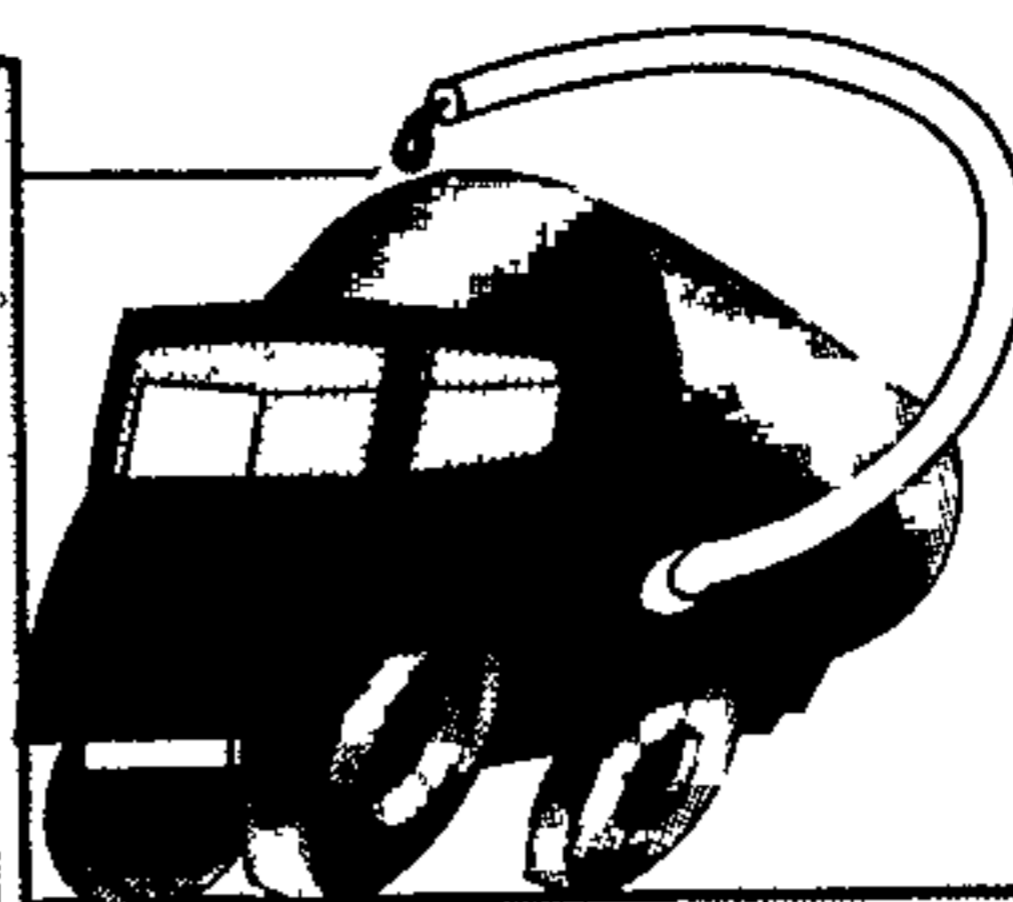
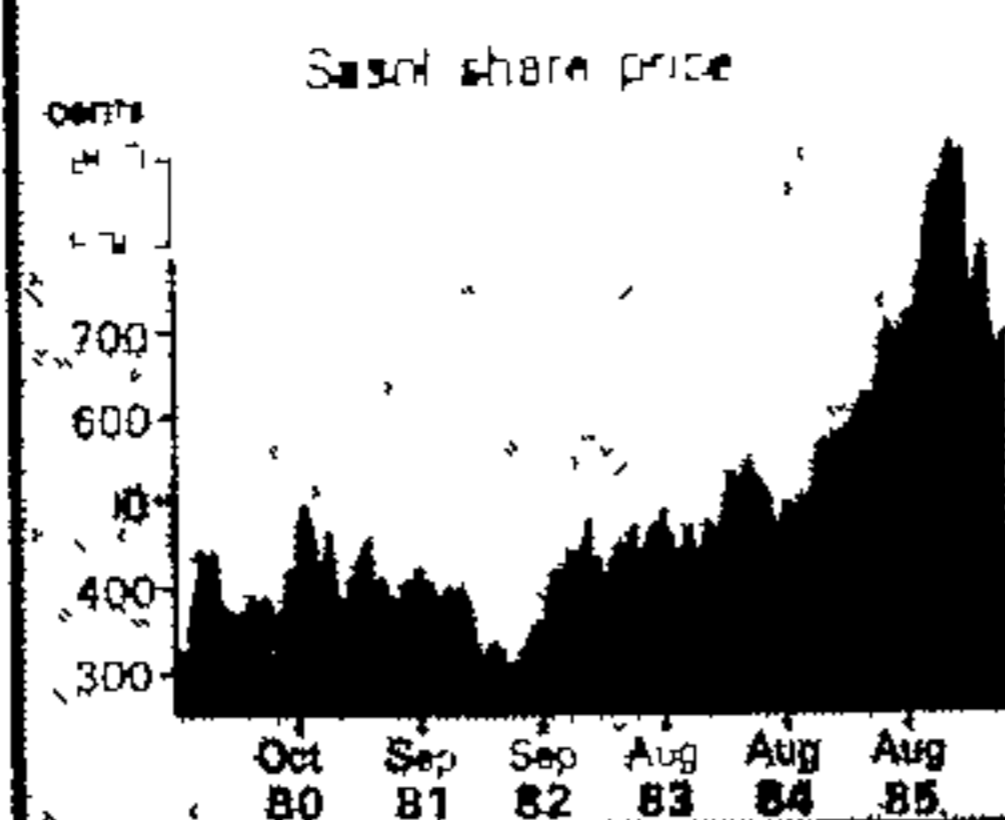
"A reduction of R20 a barrel in the price received on coal-based fuel can reduce the group's annual turnover and profit by at least R800m, about half of this being attributable to the quoted company. No company can absorb a sustained setback of this magnitude and maintain its level of profits."

While conceding that there is scope for a gradual improvement in the dollar oil price, Hill believes it is wrong to assume future rand depreciation will be as steep as the 30% a year average of 1984-1985. He is saying that it can no longer be assumed that Sasol will maintain powerful long-term growth, it will have to adapt to a more sustainable growth rate.

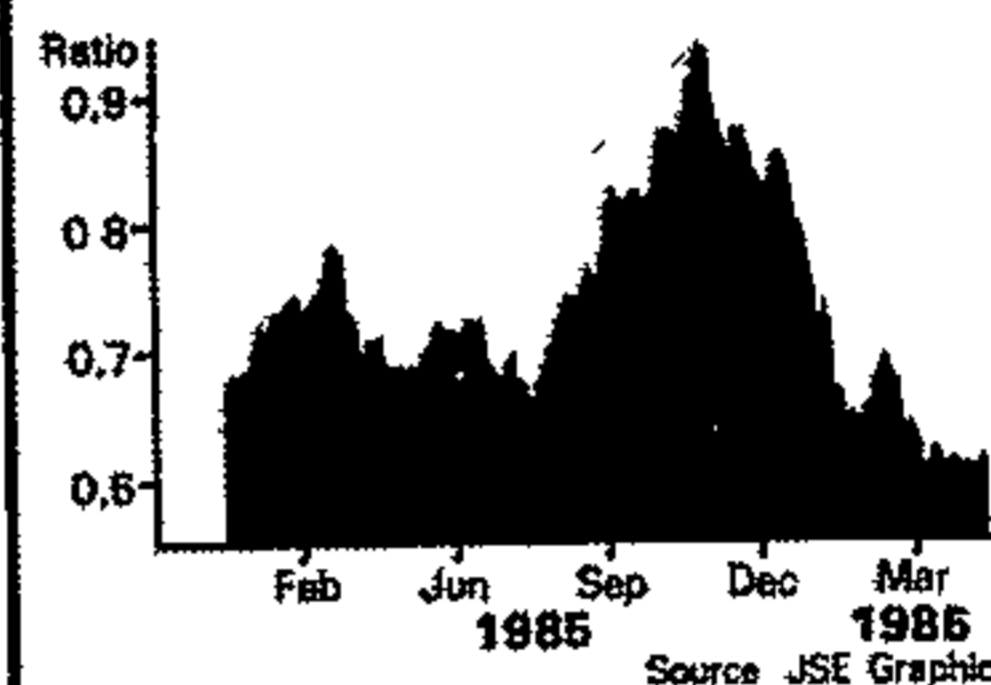
Some believe restoration of the 4,5c/l levy probable, which would help Sasol significantly. According to the official announcement, the rebate was only suspended — there is an agreement with government on the possible circumstances for its restoration, and there are arguments that such circumstances now exist. Moreover, Sasol's listing prospectus stated there may not be any differential in the treatment given to different organisations in the oil and chemical sector.

Here, too, Hill is not so sure. He feels that government never foresaw Sasol generating the massive profits of recent years, and could be reluctant to subsidise a profitable producer whose synfuel plants are fully on stream, especially in view of the rural-based political

Seeking support



Sasol versus industrial index



threat now emerging from the Right. In any event, he says, "the 4,5c/l levy is small fry when compared with the recent setback." Of course, a sustained firming of the oil price, or weakening of the rand, as started happening in the past few days, might change these equations, but the outlook for both is opaque.

A key question regarding both Sasol and the energy scene is whether government will change the rules applied to local sources of fuel. The whole scenario is sensitive to key variables such as the international oil price, exchange rates, available synfuel technologies, and the approach finally adopted on the Mossel Bay project. Government is apparently reassessing a number of positions, including those on Mossel Bay and the petrol pricing formula, and some far-reaching decisions could be taken in the next few months.

Apart from the new uncertainties about the ground rules, a basic difficulty with Sasol, and a reason why viewpoints differ, is that production volumes (and hence the breakdown of contributors to group profits) are confidential. There should, for example, be help this year from the refining operations, as the reduction in domestic petrol price is stimulating petrol sales volumes. However, margins are considerably thinner on refining than on synfuel plants. Refining is a major contributor to Sasol's R3,6 billion-odd turnover, but a much smaller contributor to profits.

Much the same applies to other operations, such as production of chemicals and the new downstream activities, including fertiliser (probably in a loss, like other producers) and explosives, which will make a contribution later this year. All these help the cost structure — but the synfuel plants are crucial to earnings.

Two other controversial issues are the timing of Sasol Ltd's acquisition of the 50% not already owned in Sasol 3, and whether it will fund this with a rights issue. At the Sasol 2

takeover, 1986 was given as the earliest date for consolidation of Sasol 3, and some commentators, including Ed Hern, argue the deal will go through this year. The Hern report put the purchase price at R750m, partly funded by a R500m rights issue.

This could quickly give Sasol's profits a massive boost. It does not even equity-account Sasol 3's income, which alone would make earnings far higher. But there appears little urgency for the takeover, the 1983 rights

document put the deadline at 1992, six years off. In fact, conditions could be more propitious in a year or two given that the balance sheet should be ungeared by the end of 1988, Sasol could then finance the deal from internal resources and borrowings and avoid another rights issue.

This would make sense. A rights issue is among the last things needed if the share rating is to be improved. Already, Sasol's huge issued capital of 562,5m shares can be a considerable depressant on the price.

Institutional investors have hefty holdings. Old Mutual, for example, has 5,5% or 30,7m shares, Anglo 2,1% or 12m, JCI about 3,1% or 17,3m, GfSA about 3,5% or 20m, and Sanlam could have around 7% or nearly 40m. All they need do is lighten holdings when sentiment and the price become vulnerable, aside from that, they may not be too keen on adding to portfolios at present.

However, a rights issue cannot be ruled out. There could yet be an announcement after year-end results are published in about July. Analysts attach different implications to this. A rights issue could be seen either as confirming signs of strain on the balance sheet, and that Sasol wants to acquire Sasol 3 soon, or that government wants money.

There's been nothing in the accounts to justify misgivings and it's just possible there never will be. The 1986 year results will certainly be good. Notably, though, even when the oil price looked firmer last week, and the rand fell below US42c on Monday, Sasol's share price languished below 700c. As long as the energy picture remains obscure, and there are expectations of another large rights issue, sentiment will remain cautious. The share is unlikely to regain much strength in the short term. *Andrew McNulty*

SASOL'S GROWTH

Year to June 30	1980	1981	1982	1983	1984	1985
Earnings (c)	32,4	44,4	53,2	61,9	73,3	89,1
Change (%)		37	19,8	16,4	18,4	21,6
Dividend (c)	15,5	20	24	28	33	39
Change (%)		29	20	16,7	17,9	18,2
Net worth (c)	177,1	202,6	228,5	262,4	368,1	418,3
Change (%)		14,4	12,8	14,8	40,3	13,6

Fatal Iscor clash 'not result of union dispute'

The bloody clash which left 10 dead at Iscor's Hlobane colliery near Vryheid last week had not been caused by a dispute between the National Union of Mineworkers (NUM) and the Inkatha-backed United Workers' Union of SA (Uwusa), says the NUM.

NUM press officer Mr Marcel Golding said that as far as the NUM could tell the clash had not been the direct result of a dispute between NUM members and those of Uwusa.

At least 115 people had been injured during the fight at the No 3 shaft on Friday. Three are in a critical condition in the Vryheid Provincial Hospital. Police claimed the fight was a result of a clash between NUM and Uwusa.

The NUM is affiliated to the Congress of SA Trade Unions (Cosatu). Uwusa has received considerable backing from Chief Mangosuthu Buthelezi's Inkatha movement.

Cosatu and Uwusa differ on a num-

ber of key issues such as disinvestment and capitalism.

There have been minor clashes between the groupings in Natal and heated words have passed between the organisations in recent months.

Mr Golding claimed that mine security had called in non-mine workers after a peaceful strike had been staged. A NUM organiser was not allowed to go on to the mine, he said.

"The organiser was manhandled and hounded from the premises. We believe mine security then permitted non-mine workers to enter No 3 shaft with the aim of attacking the workers and breaking the strike," Mr Golding said.

He condemned "attacks by Inkatha thugs" and said the clash was not a direct result of a dispute between the NUM and Uwusa.

Mine management were not available for comment at the time of going to press.

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BODAY 9/6/86.

Steel giant reacts to allegations

Iscor issues 'open books' invitation

HAMISH McINDOE

ISCOR has issued an open invitation to the Namibian government to "inspect our books" in the wake of allegations of abuse of mining concessions at its Imcor Zinc mine at Rosh Pinah

"We have nothing to hide," said Iscor MD Willem van Wyk

Iscor used the commissioning late last week of its R5m capacity expansion at Rosh Pinah to criticise Mr Justice Pieter Thirion's allegations of irregularities in the mine's pricing basis for zinc concentrates

Namibia's interim government's Mining Minister Andreas Shipanga said a committee was being appointed to draft a mining policy for the territory based on Thirion's findings

Secretary of Economic Affairs Piet Kruger told *Business Day* that with minor exceptions, Thirion's proposals were acceptable "A White Paper will eventually be drawn up to implement that policy," he said.

The Thirion Commission of Inquiry presented its report, which carries evidence of alleged over-mining, tax avoidance and transfer pricing by several SA companies, at hearings in Windhoek earlier this year

Iscor Senior GM (Mining) Ben Alberts said the commission had made no attempt to contact Imcor Zinc for information during its investigation.

Alberts added that Iscor was drawing up a detailed submission to the inter-departmental Committee of Inquiry into the Thirion Report aimed at refuting the commission's findings against Imcor Zinc

Iscor holds a 51% stake in the mine with Kahan-family concern Moly Copper holding the rest Production at Rosh Pinah rises by 25% to a milling capacity of 50 000 tons per month with zinc concentrate output rising by the same margin to 5 7000 tons per month

SABC ordered to reinstate workers

By Sheryl Raine

The SABC has been ordered to temporarily reinstate 13 black employees which, the Industrial Court has found, were unfairly retrenched or dismissed

The order follows an application to the court by the Media Workers Association of SA (Mwasa) and individual employees

Dr D G John, the presiding officer of the court, found that in the case of 10 retrenched employees, the SABC had failed in at least two respects to attain the degree of fairness which a reasonable employer, properly informed of the standards of conduct currently expected of employers, would have deemed necessary

He found the SABC failed to give adequate warning to individuals of the likelihood of retrenchment

VACANCIES

In papers before the court, the employees said that immediately after they received their retrenchment notices in September and October last year, the SABC advertised vacancies

They complained that the SABC had not explored ways to avoid or minimise retrenchment, no proper selection criteria for retrenchment were applied

The SABC referred to a number

of public and private announcements of its need to slim down operations and reduce staff which did not satisfy the court that individuals had actually been formally consulted about being retrenched

The SABC also said it had told employees that the most unproductive would have their services terminated first. The employees denied all knowledge of this retrenchment principle

In the case of three employees who were dismissed, allegedly for poor work, the court found there was no adequate inquiry prior to dismissal. The workers said they were never charged with misconduct, given any warnings or the opportunity to defend themselves against allegations of misconduct. They claimed they were in fact retrenched

"It is not sufficient answer for the SABC to say that it gave two months' notice of retrenchment with pay or one month's notice of dismissal as required by its personnel regulations," said Dr John

He ordered the 13 to be reinstated with effect from February 20. The employees have the right to return to the Industrial Court for a final settlement if a conciliation board does not succeed in settling the matter to their satisfaction

Mr P Pauw instructed by Mr H B Roode of van Wyk and de Vries appeared for the SABC. Mr A T Trollip instructed by Moshidi, Kunene and Makume appeared for Mwasa and others

22-million people in SA have no access to electricity

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By Sue Leeman, Pretoria Bureau

About 22 million of the 31,4 million people in South Africa in 1984 did not have access to electricity and used wood, paraffin, coal and gas to meet their basic energy requirements.

Senior research officer with the Energy Research Institute, Dr A A Eberhard, told an energy conference in Pretoria today it was vital these energy needs be met

He said by the year 2000 South Africa (including TBVC countries) was expected to have a total population of 45 million, of whom 35 million would be black

Rural populations would increase marginally, but communities in urban and peri-urban areas were expected to more than double

Informal settlements in peri-urban areas around metropolitan centres would grow and there would be larger settlements in homelands which bordered on South Africa's densely populated urban areas

Dr Eberhard added "This sector cannot be ignored in national energy planning and investment decisions"

He suggested all housing in and around metropolitan areas and towns could be electrified on less than 8 000 kilowatts a year — 7 percent of the total electricity sent out by Eskom in 1984.

PROVISION OF SERVICES

This was little more than a third the capacity of one of the 3 600 megawatt power stations now being constructed and would provide electricity for about 5,5 million people

However, it appeared provision of such services was still regarded as of secondary importance in planning townships and upgrading peri-urban and informal settlements

He added "The massive housing project at Khayelitsha in the Cape is another example where electrification of houses is ignored. By denying electricity to these areas, communities are further impoverished by having to meet

the higher costs of fuels such as coal, gas, paraffin, candles and batteries and quality of life expectations are frustrated.

"This situation can only exacerbate an already deteriorating social and political climate."

Dr Eberhard said rural areas also still had a great need for energy resources. Reliable, low-cost, decentralised small power supply systems should be installed

There was also a need for fuel wood, which must be provided without further denuding the country's forests

All this would cost money, he said, but "ignoring these problems may, in the long term, incur even higher social, environmental and political costs"

LATEST TECHNOLOGY

In another address, deputy chairman of Rand Mines, Mr A A Sealey said the coal industry must continue to employ the latest technology and scientific procedures to maintain the progress it has made

He said a number of new steps could be taken, including

- Development of new coal liquefaction processes to produce and sell a wider range of petrochemical products.
- Possible construction of natural gas pipelines, which may have export potential
- Further research into combustion technology
- Cleaner stack emissions should be obtained through better scrubbing of coal or improved combustion,
- On-site processing of coal or use of robotics in difficult conditions should be investigated

Mr Sealey also called for improved efficiency and greater capital intensity

And, he said, output must be kept in line with wage demands, or producers would fail to adequately control costs

Mr Sealey added that adequate attention must be given to training

Sowetan 11/6/86

COURT RULES AGAINST SABC

THE Industrial Court has ordered the reinstatement of 14 employees of the South African Broadcasting Corporation who were retrenched at the end of last year.

The 14 workers, all of them members of the Media Workers' Association of South Africa (Mwasa), are to be reinstated on the same terms and conditions which applied before their retrenchment in November and December.

In launching the case against the SABC, Mwasa said the retrenchment of its members was unfair in that:

- The SABC advertised vacancies after the retrenchment;
- The accepted principles of retrenchment were not followed;
- The SABC failed to consider ways and means of avoiding or minimising retrenchment,
- Insufficient prior warning was given to workers on pending retrenchment;

By LEN MASEKO

• The SABC did not apply a fair selection to workers to be retrenched; and

• There was no proper consultation before a final decision was taken on retrenchment.

The SABC's argument that the Industrial Court had no jurisdiction over it because the retrenched workers were State employees was rejected by the court.

• The Pretoria Supreme Court yesterday granted a temporary order evicting 270 dismissed strikers at the Sasko Flour Milling Company at Bon Accord, Pretoria West, where they have been sleeping in since last Friday

Mr Tom Duff, Sasko's manpower relations manager, yesterday confirmed the ruling and said the company filed an urgent application after the dismissed workers — all members of the Cosatu-affiliated Food and Allied

Workers' Union — refused to leave the premises.

The application was not contested by the union following an agreement that the order, if granted, would not affect 42 shift workers who were presently staying in the company's hostel, Mr Duff said

The union has been given two weeks by the Supreme Court to show cause why the order should not be made final, Mr Duff added

A spokesman for the union yesterday said they were receiving national support on the strike and were now going to consult the executive committee of Cosatu to decide what the next step should be.

The workers went on strike since last Friday in protest against the company's plans to retrench 40 of their colleagues. Mr Duff said the retrenchment followed the closure of one of the three mills

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Business Day Reporter

ISCOR has branded a report alleging abuse of mining concessions at its Imcor Zinc mine in Namibia as "drivel" and said it is preparing a detailed response to the territory's government.

Business Day understands the submission contends that allegations of pricing irregularities for zinc concentrates and other mineral sales were based on poor understanding of the international metal market.

The Grote Report into Imcor Zinc's pricing activities — framed within Mr Justice Pieter Thirion's Commission of Inquiry — alleged the mine failed to declare R64m in a transfer-pricing tax dodge between 1979-1983.

The report calculated that the mine's zinc, lead and silver sales over this period amounted to R84.4m.

The report concluded that Imcor Zinc was selling large amounts of minerals to Iscor at prices well below LMB levels.

"Grote supplied incorrect information to the commission from which the wrong conclusions have been drawn," said Iscor Senior GM (Mining) Ben Alberts

He said the mine's sales had

**Iscor says
Namibian
zinc report
is 'drivel'**

always been linked to international prices: "Imcor Zinc has never resorted to transfer pricing."

"But to assume LMB prices can be applied to the metal content of a concentrate is as ludicrous as to expect that the price of wheat supplied by a farmer should be directly derived from the price of bread," Alberts said.

Iscor will deliver its submission to a "White Paper" Commission of Inquiry into the Thirion Report.

"But the report has already done great harm to the Namibian mining industry, Imcor Zinc and Iscor on a local and international level. No amount of corrections will restore the tarnished image," Alberts said.

Councils may buy power wholesale

PKer's 11/6/88
Tygerberg Bureau

(260)

A CONTRACT between six Tygerberg authorities — creating a body empowered to buy the local power grid from Escom — has been approved by Durbanville Town Council

The contract is between Bellville, Durbanville, Goodwood, Kraaifontein, Kuils River and Parow

It creates an electricity operating committee which would buy the network and distribute electricity after buying it wholesale from Escom

The six municipalities will establish and collect their own tariffs

They went ahead with the project in spite of ratepayers' fierce protests

The Administrator's approval is still needed

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STAR

12/6/86

Sasol chief warns on oil glut effects

By Kym Hamilton, Pretoria Bureau

Interest and enthusiasm for synthetic fuels has disappeared resulting in the cancellation of projects which could lead to loss of expertise gained over the past 10 years, Sasol executive director, Mr P Kruger has warned.

Speaking at a conference in Pretoria yesterday on the future of South African energy, Mr Kruger said the major factors causing the lack of interest were the oil glut and low prices.

The oil price has always been subject to some degree of turbulence and it was only during a time of rapid oil price rises that synfuel projects were considered a viable alternative, he said.

SECOND CRISIS

A period of stability followed after World War 2 until the 1973 oil crisis. This was again followed by a period of stability until the second oil crisis leading to eventual collapse of the price.

The second oil crisis caused the price to rocket to an unprecedented US\$40 a barrel. During the following few years, it slowly descended to \$28 a barrel. The price then collapsed, dropping to below \$10 a barrel, and improving again to \$15. Oil prices should rise in the early 1990s, rekindling the interest in synthetic fuels, he said.

In the interim, the industry should concentrate on improving present operations and exploiting processing improvements for the next generation of synfuel plants.

Given today's market trends, a Sasol 2 plant, including the associated mine infrastructure, would cost about R9 000 million. At the present inflation rate, this could escalate to a final cost of more than R15 billion in six years, he warned.

Grand plan to develop N-power

By Sue Leeman, Pretoria Bureau

South Africa should be planning to launch a major nuclear programme by the turn of the century, when a second nuclear power station in the Western Cape will become viable, according to the executive chairman of the Atomic Energy Corporation, Dr J W L de Villiers.

Addressing delegates at a conference on South Africa's future energy needs in Pretoria this week, he sketched an ambitious scenario involving expenditure of R250 000 million between the years 2000 and 2035, and the switch-on of the country's first breeder reactor by the year 2025.

Dr de Villiers said South Africa did not have adequate energy reserves and would have to look for alternatives.

REQUIREMENTS FOR ELECTRICITY

At first glance the country's coal reserves looked set to last for another 300 years. "However, this is a fallacious assumption for, if a growth rate of 5 percent in electricity consumption is assumed for the next five decades, it can be shown that our total extractable coal reserves would be committed to electricity production alone by the year 2035."

Dr de Villiers said the country's uranium reserves, if used in the present thermal reactors of the Koeberg type, were equivalent only to some 15 000 million tons of coal, and thus could postpone for only a few years the date when all reserves were committed to electricity generation.

"However, if used in fast breeder reactors, our uranium reserves will be equivalent to some 900 000 million tons of coal, allowing enough time for the development of new energy systems such as fusion, or perhaps alternative renewable resources which could also be used for electricity production."

Dr de Villiers said it was important to time the development of the country's nuclear programme so that available uranium resources were used to the maximum.

"A delay in initiating a local nuclear industry will strain local coal reserves and eventually precipitate a too rapid transition from coal to nuclear power."

Dr de Villiers charted his programme for the industry, saying it could be launched in the year 2000. No more coal stations would be built after 2080.

POLLUTION

"Initially, nuclear reactors will become economic at coastal areas far removed from cheap sources of coal in the Eastern Transvaal."

"As coal becomes scarcer and more expensive, and as pollution and water supply become more problematic, nuclear power will become more attractive."

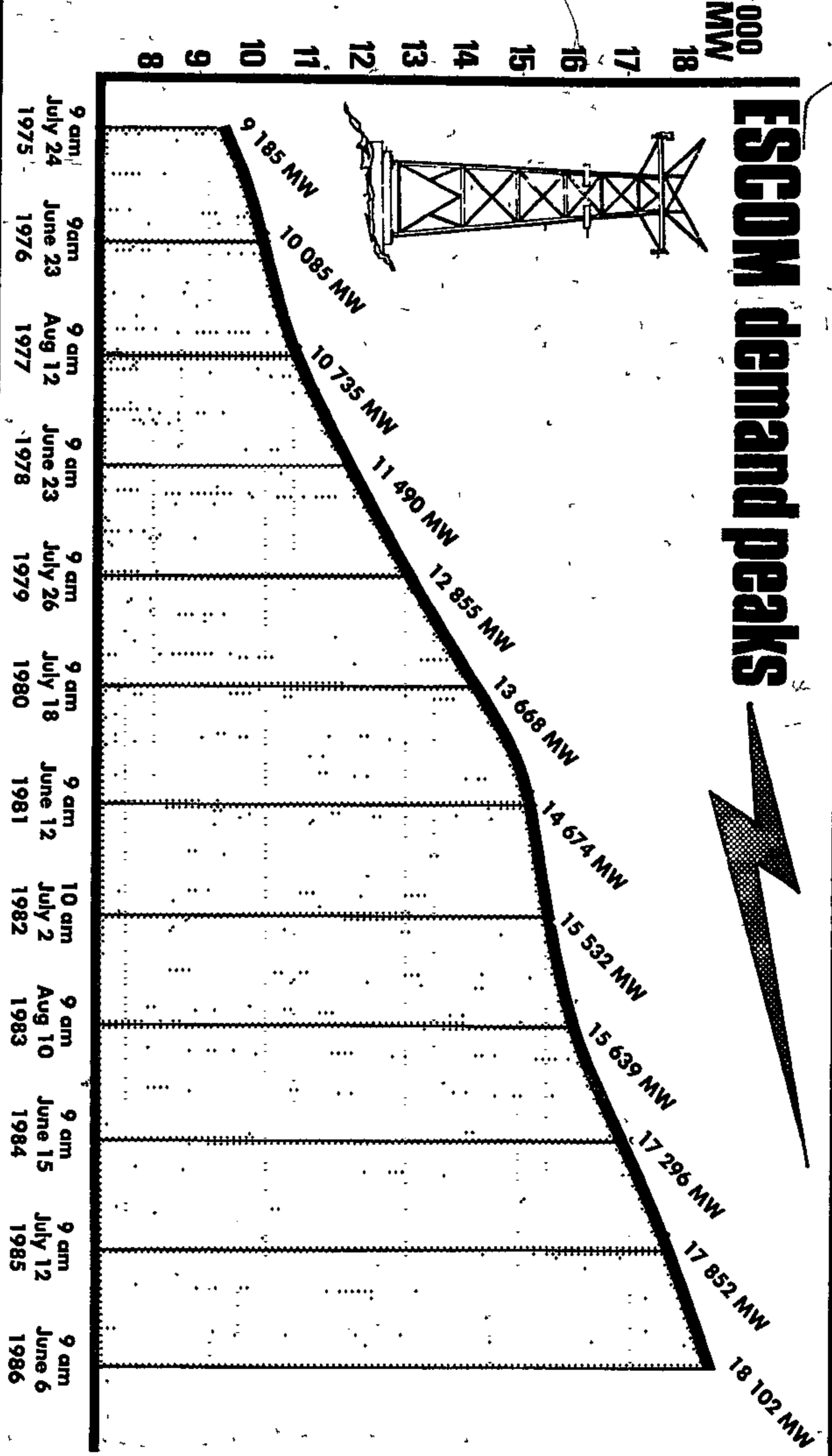
"Studies have shown that a second nuclear power station will become viable in the Western Cape by the year 2000."

"Because local uranium would be limited, he added, nuclear generation would have to be by way of breeder reactors."

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ESCOM demand peaks



The first onslaught of winter last week saw the national demand for electricity in South Africa reach a new record on Escom's national grid. Escom spokesman said that the peak demand figure usually occurred at about 9 am when peak industrial demand coincided with high domestic demand. He said that growth in electricity and energy usage was usually a good indication of growth in the Gross Domestic Product because electricity usage was closely linked to growth in the economy. "In periods of depression we may have negative growth figures," he said.

Power crazy!

By NEIL HOOPER

BOPHUTHATSWANA'S new R250-million power-station being built at Skilpadfontein, in the north-east of the territory, is destined to be a monumental white elephant — it will not be able to generate electricity!

BophuthaTswana will have to continue obtaining its power from South Africa's Escom, which is charging the territory an estimated R50-million a year for the service.

Two weeks ago, the Sunday Times revealed that BophuthaTswana — the cash-strapped former showpiece of apartheid — had cancelled all but the first phase of the original R700-million project.

This week BophuthaTswana's Minister of Economic Affairs, Mr E E Keikelame, revealed that his country was still trying to find funds to finance the first phase of the power station, presently under construction.

He admitted that, until the territory could find massive additional funding to build

Ohmless in BOP . . . the generating plant which can't generate anything

the scrapped phase two, the Skilpadfontein power station would not be able to generate power.

But BophuthaTswana's chances of obtaining massive overseas loans seem remote. As revealed by the Sunday Times, BophuthaTswana was forced to withdraw its application to the Johannesburg-based Development Bank of Southern Africa for a loan to build the power station.

Overdraft

It was also advised to "terminate" the construction of further phases of the power station.

In addition, it is understood that the BophuthaTswana Government has been asked by one of its major creditors,

the Standard Bank, to reduce its R300-million overdraft.

Asked whether he could confirm that BophuthaTswana had withdrawn its application to the Development Bank of Southern Africa, Mr Keikelame said his government had not actually applied for a loan.

"We were still carrying out investigations about a loan to finance the power station, but had not applied to the bank. We have now decided to look for an alternative source to finance the first phase of the project.

"The intention of the original project was to have four units of 60 megawatts each.

"What we are doing is building phase one of the contract, for which we are hop-

ing to find finance from suitable sources.

"The power station will not be able to go on stream when this is completed in 1988. To go on stream we will have to build phase two."

Reserves

BophuthaTswana has said that it decided to build the power station so that the territory would not be dependent on Escom for power, and that Skilpadfontein was selected because there were coal reserves and an adequate water supply for the cooling towers.

The coal reserves belong to Gencor, which told the Sunday Times it had no plans to start mining in the area.

A Gencor spokesman also

said that no agreement had been negotiated with BophuthaTswana to supply coal to the power station.

This was confirmed by Mr Keikelame.

"We have no final agreement with Gencor to supply coal . . . we are also looking at other options to fuel the project."

Resources

He also conceded that, even if the power station had been completed in all its phases according to the original plans, it would not have been capable of meeting the power requirements of the entire territory.

"It would have supplied power to the eastern part of BophuthaTswana, and we would still have had to rely on Escom, but the approach was that we must develop our own power resources," he said.

Civil engineers in charge of constructing the power station are uncertain what the outcome of the present project will be, and whether it will have the infrastructure to ever generate power.

Fuel levy: Sasol cash on loan

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Anger over funding of govt package

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ACCUMULATED profits from the sale of Sasol and the fuel levy will be used to finance government's stimulation package. This has aroused the ire of the Automobile Association and PFP spokesman for energy affairs Brian Goodall.

In his announcement of the stimulatory package earlier in the week, Finance Minister Barend du Plessis said part of the R1,200bn to be injected into the economy would come from the Central Energy Fund (CEF) and the National Development Corporation.

However, it is believed the money will only be lent to government and will be repaid at a later date.

Mineral and Energy Affairs Director-General Louw Alberts was unable to say yesterday how much would be lent to government from the CEF, what interest, if any, would be paid for the borrowed funds, or how and when the money would be repaid.

The Minister of Finance and Minister of Energy Affairs are negotiating the terms of the deal before the enabling

Business Day Reporter

legislation is passed.

This means the money will, in effect, increase the deficit before borrowing in an unusual manner, which will not necessarily be reflected in the official deficit figures. This "internal" loan will not, however, put pressure on the capital market immediately.

The capital market reacted positively to Tuesday's announcement. Rates

● See Page 3

dropped yesterday because financing the package will not tax the market by government offering further issues of stock to the public.

The Automobile Association's (AA) public affairs controller Iona Reed said the fact that much of the funding for the various stimulatory projects would come from the CEF would do little to dispel the scepticism that had always surrounded the fund.

The AA urged the authorities to take

● To Page 2

THURSDAY 19/6/86

Anger over govt funding

← From Page 1

note of the inequities of some of the fuel levies raised for purposes unrelated to transport.

PFP energy spokesman Brian Goodall said the CEF was made up of profits from government interests in Sasol and from a petrol levy.

"There is no quarrel with government using its Sasol profits for whatever reason it might have, but it should leave the petrol levy, raised for specific purposes, entirely alone. This is a messy and bad principle the government is introducing. Money is being raised for one purpose and being used for another."

CEF funds are invested with the Public Investment Commissioners (PIC), mainly in public sector debt and with the Corporation for Public Deposits, a subsidiary of the Reserve Bank.

Although the precise terms of the agreement between these two are not known, it is believed the CEF funds, which are intended for energy development, will not be a grant, but rather a loan which will have to be repaid by the Treasury as and when required by the CEF for Mossel Bay development.

Alberts said the millions to be taken from the CEF to finance government's strategy to stimulate the economy would not be allowed to prejudice development of the Mossel Bay oil-from-gas project.

The CEF would still have several billion rands which would provide adequate funds for the development of the project.

The project cost was obviously a variable but it could be between R4bn and R5bn. "The time scale for completion is elastic and will depend on the technology chosen and the logistics," Alberts said.

An oil industry source said the CEF gained revenue continuously through a levy of 4c on each litre of petrol sold and that Sasol was still repaying loans.

Up to June 30 last year, Sasol had repaid R2,6bn in loans, interest and dividends. Sasol Ltd still owed the fund about R1,5bn and Sasol Three reputedly several billion rands.

But he said it was not known how much money was in the CEF, nor how much it earned each year from levies.

Mars 19/6/86 260

SABC slammed for TV licence fees rise

Political Staff

THE SABC has come under heavy fire for its 30 percent increase in television licence fees.

There have been calls to privatise the corporation and put more black faces on TV-1, and a prediction that the public will resist paying extra money for a Government "propaganda" service.

The criticism comes against a background of reports that there has been a surge in the sales of shortwave radio sets as the public turn to foreign news sources for information on the state of emergency.

The SABC announced yesterday that licence fees would be increased to R60 from October 1. The concession licence fee for pensioners and certain other categories remains unchanged at R24.

In a radio broadcast today the SABC claimed its licence fees were still much cheaper than those in many other countries.

Mr Leslie Abrahams, Labour Party spokesman on the SABC, said the increase was regrettable, although his party appreciated the broadening of the base of people who qualified for the concession licence fee.

The LP, however, always bore the monetary situation of the SABC in mind.

"We hope that coupled with this new increase we are going to see more black faces on TV-1," said Mr Abrahams.

Mr David Dalling, media spokesman for the Progressive Federal Party, said the public was being asked to pay heavily for the SABC's mismanagement of its finances.

"For R60 a year there is not much value for a service which is boring and so politically biased."

"There is a definite case for the privatisation and de-monopolising the SABC."

"Perhaps the time has come to let private enterprise do what the SABC can't, to provide a full service of entertain-

ment and unbiased political coverage and comment."

Mr Harry Schwarz, PFP consumer affairs spokesman, said it was a fallacy to compare the SABC's licence fees with those in other countries on the present exchange value of the rand.

"If you are going to compare licence fees then you must also compare the quality of the service," he said.

Mr S P Barnard, consumer affairs spokesman for the Conservative Party, said the increase was a disgrace, especially as the SABC had "a lot of money tucked away".

He predicted there would be resistance to paying the new fees as people would question why they should pay more for a National Party propaganda instrument.

2343

FRIDAY, 20 JUNE 1986

2344

Whether any applications for (a) residential and (b) business telephone services are outstanding in respect of any exchanges serving the Cape Town Gardens constituency; if so, (i) (aa) how many, and (bb) when is it anticipated that the backlog will be eliminated, in each case and (ii) in respect of what date is this information furnished?

The MINISTER OF COMMUNICATIONS:

(a) Yes, at the Barrack Street Exchange,

(b) no,

(i) (aa) 1,

(bb) during July 1986, and

(ii) 10 June 1986

Cape Town Gardens: private post boxes

1148. Mr K M ANDREW asked the Minister of Communications:

Whether any applications for private post boxes are outstanding in the Cape Town Gardens Parliamentary constituency, if so, (a) at which post offices, (b) how many in each case, (c) what is the longest period for which any such application has been outstanding, (d) when is it anticipated that the backlog will be eliminated and (e) in respect of what date is this information furnished?

The MINISTER OF COMMUNICATIONS:

No,

(a) to (d) fall away, and

(e) 13 June 1986.

Claims for damages

1154. Mr D J DALLING asked the Minister of Transport Affairs

How many claims for damages were lodged in terms of the Compulsory Motor

Vehicle Insurance Act, No 56 of 1972, against the Motor Vehicle Assurance Fund in 1985 or the latest specified period for which figures are available?

The MINISTER OF TRANSPORT AFFAIRS

The latest figures available are those in respect of the period 1 May 1984 to 30 April 1985 and are as follows—

(i) Motor Vehicle Assurance Fund in terms of the provisions of regulations 5 and 6 of the Motor Vehicle Insurance Regulations, 1972 2 495

(ii) Authorised insurers in terms of the provisions of the Compulsory Motor Vehicle Insurance Act, 1972 (Act 56 of 1972) 22 517

TOTAL 25 012

Own Affairs

Cyclone Demoina

88 Mr R W HARDINGHAM asked the Minister of Agriculture and Water Supply

(1) Whether any farms on the Umfolozi flats were expropriated by the State after cyclone Demoina; if so, (a) how many, (b) on what dates, (c) what were the names of the (i) farms and (ii) owners thereof and (d) what amount was paid out in each case,

(2) whether any of the above-mentioned farms have been reallocated; if so, (a) what farms, (b) to whom, (c) at what price in each case and (d) in respect of what date is this information furnished,

(3) whether he will make a statement on the matter?

The MINISTER OF AGRICULTURE AND WATER SUPPLY.

(1) Yes, but expropriation was not done by the Department.

2345

SATURDAY, 21 JUNE 1986

2346

- (a) to (d) Fall away
(2) No
(a) to (d) Fall away.
(3) No.

SATURDAY, 21 JUNE 1986

Indicates translated version

For written reply.

General affairs.

SABC

775 Mr L F STORBERG asked the Minister of Foreign Affairs:

(1) (a) What amounts have been appropriated from the Treasury to the South African Broadcasting Corporation for the establishment and operation of television services and (b) (i) when, (ii) on what conditions and (iii) at what interest rates have these amounts been made available;

(2) whether any of these amounts have been repaid by the South African Broadcasting Corporation; if not, why not; if so, (a) what amounts and (b) when in each case?

The MINISTER OF FOREIGN AFFAIRS:

(1) (a) The working losses in respect of TV1 for the first two years after the establishment of television (that is for the period during which the South African Broadcasting Corporation was not allowed to carry commercials, on television) was paid for by the Government. This amounted to the sum of R37 614 031. In re-

spect of TV2/3 a loan in the amount of R1 million was granted to the SABC for capital expenditure. The Government granted an amount of R36 million as a contribution to help absorb the working losses of TV 2 and 3 during its early years. In view of the hard pressed financial position which the country experienced at the time, the South African Broadcasting Corporation eventually released the Government from this commitment

(b) (i) TV1—During the Government financial years of 1976-77, 1977-78 and 1978-79. TV2/3—During the Government financial year of 1980-81.

(ii) TV1—This was a grant and, except for the fact that it had to be confirmed by the external auditors of the South African Broadcasting Corporation, there were no other conditions. TV2/3—Repayment of the capital amount in ten equal annual instalments after a redemption period of ten years.

(iii) TV1—since this was a grant, no interest was payable.

TV2/3—The first drawing of R600 000 against the loan of R1 million bears on interest rate of 12% per annum. The second drawing of R400 000 bears an interest rate of 12,75% per annum.

(2) No, in accordance with the conditions, the loan of R1 million has not yet been repaid. (a) and (b) fall away.

SABC

776. Mr L F STOFBERG asked the Minister of Foreign Affairs:†

- (a) What was the estimated number of unlicensed television sets in the Republic at the end of each of the latest specified three years for which figures are available, (b) how many persons failed to pay their television licences in each of these years, (c) what is the estimated loss of revenue suffered by the South African Broadcasting Corporation in each of these years as a result of (i) unlicensed television sets and (ii) the non-payment of television licences and (d) what were the reasons for the non-payment of television licences?

The MINISTER OF FOREIGN AFFAIRS.

- (a), (b), and (c)(i) and (ii) For practical reasons the South African Broadcasting Corporation does not distinguish between unlicensed television sets and persons who failed to pay their television licences. See Hansard 1984 column 137, Hansard 1985 column 364 and Hansard 1986 column 1133 for the estimated number of unlicensed television sets and the losses suffered as a result of the non-payment of television licences.

- (d) Pirate viewing could probably be attributed to either negligence to take out a licence or to the fact that viewers deliberately want to evade the payment of television licences. The problem of pirate viewing is not unique to South Africa. According to reports the British Broadcasting Corporation estimates their losses for the current year at £90 million or R333 million. Pirate viewing in other European countries averages 5%.

SABC

979. Mr L F STOFBERG asked the Minister of Foreign Affairs:†

- (1) What is the total amount spent by the South African Broadcasting Corporation to date on legal costs in connection with lawsuits and possible lawsuits in courts of law and/or industrial courts between the South African Broadcasting Corporation and Miss Moura Tuck,

whether the South African Broadcasting Corporation has made any further provision for legal costs with a view to the continuation of the lawsuit and/or lawsuits between the South African Broadcasting Corporation and Miss Tuck; if so, what provision,

- (2) whether there are any other cases pending in the industrial court which have been instituted against the South African Broadcasting Corporation by former employees of the South African Broadcasting Corporation; if so, (a) what are the nature and extent of these lawsuits, (b) how many former employees are involved and (c) what total amount in legal costs has already been spent in this connection by the South African Broadcasting Corporation in defending itself against such legal actions;

- (3) whether he will furnish any information on whether the South African Broadcasting Corporation has made any provision for legal costs in respect of matters of this nature in its budget for the current financial year; if not, why not; if so, what is the relevant amount?

The MINISTER OF TRANSPORT AFFAIRS

- (1), (2), (3) and (4) In terms of article 3 of the Broadcasting Act, No 73 of 1976, as amended, the business of the South African Broadcasting Corporation is managed and controlled by the Board of the Corporation.

Since the hon member's questions deal purely with an internal management matter, I have forwarded the hon member's question to the Chairman of the Board of the South African Broadcasting Corporation and I will make his reply available to the hon member as soon as it is received.

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HOA

Television and radio will look for bidders.

SABC plans to give private sector a stake

By Michael Chester

New legislation is on the way to allow private buyers to make takeover bids for slices of the SABC's television and radio networks.

The Department of Foreign Affairs is drafting amendments to the Broadcasting Act which will open the doors to the private sector to negotiate to buy stakes in the running of parts of the state-controlled SABC empire.

Private companies or consortia are likely to find TV a tough nut to crack, but it is expected that several radio stations will be up for sale.

Mr Leon Shirley, head of public relations at the SABC, predicts that the key amendments will be approved by Parliament this session and that talks with the private sector will be under way by the end of the year.

The SABC, which had losses of about R25 million last year, has made clear that it intends to protect its own financial viability, and ensure the survival of cultural and educational programmes which it considers valuable to the public but unprofitable as commercial ventures.

Special task units are already studying five aspects of privatisation — spelt out by formal Government guidelines — which the SABC lists as:

- Transfer of certain activities
- Inviting tenders for more outside contracts.
- Withdrawal from certain activities.
- Collective use of facilities.
- Entering into partnership agreements.

"We're unlikely to be prepared to sell off all the cash cows — such as TV1 and TV4 and Radio 5 — and be left with only loss-makers", said Mr Shirley. Television and radio have obligations to the entire community, and we intend to ensure that they are fulfilled.

Money-spinners

"Bidders will be forming queues for the money-spinners, but what about programmes devoted to culture and education?"

"What happens to the National Symphony Orchestra, which costs us R3 million a year? The children's programmes? University of the Air? We shall be insisting on their survival in any package deals.

"We shall welcome negotiations about privatisation, but the SABC will be totally realistic about staying with its basic responsibilities to viewers and listeners, which also means protection of our own overall viability.

"In many instances we expect that partnership agreements will be the answer in the running of a lot of programmes".

Mr Shirley confirmed that several private firms have already staked an interest in opening discussions.

He declined to identify them, but it is known that M-Net, the consortium formed by the big newspaper groups, and which launches its own new television service soon, will be among the front-runners when negotiations start.

It is also widely expected that casino and entertainment supremo Mr Sol Kerzner will be in on discussions.

SAC

20/6/86

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TV film of bomb blasts confiscated

By Susan Fleming

At least two foreign television networks at the scene of yesterday's bomb blasts in Johannesburg had their video film confiscated by police and were told footage would be available from the SABC only.

Camera crews from the BBC and the American NBC network had their film confiscated.

The senior director of news at the SABC, Mr Sakkie Burger, confirmed that the SABC camera team had been allowed to record yesterday's bomb blasts. He said two foreign networks had approached the SABC for blast footage after it had been cleared with the Commissioner of Police.

The co-vice chairman of the Foreign Correspondents' Association, Mr Michael Hornsby, condemned the fact that only the SABC had been allowed to cover the bomb blasts.

Although some might view getting SABC footage as a concession, Mr Hornsby said it was unacceptable.

"It will probably be edited to suit the Government and if this is the case any self-respecting agency would be reluctant to accept it," he said.

Cut-price steel for Eastern Cape

260
BUS
26/6/86

ISCOR is to cut the delivered price of steel to industrial consumers in the Eastern Cape by 4% from October 1, Trade and Industries Minister Dawie de Villiers announced yesterday.

This means that buyers in Port Elizabeth/Uitenhage and East London will pay between R18 and R30 a ton less, while buyers in the region as a whole will pay between R8 and R30 less.

De Villiers said Iscor had agreed to a government request that it should bear part of the cost of transporting its steel from the Witwatersrand to the coast.

According to calculations based on present rail rates, it will cost Iscor about R2m a year.

De Villiers said the concession was one of several measures being considered to alleviate economic problems in the Eastern Cape.

CHRIS CAIRNCROSS
and DAVID FURLONGER

A major problem of industrialists in the region is the high end-price of steel because of delivery costs from the Transvaal.

The Eastern Cape region standing to benefit from this concession comprises the area from Mossel Bay eastwards, including Port Elizabeth/Uitenhage, East London, Ciskei, Transkei and Border up to Alwal North and westwards to Richmond.

Iscor officials would not comment on the announcement last night.

However, senior steel industry sources said Iscor had often stated its opposition to subsidies or other forms of preferential treatment for individual regions.

mand building up because of political environment
Donaldson could engineer a
the treasury division, which
To an outsider, the idea of
in longer-term money.

4. SUNDAY TIMES, Business Times, June 29, 1986

By Don Robertson

Sasol answer to corrosion

260

SASOL scientists have achieved a world first by making an inhibitor which prevents corrosion in fuel systems caused by alcohol blends in petrol

Rustblok will be mixed with Sasol petrol in the Pretoria-Witwatersrand-Verwoerd area from tomorrow. It will be added to petrol in the rest of the Transvaal, Free State and Northern Cape when stocks become available.

Other companies using Sasol petrol will be offered the additive by the middle of July.

Sasol is also investigating

the export of the technology which went into the production of Rustblok. It believes it has great potential in European and North and South American countries which use alcohol mixtures.

SA-produced alcohol is added to petrol to boost supplies or to maintain octane ratings after lead has been removed. This is done in countries which insist that cars be fitted with exhaust purifiers.

The addition of Rustblok to

petrol will push up production costs considerably at Sasol, says Alfonso Niemand, technical sales manager of the Fuels Marketing Company.

Corrosion of fuel systems caused by alcohol extenders in petrol has troubled motorists for many years. It has resulted in owners of some cars having to replace carburettors at considerable cost. It also affects float bowls, valves, mixture screws and butterfly valves.

Attempts by many chemical manufacturers in SA and abroad to develop a suitable inhibitor have failed, says Mr Niemand.

He says two types of corrosion take place. Wet corrosion is caused by water in fuel tanks which is absorbed by the alcohol. "Over a number of years, this could add up to a litre of water being flushed through the fuel system."

Dry corrosion is caused by the chemical reaction of alcohol on aluminium alloys which become pitted.

The active components in the inhibitor are imported, but Sasol is investigating the possibility of producing them.

Scientists at Sasol spent seven years developing Rustblok.

PE may
debate
role in
SA oil

By DENISE BOUTALL

THE Port Elizabeth City Council is expected to debate later this month its involvement in efforts to promote the city's role in the construction of the Mossel Bay off-shore oil platform.

The urgent need for the city's industries to prepare themselves well in advance to tender for any of the contracts on the project has been highlighted by the visit of the Deputy City Engineer, Mr Angus Fraser, to North Sea oil installation in Scotland

Today Mr Charles Gara, chairman of the City Council's working group which was set up earlier this year to find ways and means of the promoting Port Elizabeth, confirmed that the committee met yesterday and discussed the possible role of the council with regard to efforts to ensure that some of the work comes to the city

He refused to disclose the contents of the committee's recommendation which will be considered by the council's Policy and Resources Committee on July 15

Asked which companies could consider tendering for work on the platform, Mr Fraser said the platform would require all the services that would normally be needed on a large building and a large ship

In addition, facilities would be needed to train people for the work on the rig and in safety procedures

'Yes' to pipe welders at Emthonjeni

EST POST
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125

By DENISE BOUTALL
PORT ELIZABETH'S Emthonjeni In-service Training Centre is going all-out to ensure that local companies will have the skilled staff necessary to tender successfully for work on the Mossel Bay off-shore oil installation

In a major breakthrough the centre has been given permission to train pipe welders under the Government's unemployment training scheme

Pipe welders are a key group of artisans in the assembly of the jacket, the rig's underwater support structure

In an interview yesterday Mr Dieter Kusel, director of the Struan-dale centre, said it was

estimated that at peak some 800 welders would be employed on the mammoth project

A number of these would have to be pipe welders trained and tested to the specifications set by the rig's designers

Emthonjeni has been training experienced welders up to coded level as pipe welders for some time at the request of their employers

However, the decision by the Department of Manpower last week means that the Government will pay the cost of training experienced welders as pipe welders

It was essential, however, Mr Kusel warned, that all companies hoping to tender for con-

tracts for the construction of the rig should ensure that their staff were trained to the very high standards that would be demanded of them

He said a lot of homework had already been done by the centre both in South Africa and overseas to ensure that it was in a position to provide the trained staff needed by potential tenderers on the Mossel Bay project

He repeated warnings sounded at the weekend by Port Elizabeth's Deputy City Engineer, Mr Angus Fraser, that companies planning to tender for contracts on the rig should prepare themselves now by investing in the necessary training of their staff

Only welders with five years' experience or those who had passed their trade tests would be admitted to the eight-week-long full-time pipe welders' course at Emthonjeni

"At the moment we are training them to meet the SABS or British codes for pipe welders. However, as soon as we know what specification is laid down for pipe welders by the rig's designers we will, if necessary, adjust the training programme and re-train pipe welders whom we have trained previously"

The training of pipe welders under the unemployment training scheme would probably start next week

However, in the meantime they had an additional skill which would be useful to their employers or which they could use to get work

Even on that level, some strange decisions have been taken. While the city's contribution to culture and the arts must be acknowledged, its judgment in these areas has often been ridiculed.

In this field Oberholzer has proved particularly inept.

The council attracted bad publicity over the refusal to allow black-dominated professional soccer at the Rand Stadium, and it looked very silly with its policy of awarding special maternity benefits to female employees whose husbands were doing military service. The intention was not malicious, but the discriminatory implications should have been glaringly obvious.

Nevertheless, all political factions agree that the city is blessed with an excellent civil service — loyal, experienced and efficient. In general, professional department heads are respected in their fields, and many of the usual gripes against local authorities do not arise. For its white citizens, it is a well-run city — and Oberholzer must take much of the credit for that. There is no question that



Open library ... a reform not followed through

he has the welfare of the city at heart, and his vast knowledge and experience make him a valuable asset

But it is clear that Johannesburg has lost its flair, its capacity for innovation. In some senses, it is the laughing stock of the country. No one is clear about the form the new RSCs will take — but it is vital that Johannesburg influences its own composition and role as much as possible. At the moment, the signs are extremely discouraging. If, as seems likely, the city is still ruled by the NP-IRA alliance when the confusing transition takes place, we can only urge that this moribund and hesitant collection of individuals gets its act together.

Johannesburg is a city built on risk. It prides itself on its bustle, its energy in so many fields. Now its civic leaders must stop talking the political language of the Sixties and Seventies, and learn to take chances instead of squandering opportunities. Its citizens, black and white, and the country itself, deserve much better.

Politically, Johannesburg must adapt swiftly to changing circumstances, and stop behaving like an obscure rural municipality. ■

CULLINAN

More than hanging in

FINMMC 4/7/88

260 *(Signature)*

Earnings prospects for Cullinan Holdings underline the advantages that can be gained from having a well balanced industrial portfolio, especially under depressed economic conditions. The group recognised some years ago that it was overly reliant on its dominant refractories business. It developed a strategy to achieve a wider spread of profit sources, and pursued investments in sectors which did not follow the same business cycle as refractories.

Not all of the diversified areas became as profitable as management would have liked. As the economy buckled, certain Cullinan divisions came under severe pressure. In particular, the contribution from the property and building bricks divisions dropped dramatically. Two years ago they contributed more than half of group earnings (before interest, which is charged against group profits), now their contribution is little more than 10%. However, strong demand in other areas of the business more than compensated and earnings continued to grow. And while the economy still shows little sign of improvement, Cullinan's immediate outlook remains favourable overall.

The single most strategic action ever taken by the company — its history dates back to the turn of the century — was the formation of its equal partnership with Iscor in July 1983. At that stage, severe recession in the local iron and steel industry had taken a harsh toll. In the year to end-June 1983 refractory profits dived to their lowest in years. Their contribution to earnings per share (EPS) dropped to 6,5c from 54c in 1982. The division's major refractory com-

A refractories partnership formed three years ago with Iscor, and successful expansion in electrical fields, has shielded Cullinan from recession and made an earnings advance for 1986 likely.

petitor, Anglo-American controlled Vereeniging Refractories (Verref), was not immune either. Verref's operating profits practically halved to R5,1m from R10,5m, and fell below this level in the next two years. It took higher exports to improve Verref's refractory profits to R5,5m in 1986.

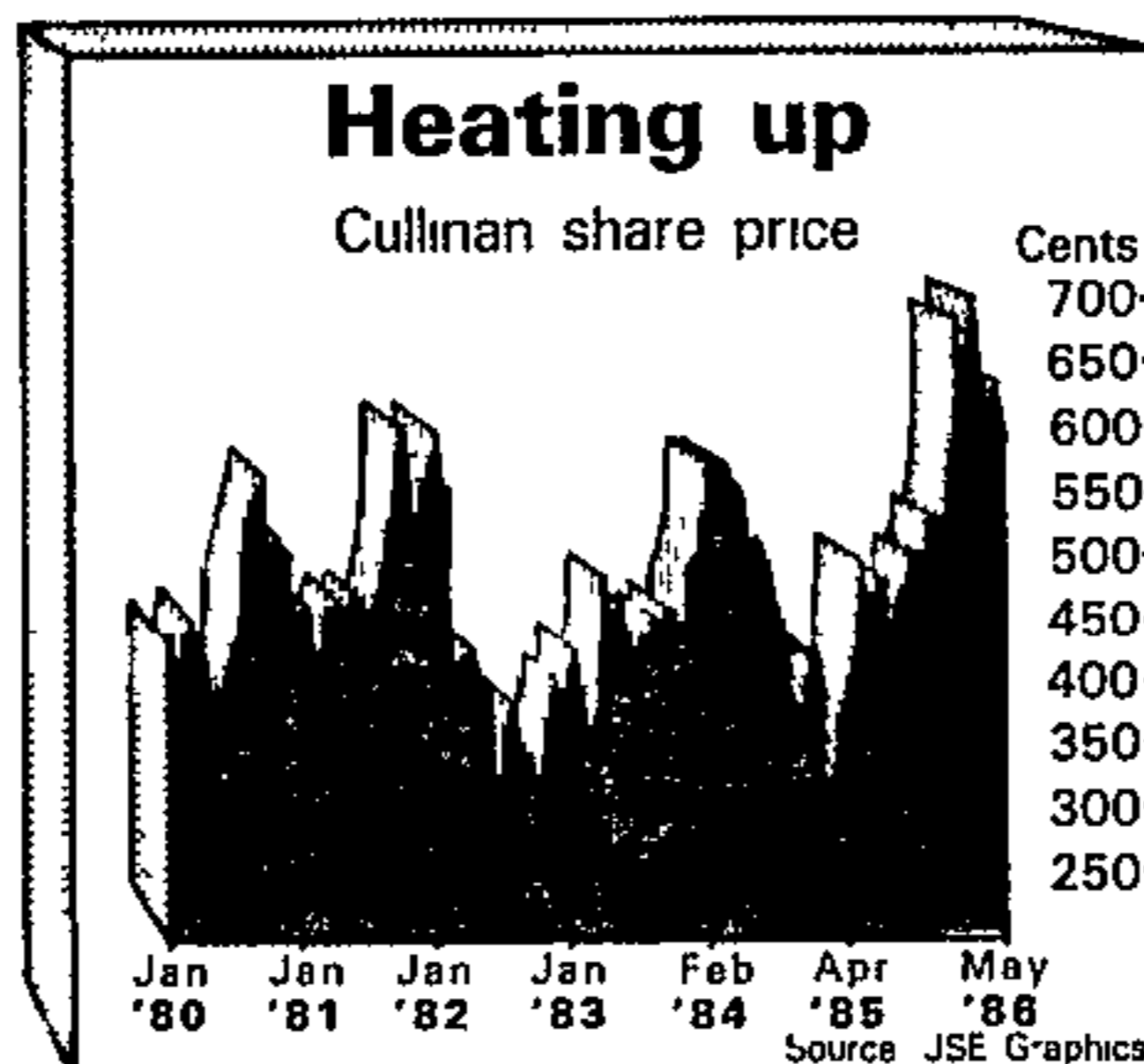
By contrast, Cullinan's refractory earnings gained strength from the merged interests. In the following two years, earnings almost doubled annually (see table). The upward trend continued, although at a slower pace. By the end-December interim,

refractory profits were 60% of the total for the 1985 year.

Chairman Neil Cullinan tells me that Cullinan was the initiator of the partnership. "It was one way we could diversify more quickly with the capital that we had." Certainly, capital resources were strained at the time. At 0,64, gearing was above the group's revised self-imposed limit of 0,60. Further, lower profits and rising interest rates had squeezed interest cover from 3,2 to 1,5 times in 1983. The partnership immediately benefited the balance sheet. R25m of Cullinan's borrowings were shifted into the partnership, which continued under the name of Cullinan Refractories. The result was that by end-December 1985, Cullinan's gearing stood at a far more comfortable 0,20.

There is no doubt the partnership was extremely successful, with Cullinan cornering a major share of the refractory market. Inevitably, perhaps, Cullinan's business with Highveld fell. But, says Cullinan, "we still do business with Highveld just as Verref still does business with Iscor." Nevertheless, Verref refers to "the loss of a major proportion of the company's traditional sales to Iscor" in its 1986 annual report. Despite gains in the export market, and the boost the low rand has given local steel producers, its plants remain severely under-utilised.

Capacity utilisation at Cullinan has improved, with production restored to more economic volumes. Although local demand for steel remains low, Iscor has replaced the loss in the domestic market with exports. Says Cullinan "Ischor is very busy just as we are very busy." With the rand set to remain



low, the outlook for the refractory market remains positive

Cullinan's electrical divisions have grown so that its electrical activities are now the group's largest. These are in three main areas: electrical insulators, electrical contracting, and electrical power products. Last year, the group completed its programme to divest from electrical engineering, which had been a weak performer.

The group is a leading manufacturer of electrical porcelain products, with Cullinan Industrial Porcelain said to be the largest and technically most sophisticated producer in the southern hemisphere. In this market, Escom, Sats and the Department of Posts and Telecommunications (P & T) are major customers.

Escom's capital expenditure cutbacks have been mainly in power generation and so have not restrained its demand for electrical porcelain. Most of these products are used in distribution of electricity, which is ongoing, particularly in rural areas. Certain lines are not going ahead as scheduled, but at present, according to Cullinan, there is a great deal of business from Escom. "Even though Escom's growth rate has been cut to 5%," he says, "it is 5% of a very large figure."

As electrical insulator production is a volume sensitive industry, entry into the export market makes sense. But the foreign market is very competitive. One company in Japan produces more than 50% of the world's electrical porcelain and is capable of using price to capture a greater market share. Even so, the low rand could give Cullinan a competitive advantage.

Where the slowdown in Escom's capital expenditure programme will hurt is in electrical contracting. For the present, profitability is still healthy — but pressure could grow in future. Fortunately, the group is still benefiting from large projects embarked on a few years ago; profits are only taken on completed contracts. Lower volumes are beginning to filter through and margins on new work are at a much reduced level.

In fact, the last interim results suggest that profits from contracting are slowing the 8,9c contribution to EPS is only 41,6% of last year's figure. Cullinan, however,



Chairman Cullinan ... strategies against recession

Government's recent economic package, which includes an allocation of R750m for low-cost housing, may only benefit the group indirectly. Most of the bricks going into that market are stock bricks, while Cullinan mainly makes semi-faced or fair-faced bricks. Its stock bricks are less profitable and would require almost the same cost input. More positively, though, the package will provide greater employment

and increase consumers' cash flow, which Cullinan hopes will have "a ripple effect into the whole building industry."

Difficult conditions in the property market resulted in Cullinan withdrawing sales of industrial land. Cullinan maintains that "the group will not sell property below its intrinsic value for the sake of making profits." With business confidence remaining low, it may be some years before the property division's profits pick up again and the interim property earnings of 3,1c were a mere fraction of the 13,9c a year ago.

Other than mining, the remaining activities are not really significant although they contribute to group profits. Mining operations are related to the building industry, and until building improves, mining profits will remain low.

Overall, Cullinan is still confident enough to expect second-half earnings to end-June to be "not wide off the mark." This refers to the interim forecast that there was every likelihood of achieving "a similar improvement" in the second half. Interim earnings increased by 14,8% to 36,4c (31,7c) a share, suggesting that when the full year's earnings are published on August 29, they will show total earnings around 15% higher at 72c a share. With the interim dividend pegged at 12c, a higher final dividend may be on the cards.

At 580c, the shares yield a reasonably

attractive 5,2% on historic dividend compared to the industrial holding average of 4,5% and the overall industrial sector's 3,8%. Future earnings are likely to be steady rather than wildly exciting. But should the economy improve, the diversified investments could all perform to potential rather than merely countering the cyclical downturns.

Patric Ho

disagrees. He points out that results depend on when contracts are closed. The fact remains, though, that current projects taken on at narrower margins will affect profits in the years ahead.

A wide range of industrial products, mainly in power transmission, distribution and measurement, is marketed by the power products division, together with its porcelain ware. It also acts as agent for major principals overseas. Considering the depressed markets in which it operates, its profit performance in 1985 was remarkable. The division's contribution to EPS rose 80% to 7,4c (4,1c), outstripping turnover growth of 58%. As the market becomes more competitive, with overseas multinationals also making a major thrust, future profit margins may narrow. Growth is expected to be derived from a widening product base.

Brickmaking operations hark back to Cullinan's roots. The group has seven brick plants at Midrand, the latest having been commissioned in the second half of 1984 for R7m.

Unhappily, like all the major brick and cement companies, Cullinan misread growth in the building industry and the market shrank as the new plant was brought on stream. The new plant has since been mothballed, and the group's brickmaking activities are close to breakeven before interest on the new plant.

CULLINAN: SMOOTHING THE BUMPS

Contribution to earnings per share — cents

	1981	1982	1983	1984	1985
Electrical insulators	27,1	35,4	13,3	7,3	25,0
Electrical contracting	—	0,1	11,0	15,8	21,4
Electrical power products	5,0	11,2	11,2	4,1	7,4
Electrical engineering	4,9	0,4	(8,8)	(13,4)	(2,6)
Refractories	56,0	54,5	6,5	12,8	24,7
Property	16,0	17,2	27,2	28,1	13,9
Building bricks	9,0	10,2	11,2	12,9	4,9
Mining	23,0	6,4	2,3	12,1	1,5
General engineering	—	(0,8)	1,0	1,4	1,5
Industrial plastics	—	—	(4,4)	(0,2)	1,4
	141,0	134,6	70,5	80,9	99,1
Interest	(20,4)	(37,1)	(40,6)	(24,4)	(36,4)
Total earnings per share	120,6	97,5	29,9	56,5	62,7

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1/18
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Iscor in UK legal battle over Iran deal

Post Correspondent

LONDON — The giant South African Iron and Steel Industrial Corporation (Iscor) is to ask a High Court judge in London to issue a legal declaration that a partnership deal in Iran has been ended.

The Pretoria-based corporation has issued a writ against Sami Abdunabi and Ahmed Aazam Zangueneh, both of London.

The writ alleges that nearly 13 years ago Iscor and the defendants went into partnership with the object of marketing steel produced by Iscor in Iran and elsewhere. It was agreed that the parties to the agreement would share the profits in equal shares in the company called Iscor-Iran Ltd.

There was a subsequent agreement to extend the activities of the partnership through the formation of further companies.

But by notice dated March 25, 1980, Iscor gave notice to the two defendants terminating the partnership with effect from June 30, 1980.

Iscor claims a declaration that the partnership is dissolved. It seeks an order that an inquiry be held into the assets and liabilities of the partnership and that an account be taken of all sums due. Iscor seeks an order for payment by the defendants of all sums found due.

ARGUS 9/7/86

Iscor wants millions back after sour deal

The Argus Correspondent

JOHANNESBURG — The State-owned Iron and Steel Corporation (Iscor) has begun legal action to demand payment of millions of rands it claims it is still owed from a business deal it struck to open new export routes into the Middle East

The corporation confirmed today that it intends to battle in the High Court in London for the recovery of the missing millions that vanished when the deal went sour

The court wrangle may uncover the second multi-million-rand swindle to hit a State corporation in international business operations — on the heels of the Escom round-the-world probe that ended in the jailing of former employee Gert Rademeyer over a R7-million scandal that was unearthed in complex uranium deals

DECADE AGO

The Iscor case revolves around a deal it struck more than a decade ago to market its steel in Iran and elsewhere in the Middle East

It claims that a partnership was formed 13 years ago with two Iranians — Sami Abdunabi and Aaszam Zangueneh,

both now believed to be living in London — and agreement was reached to split all profits that stemmed from the deal

It says they also agreed to take part as shareholders in a new company that was launched and incorporated in Iran, Iscor-Iran Ltd, that was intended to be used in the formation of offshoot companies to handle export sales.

Iscor now claims that it gave notice to the two Iranians of the termination of the partnership deal as from June 30 1980

DISSOLUTION

And it has issued a writ seeking a formal declaration of the dissolution of the partnership and a legal inquiry into the assets and liabilities of the partnership

The writ goes on to seek an order for payment of all sums owed to Iscor by the two Iranians

Mr CJ van Vuuren, general manager of steel marketing at Iscor, today confirmed that legal action was being taken in the High Court in London. A date for the hearing had yet to be set.

"But we cannot discuss details of the case because it is all sub judice," he said.

R175-m at stake in Iscor's court wrangle

By Michael Chester

A failed business deal struck by the State-owned Iron and Steel Corporation (Iscor) in the Middle East has led to a R175 million international court clash

Claims and counter-claims over \$70 million have followed the collapse of an Iscor deal with two Iranian businessmen to

cultivate new export markets for South African steel

Legal battles will be fought in the Pretoria Supreme Court and in the High Court in London, where the Iranians now live

Iscor first reported yesterday it had initiated legal proceedings in London to obtain a court ruling on the dissolution of the company, Iscor-Iran Ltd, registered in Iran to handle the Middle East deal, and to demand millions of rands it claimed it was still owed — six years after the deal went sour

But it was learned today the two Iranians who were made partners in the deal — Sami Abdulnabi and Aazam Zangueneh — have themselves lodged claims, saying Iscor owes them \$70 million

Iscor today confirmed it had lodged a counter-claim for an identical amount and it was due to be heard in the Pretoria Supreme Court on August 18

IsCOR faces R178m international battle

ISCOR is locked in a R178m international legal battle over the assets of a company created to market its steel in the Middle East.

Two Iranian businessmen — Sami Abdalnabi and Ahmed Aazam Zangueneh — are suing IsCOR for \$70m in SA and the UK.

IsCOR has launched a counterclaim for the same amount in SA but there is confusion over the present state of play in London.

IsCOR says it has lodged a counterclaim there but lawyers for the Iranians deny this. They say the corporation has merely lodged an application to delay the Iranians' own claim.

The dispute stems from a partnership between IsCOR and the Iranians 13 years ago to market IsCOR steel in Iran and elsewhere in the Middle East. It was agreed the two sides would share profits equally.

IsCOR says there was a further agreement to participate as shareholders in a company, IsCOR-Iran Ltd, incorporated in Iran, and to extend their activities through the formation of other companies.

The corporation says it notified its

DAVID FURLONGER

two partners in 1980 — the year after the Shah of Iran was deposed — that it was terminating the agreement.

In February 1981, the Iranians lodged a \$70m claim against IsCOR in SA and the UK for money they said IsCOR owed them.

Lawyers for the Iranians say they offered to pay \$500 000 towards the costs of an SA commission of inquiry into the affair but IsCOR did not respond.

IsCOR officials, however, say they were not aware of such an offer.

The SA court hearing, including IsCOR's counterclaim, is scheduled to start next month in the Pretoria Supreme Court. The outcome of the London applications is less certain.

An IsCOR spokesman last night insisted the corporation had filed a counterclaim there, asking for a legal declaration that the partnership is ended, and for the return of money allegedly owed by the Iranians.

The Iranians' lawyers, however, said IsCOR had not lodged a counterclaim but had applied for a stay of the Iranians' own application.

Legal action over Iscor's Iran deal

DD
11/7/86

JOHANNESBURG — A failed business deal struck by the State-owned Iron and Steel Corporation in the Middle East has led to an international court clash.

Claims and counter-claims of \$70 million have followed the collapse of an Iscor deal with two Iranian businessmen to cultivate new export markets for South African steel.

Legal battles will be fought in the Pretoria Supreme Court and in the High Court in London where the Iranians now live.

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the dissolution of the company, Iscor-ran Ltd, registered in Iran to handle the Middle East deal, and to demand millions of rands it claimed it was still owed — six years after the deal collapsed.

It was reported yesterday that the two Iranians who were made partners in the deal Mr Sami Abdulnabi and Mr Aazam Zangueneh — have themselves lodged claims, saying Iscor owes them \$70 million.

Iskor confirmed it had lodged a counter claim for an identical amount and it was due to be heard in the Pretoria Supreme Court on August 18 — Sapa (260)

SA Library in cash crisis

Staff Reporter

THE South African Library, one of South Africa's premier research institutions, is facing a financial crisis that may prevent it from buying any new books or paying for subscriptions to periodicals during the current financial year.

The latest issue of the Friends of the South African Library newsletter said "Prospects for 1986/7 are so critical that a deficit of over R200 000 is expected.

"If no new funds are allocated by the government, the library will in practice not be able to purchase any new books at all and the amount then still available will not even cover the payment of current periodical subscriptions."

The Council of the South African Library, which is based in Cape Town, had approached the Minister of National Education, Mr F.W. de Klerk, for additional funds.

"If this is not forthcoming the situation is very bleak indeed.

"It is no exaggeration to say that the future of the library as a normal functioning central information centre is at stake," the newsletter said.

During the 167 years of its existence, the South African Library had often lacked sufficient funds to fulfil its function as a national research and preservation library.

"This situation has now been aggravated by the present economic climate and especially affects the purchase of books, journals and microfilm."

While the Library Council reported three years ago that R500 000 a year was necessary to cover the purchase of books and other material, only R133 000 a year could be spent on these items over the past five years.

"In addition, it appears that the amount which the South African Library has been allocated for the purchase of books is only six percent of the average amount allocated to each of our largest university libraries," the newsletter said.

Rightists to refuse to pay for television

Mercury Correspondent

JOHANNESBURG.—Thousands of Conservative Party supporters, angry about the poor television coverage their party receives, intend refusing to pay their television licences

They have given SABC director general Riaan Eksteen a list of their names

The party has also raised R1 000 000 from private donors to finance daily — instead of monthly — publication of its mouthpiece the Patriot

'We hope to publish the Patriot weekly before the end of the year and thereafter publish it daily. We will raise more funds through different projects to make this possible,' says CP leader Andries Treurnicht

The party has yet to decide whether it will be a Sunday publication

CP secretary Karel Schoeman says 'Our people are sick and tired of the Government propoganda on television, the radio and most Afrikaans newspapers and they demand more coverage of the real situation'

Dr Treurnicht said he agreed with the principle, but the refusal to pay television licences had been taken on members' own initiative

'We mentioned it at the last congress but decided not to make it a party attempt. Individuals could take the matter up in their personal capacity,' he says

'At the CP congress in August last year we demanded more coverage and a fairer presentation of the news, and we will do it again this year as no steps have been taken by Mr Eksteen,' he said

16/7/86 N/A

Fertiliser men expect little change

Mercury Correspondent

JOHANNESBURG—The liquidation of Triomf's fertiliser plant at Richards Bay would have little effect on the ailing domestic fertiliser industry, executives of competing companies said yesterday.

More than 60% of Richards Bay's production had been designated for export markets, with only special chemicals sold in South Africa, so 'there will be virtually no impact on local production', said one executive.

Fertiliser producers would probably continue to feel the effects of industry-wide discounting that had cut wholesale prices by as much as 32% off book prices.

'There's no way anybody can make money in an environment like that,' said a managing director, who asked not to be named.

Active fertiliser plants around South Africa are operating close to 70% of capacity, say industry sources. When idle capacity is included, the figure drops to between 40% and 50%.

Executives said much of the industry's health would depend on how Nedbank ran the Potchefstroom plant that it had, in effect, taken over from Triomf.

'I get the feeling that if they can operate Potchefstroom without major debt, surely it can become a viable proposition,' a competitor said. Such success, he said, could help to establish much needed price stability.

Meanwhile Foskor managing director John Stanbury criticised Triomf's claim in court papers filed on Monday that Foskor's 'high and unrealistic' prices for phosphate rock had been a major factor pushing the Richards Bay plant into liquidation.

'Foskor is not to blame. Richards Bay was geared to the export market and with the total oversupply in world markets they found themselves in a very tough position,' he said.

'It is very ambitious to run at full capacity unless you have a competitive advantage.'

Far cheaper

Mr Stanbury added that the phosphate rock supplied to local customers including Triomf, at R45 a ton, was far cheaper than rock obtained on import markets.

He said Foskor sold the rock for significantly less in South Africa than it could on export markets.

Industry sources confirmed that Foskor prices abroad were as much as 50% higher than prices charged to local producers.

They agreed too, that imports were at least twice the price charged by Foskor because of the weak rand and additional freight expenses.

'Foskor's price is fair relative to the international prices we could import at,' one executive said.

Triomf managing director Richard Clarke was not available for comment yesterday and did not return telephone calls to his office. A Triomf spokesman declined to comment on the company's statement concerning Foskor.

Prices for phosphate rock charged by Foskor have risen relatively slowly in the past decade—from R21 a ton in 1979 to R30 in 1982, to R45 this year.

Mr Stanbury said prices had dropped by 35% in real terms since 1975.

He said that Triomf had been committed to buying 1 200 000 tons of the rock on foreign markets after a similar dispute on pricing two years ago.

'Triomf indicated that they could obtain the product more cheaply by importing,' he said. 'As it transpired, Richards Bay continued to buy from us. If we were unrealistically priced, I doubt if they would have done this.'

In the court papers, Triomf also criticised South African Transport Services for their 'high and unrealistic' freight charges.

A source close to liquidation negotiators said the company had reported that it received no discount for transport of phosphate rock, even though most of its output was destined for export.

200

TV coverage upsets CP members

DD/16/1/86

Dispatch Correspondent

JOHANNESBURG —
Thousands of Conserva-
tive Party supporters,
angry at the poor TV
coverage their party re-
ceives, intend refusing
to pay their TV licences

They will be present-
ing the SABC's Director-
General, Mr Riaan
Eksteen, with a list of
their names

The party has also
raised half the R1 mil-
lion target from private
donors to finance the
daily — instead of
monthly — publication of
its mouthpiece Die
Patriot

"We hope to publish
Die Patriot weekly be-
fore the end of the year
and thereafter publish it
daily We will raise
more funds through dif-
ferent projects to make
this possible," said CP
leader, Dr Andries
Treurnicht

The party has yet to
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tion

On inadequate TV
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Le Grange and SABC 'partners in conspiracy'

By BRUCE CAMERON, Political Staff

THE Minister of Law and Order, Mr Louis le Grange, the Bureau for Information and the SABC were accused today of being partners in a conspiracy of misinformation.

The accusation was made by Mrs Helen Suzman, the Progressive Federal Party's spokesman on law and order, following Government reaction to the ruling of a full bench of the Natal division of the Supreme Court on an application to have the state of emergency declared invalid

Mrs Suzman warned that South Africa was "sliding more and more into the type of control one finds in Eastern bloc countries with restraints on the public's right to know and on free speech"

She rejected as "nonsensical" claims by Mr le Grange that the court decision on the emergency was an endorsement of the emergency.

"To claim the decision as a victory for the authorities is laughable," she said

The manner in which Mr le Grange had claimed victory and the reaction of the Bureau for Information combined with the coverage of the case by the SABC fell distinctly into the category of misinformation.

"It is a conspiracy of misinformation," Mrs Suzman said

Mrs Suzman questioned how Mr le Grange could claim victory and how the bureau could dismiss the court decision so lightly when five out of six definitions of the phrase "subversive statement" were amended or declared void by the court.

● The Argus Correspondent in Pretoria reports that the bureau has issued a strong warning to newspapers which had published "untrue or misleading statements".

At yesterday's Press briefing here, spokesmen warned that speculation on the effect of the Natal Supreme Court judgment altering the definition of subversive statements was hasty and some reports in the media had been "misleading".

The Press were also warned to check facts before publishing.

The Deputy Director of Foreign Media Liason, Miss Ronelle Henning, said reports concerning deaths in Soweto on Wednesday had been published yesterday

MISLED THE PUBLIC

"It was clear no attempts were made to establish the accuracy of the allegations. As you are aware, the bureau reports fully on deaths country-wide and offers a 24-hour service," Miss Henning said.

No deaths were reported in Soweto on Wednesday, she added

Miss Henning attacked the reports as a "serious breach of professional journalism"

Bureau chief Mr David Steward said some reports on the Natal case had created the wrong impression and had misled the public into thinking the definition of subversive statements had been rejected by the judges in its totality.

"I suggest the media concerned owe it to their readers and viewers to put the record straight.


"The bureau advises the media to study the written judgment when it is available — particularly as regards their reporting on the state of emergency," said Mr Steward.

He said the bureau would not give advice to the Press on how to interpret the regulations

Asked if the judgment had changed the way in which the media could now report on the emergency, Mr Steward said the bureau did not give advice on what may or may not be published

(Report by B Cameron, 122 St George's Street, Cape Town)

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SABC ^{eye} breaks ^{17/18} new ²⁶⁰ ground

Post Correspondent

JOHANNESBURG — The SABC is to follow international trends and allow sponsorship of its programmes — a move that could alter the face of television in South Africa

The corporation said the response from advertisers had been encouraging

TV1's teenage magazine programme, *Video 2*, on Monday night was devoted to Wimpy's "Wildest Dream Come True" competition, in which the hamburger company sent *Video 2* presenter Karl Kikilus and 10-year-old Eben Schutte to Wimbledon

In return, the company was clearly presented by *Video 2*

It also "flighted" one of its commercials during the show

This is a major undertaking by the SABC, which is determined to run the organisation as a profit-making business

A spokesman said "A number of shows which have been filmed — or are being filmed — have been sponsored by companies

"When there's a shortage of money, sponsorship can help"

The SABC will retain control of editorial content and the corporation will consult sponsors as to what would be included in the programme

The SABC will allow a sponsor's name to appear as part of the title of a programme

A jazz programme currently being filmed for TV2 and TV3 carries the sponsor's name

"If a sponsor wants to flight an ad during the programme, the spot will cost more than the normal flighting time"

It appears that sponsors are prepared to pour thousands into local magazine, musical and educational programmes

Mexico: 2/10/86

Escom's overseas loans switch-off

Finance Editor

ESCOM does not expect to be able to raise any loans overseas in the next four financial years. The chairman Mr John Maree, told me last week.

Earlier he had spoken to Natal's leading electricity consumers and businessmen on the changes the utility was bringing about in its way of doing business.

Mr Maree confirmed this might be a conservative view but since the imposition of the State of Emergency the raising of foreign loans had become almost 'impossible'.

Instead of being able to raise R1,5bn overseas annually they would have to be content with about R300m to R400m each year in supplier's credits.

They were also investigating the possibility of rolling over or extending the terms of some foreign loans, which would probably be more acceptable to foreign banks.

Mr Maree said Escom was working towards a situation where electricity tariff increases would be 2% to 3% below the consumer price index and announced once a year.

Staff numbers would decrease by about 6 000 people while in generating matters such as lower water consumption and a lower quality of coal would reduce costs.

About 50 large electricity consumers were taking advantage of the reduced off-peak electricity tariffs, it was planned to have an 'interrupted-supply' tariff which would be suitable for consumers who could cope with power breaks.

These, and other techniques, would help spread, or keep the maximum demand down which in turn would help defer the need for additional power generating capacity.

Mr Maree said planning was geared to a 5,5% growth in electricity consumption, funding would be based on finding about 30% of the capital needed internally, and new capacity would only be needed in about 1997.

Rightwing protest over TV 'bias'

260

By Hannes de Wet

An informal boycott of television licences by rightwingers because of "the propagandistic nature of news bulletins and actuality programmes" appears to be in the making. Spokesmen from the rightwing denied there was an organised campaign not to buy TV licences, but said they were aware of "many people, even National Party members" boycotting the SABC.

Last week it was reported that the possibility of boycotting the SABC in this way was discussed at a Conservative Party congress. The CP, however, decided, to leave the matter to individual members and not to organise a formal campaign.

Mr Clive Derby-Lewis, Johannesburg chairman of the CP, said there were indeed "many CP members who are refusing to buy television licences". "I am even aware of NP people who are doing that because of the propagandistic nature of news bulletins and actuality programmes. People are opening their eyes, which shows that television is not succeeding as a propaganda medium," Mr Derby-Lewis said.

KEEPING SETS

Mr Jaap Marais, leader of the Herstigte Nasionale Party, told *The Star* his party had also discussed the matter at party congresses. "We too have come to the conclusion that individual members should decide for themselves. And I am aware of people refusing to buy a television licence — although they are keeping their television sets," Mr Marais said.

A spokesman for the Afrikaner Weerstandsbeweging said the movement was not organising a boycott — "but we know of people who are either not buying television licences or considering doing that". An SABC spokesman said the corporation was aware of people threatening not to buy television licences in the future. "But we cannot respond to vague threats. We are certainly not going to start a vendetta to expose viewers boycotting us for political reasons. If our inspectors find viewers without licences in the normal course of their work, the guilty set owners will be fined or prosecuted."

SABC 'boobed'

23/7/81

Spokesman

260

THE SABC unwittingly broadcast Peter Gabriel's song *Biko* on a programme in the series *Miami Vice* on Saturday night, a corporation spokesman said yesterday.

The song was heard for five minutes in the transmission of the dubbed programme. It tells of the death in detention of Black Consciousness leader Steve

~~Biko~~

"In the programme it was part of the background to the drama and thus escaped the attention of the official. An error in broadcasting the song was thus inadvertent and SABC has taken steps to ensure that programmes will be more carefully monitored in future," the spokesman said. — Sapa.

Copy Trans 23/7/86 (260) (18)

Tuck Prime Time slot boss

Own Correspondent

DURBAN. — SABC-TV's former Prime Time producer Moira Tuck, who was recently reinstated after being fired by the corporation, is to take over the Friday night live programme's slot, it emerged yesterday.

Sources said a final Prime Time would be screened on Friday after which there would be a

month of filler material and after that Miss Tuck would take over with her new programme.

The source did not know what the programme would be.

The SABC yesterday was officially "keeping mum" over the suggestions, saying that a statement would be made tomorrow.

However, another source in the corpora-

tion said he "knows there are changes in the pipeline", adding that the "return of Moira Tuck" was imminent and it was obvious, therefore, that she would be involved.

He intimated the new slot would become the home of a bilingual magazine programme "for which speculation has been floating around for some time".

Miss Tuck was dismissed as producer of Prime Time in May last year only to be reinstated by the Industrial Court some months later after pleading unfair dismissal.

Earlier this month an "amicable" settlement was reached, settling the differences between Miss Tuck and the SABC, with her being given a new contract as a TV pro-

ducer with the corporation.

Should Miss Tuck take over the Friday night slot, it would mean Dorianne Berry's demise as a presenter as it was well-known the two had clashed, especially since Miss Berry's husband, TV1 programmes director Robin Knox-Grant, had acted as arbitrator in the disputes between the SABC and Miss Tuck.

Call Alan
Strategy Review

260

24/7/81

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S.A jamming Bop TV, says Mangope

MMBATHO—President Lucas Mangope of Bophuthatswana has attacked the South African Government for 'jamming' the signals of his country's television service, Bop TV

The SABC has denied the allegation, saying the M-Net signal has been overriding Bop TV spillage

Mr Mangope said in statement released by the Bophuthatswana Government yesterday 'South Africa has been doing everything in its power to keep the people from learning, by silencing the truth'

He said the Pretoria Government was using electronic equipment 'to prevent its people from watching television programmes from Bophuthatswana'

Mr Mangope lashed out against what he called a violation of 'internationally recognised standards of what is right and what is wrong'

He termed the jamming 'cowardly'.

'What kind of government is it that fears the truth? What kind of government is it that doesn't want any message except its own propaganda seen or heard by its people?'

'The South African system of tough management has taken on a new form. It is currently using electronic "jamming" equipment to prevent its people from watching television programmes from Bophuthatswana,' he said

The SABC's manager for media relations, Mr Dirk Labuschagne, said 'The SABC has an agreement to transmit Bop TV signals to Kagiso, Soweto and Ga-Rankua and the reception there is perfect'

But reception in the spillage area around the three townships had been interrupted because the new M-Net signal in those areas was overriding the Bop-TV signal, he said. — (Sapa)

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By Sheryl Raine

Behind last week's curt announcement that the SABC had come to an amicable settlement with former "Prime Time" producer Miss Moura Tuck is a story which Auckland Park would rather not have told in public.

To safeguard the secrets, an important part of the Tuck deal is that nothing beyond the news of her re-employment reaches the Press.

If the truth be known, the case of the "Prime Time" producer who was dismissed in May last year was one the SABC dared not take to the Industrial Court for fear of the moral outrage it would spark.

The Tuck affair exposed the executive struggles in the corridors of power in Auckland Park, revealed the bungling and arrogance of senior management, laid bare ugly distortions of staff policy, and eroded the corporation's credibility.

The Tuck case, had it come before the Industrial Court as planned on July 29, would have been sensational.

After 14 months of legal battles costing both sides a packet, "Prime Time" is to be scrapped and Miss Tuck will produce a new programme, "Sundowner", in the same Friday slot.

The announcement today of Miss Tuck's re-entry to Auckland Park is equal to a public apology from the SABC.

It is also a sincere attempt to put right the wrongs suffered by the meise from Groot Marico

Star

25/7/86

260 51

The 'Prime Time' story SABC would rather nobody knew anything about

The Tuck story is about a "little person" who took on a mighty corporation and won. Her victory has also benefited others and, ironically, the SABC itself.

A preliminary Industrial Court ruling in Miss Tuck's favour set a legal precedent and gave others at the SABC the chance to take grievances to court.

The SABC's argument that as a State body it was exempt from certain labour laws failed.

The Tuck case has alerted the corporation to the requirements of modern personnel management.

The saga started at the beginning of last year with a cast which included:

- "Prime Time" presenter Miss Dorianne Berry, who has not appeared on the programme for three weeks and who has now taken a public relations job
- Presenter Mr Martin Locke, who left "Prime Time" some weeks ago
- Mr Kim Shippey, then Head Sport, Magazines and Religion TV1

(English), whose career is believed to have been affected by the Tuck debacle.

● Mr Robyn Knox-Grant, Miss Berry's husband, who was Programme Director TV1 (English) and who has since been relegated to TV production consultant.

As producer of "Prime Time" Miss Tuck elevated the programme to sixth spot in the popularity ratings. At one time it drew as many viewers as "Dallas".

After she left, the programme sank and, at its worst, limped in at Number 41.

As producer, Miss Tuck had authority over programme presenters, but after three spats with Miss Berry, the presenter threatened to "speak to her husband".

Miss Tuck became aware on March 15 last year that moves were afoot among presenters to attack the way in which she handled the programme.

A dispute erupted, starting a chain of events which resulted not only in Miss Tuck losing her job, but in the blacklisting of her work

by the SABC and a ban on her entering the building. The blacklisting eventually became one of the most embarrassing and difficult aspects of the case for the SABC to defend.

On April 2 last year Miss Tuck wrote to Mr Chris Swanepoel, then senior director of English and Afrikaans services, complaining about the treatment she had received.

"As a matter of principle and morality, I can do no less," she wrote.

During round after round of internal meetings, some of which she was not invited to attend, Miss Tuck was not given the chance to answer allegations against her nor to put her case.

Mr Knox-Grant declined to recuse himself from a matter directly involving his wife, even though advised to do so by the general manager, legal services.

Mr Knox-Grant played main arbiter despite an obvious lack of impartiality. The Industrial Court later found this inexplicable.

Mr Mark Lloyd, then manager magazines TV1 (English), was suspended as manager of "Prime Time" within hours of defending Miss Tuck before Mr Knox-Grant.

Then, mysteriously, the SABC changed its advocate Mr P Pauw, who had represented it in initial proceedings in the Tuck matter and in other Industrial Court cases, left the scene.

Difficulties arose when the SABC failed to argue legal technicalities on the appointed date of June 17 this year.

The case was postponed to July 29. As the date drew closer, new initiatives to settle out of court began and finally paid off.

(260)

Fresh eviction orders after court throws out old ones

By SEFAKO NYAKA

ALTHOUGH the Soweto Council claims the last thing it would like to do is throw people out of their houses, it served fresh and "perfectly correct" eviction notices to rent defaulters this week.

"We want to be as lenient as possible," said the council's Director of Housing, Del-Kevan, after the notices went out. The council, she added, wants to build a "happy and healthy community".

Last week Justice G Gordon issued an order restraining the council from evicting Paulina Mathibela from an Orlando East home.

A day after the court ruled in Mathibela's favour, a group of men ransacked her shop in Orlando East. The staff was rudely pushed around and several goods were stolen from the premises. It is not known whether the incident had anything to do with Mathibela's court victory.

Speaking on the court ruling, Kevan said: "We lost the case on a technicality. The notices we issued were typed on West Rand Development Board letterheads, and as you know that the Boards are defunct, this little technical error nullified the notices."

"We are issuing perfectly worded notices in terms of the Housing Act 65b, checked by our legal advisers."

According to the new notices, residents are given seven days within which to pay up — or face eviction.

A recent report from the Community Research Group (CRG) of the University of the Witwatersrand found many people are defaulting, not for political but for purely economic reasons: If they spend R30 a month on rent, they will starve.

Glen Jwara, deputy "mayor" of Soweto, contradicted the report, claiming "people in general are keen to pay, but they fear victimisation from instigators".

Asked who the instigators were, Jwara responded: "That's a good question."

He said people fear being "necklaced" or having their homes burnt by the "comrades".

A few months ago, the council threatened residents that if they didn't pay up their houses would be given to the 22 000 people on the waiting list.

When that didn't work, tenants were asked to send the money by post to a special post office box.

After the first lot of eviction notices were nullified by the court, the council opened a rent office in Albert Street — at the offices where the pass system had been so vigorously enforced.

According to Kevan, residents are flocking there to pay their rent. "On Monday and Tuesday we collected more than R14 000, and we hope that as soon as we open a second office in the city and people get to know about it, more rent money will be collected," she said.

Rent payments at the city office, at township rent offices and through the post are "snowballing", she said — a claim denied by the Soweto Civic Association.

Meanwhile Soweto Town Clerk Nicó Malan reckons some R300 000 in revenue is being lost every month rents are not paid.

Only a third of the estimated 75 000 registered tenants paid their rent last month. The council normally collects R500 000 a month in rent.

Recently the council used about R8-million from its reserves to pay its bills.

Throughout the country rent boycotts, some of them 20 months old and affecting 28 townships, have cost a staggering R250-million.

The CRG recently reported 32 community councils and three town councils had collapsed because rent boycotts had eliminated their source of revenue for running the townships.

2004 29/1/76

Soekor chief predicts

'Fantastic' future for Mossel Bay

GAS reserves off Mossel Bay could last well beyond the 30 years originally estimated, according to a new audit by an international consultancy.

The London firm was coming up with "fantastic numbers", Soekor Cape GM Ken Graham said in Cape Town yesterday

Graham said he could not reveal the figures, but they indicated gas reserves which would significantly extend the estimated 30-year life of the proposed Mossel Bay fuel-from-gas conversion plant.

Graham was addressing Wesgro and the Cape Chamber of Industries on business opportunities in the Mossel Bay gas project.

"In planning your participation in the Mossel Bay project, you will be making a mistake if you think in terms of a once-off spurt of activity," he said.

Graham said that when Soekor last year estimated the life of the reserves at 30 years — the minimum amount needed to make the project economically feasible — it had had to "dream up in four days a scenario in which all the gas discoveries that we had made, but which had not really been proven, were strung together"

At that stage Soekor had only been allowed to do full feasibility studies on two fields, F-A and E-M. These concluded that the project was technically and economically feasible but that the economic life of the two plants was only 15 years.

"Seen in proper perspective, this conclusion was encouraging."

Apart from the extra reserves found in existing fields, the chances of finding more fields was high

There was also the Kudu gas field off Namibia. "In fact, the whole of the west coast of South Africa and South West Africa is virtually virgin territory.

"We would be crazy to think of the Mossel Bay project as a one-off affair. With the confidence and support of South African engineers and industrialists, we can start a whole new offshore industry."

The onshore plant would be about half the size of Sasol 2. Many facilities would have to be built on site and much of the imported equipment would have to be assembled at Mossel Bay

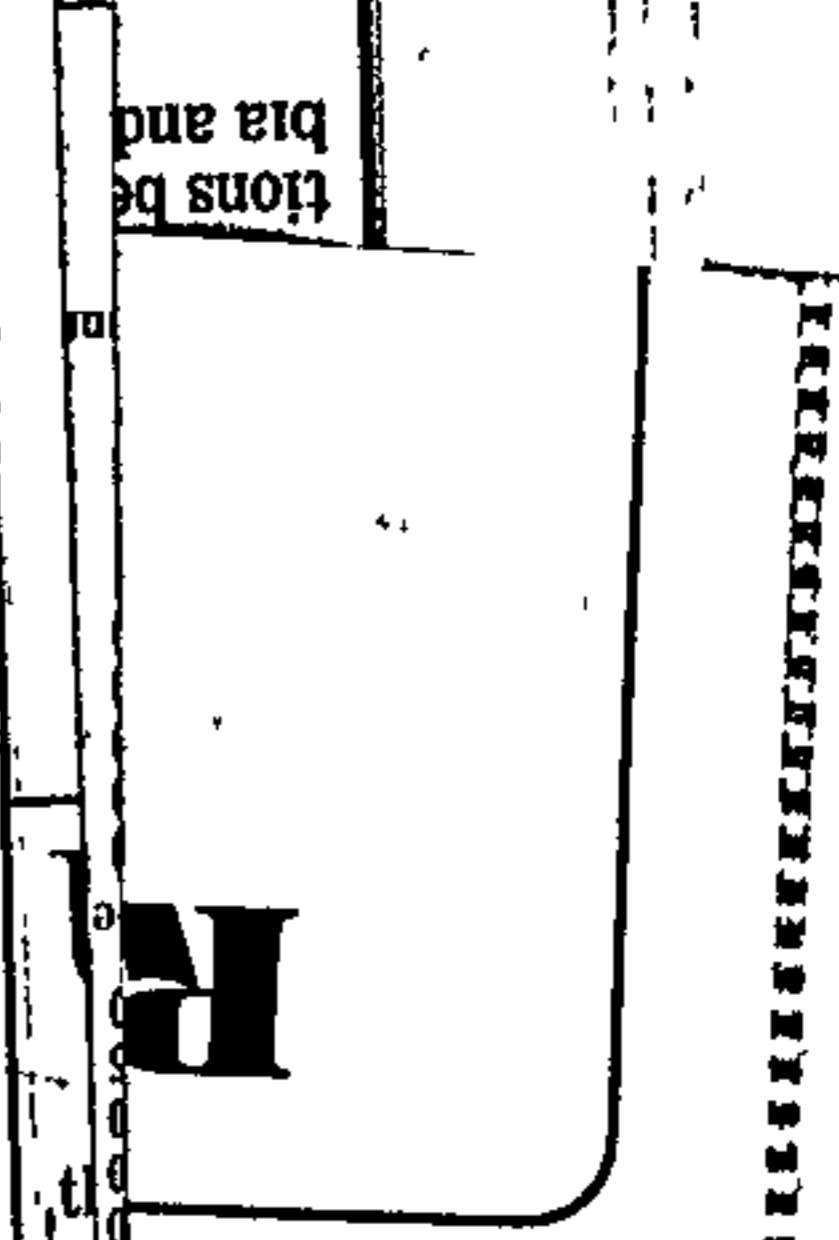
Western Cape companies would be well-placed to take advantage, said Graham. — Sapa.

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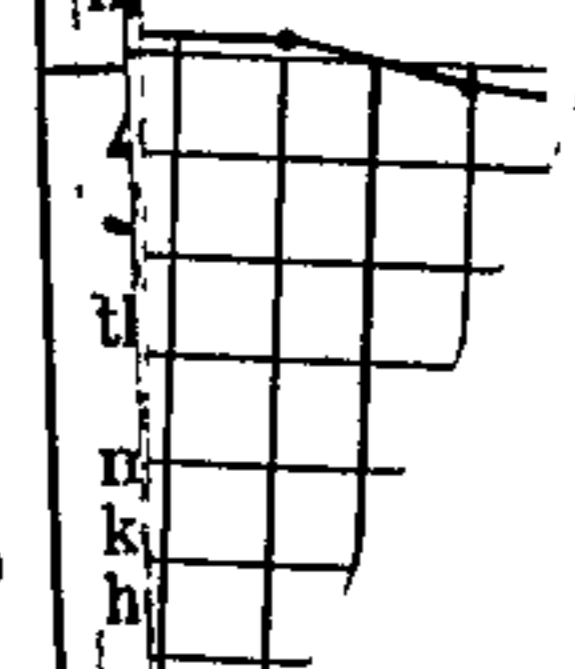


Paul Middleton 6544

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EYES OF THE INVESTOR

2004 25/2/76

Soekor chief predicts

'Fantastic' future for Mossel Bay

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Western Cape companies would be well-placed to take advantage, said Graham. — Sapa.

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Escom nuclear site survey next week

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AP 18/6
EVEREST

ESCOM will continue its nuclear power station siting investigation next week with a preliminary survey along the length of the southern Cape coast west of the Tsitsikamma River

Public relations officer, Mr Marius Rautenbach, said today a helicopter would leave Port Elizabeth on Monday with scientists and technicians from Escom and the Atomic Energy Corporation for a four-day aerial investigation

"This is a precursor to a full investigation to commence in a year or two, and extends the programme to identify possible nuclear power station sites, now being conducted on the coast near Port Elizabeth"

This will be the third area to be investigated in Escom's nuclear programme

Since October, intensive investigations have been carried out and were continuing in the area between Cape St Francis and the Tsitsi-

kamma River, about which there is negligible geological information

Another area in the Eastern Cape — between the Sundays River estuary and Cape Padrone — has also been identified

But, said Mr Rautenbach, much information exists about the area, so investigations will be limited to determining the strength of the underlying rock to see if it is capable of carrying a power station

When a site is chosen, more detailed investigations will be carried out

In terms of international standards, a nuclear power station must be sited a specified distance from densely populated areas. For this reason, no area within 50km of PE had been considered

The East Cape areas were the first in Escom's six-year preliminary investigations, which would eventually isolate suitable areas along the entire coast

SABC 'not used for propaganda'

260 MM 28/7/86

Political Reporter

THE SABC reports news fairly and accurately and does not have to make its medium available as a propaganda platform to particular interest groups, an SABC spokesman said yesterday in reaction to Conservative Party criticism of television and radio political coverage

Mr Karel Schoeman, CP secretary, said many CP members were refusing to pay television licence fees because they were 'sick and tired of the Government propaganda on television and the radio'.

Mr Pat Mohr, CP Natal vice-chairman, said he did not know of any Natal CP members who were refusing to pay their television licences, but many were unhappy about political coverage on the SABC.

"The State President appears on television often as National Party leader

"Where is the even time (to political parties) promised when television started?" Mr Mohr said

The SABC spokesman said various relevant views were reflected in broadcasts about political and other controversial issues

"This approach does not mean that a mathematical balance be maintained, but that standpoints be reflected on the basis of newsworthiness and relevance to the theme of a particular programme

"Mr Mohr's allegation that the State President appears on television often as the leader of the National Party is not true

"Mr Mohr does not differentiate between party political issues and issues of national importance when he makes his sweeping allegations against the SABC," the spokesman said

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SABC accused of cutting questions

(260)
30/7/86 BLD D47

THE SABC cut out questions put by a black SA journalist to US Secretary of State George Shultz when it televised an international news conference on US-SA relations.

Several sources, including City Press editor Percy Qoboza, have accused the SABC of biased editing in its "Network" programme last week.

Questions put by City Press journalist Mono Badela — which were critical of US policy on SA — were excised, while a question from the only other SA participant, "Network" presenter John Bishop, was not deleted.

Sources said that although the edited version had been considerably shorter than the original, Badela had been the only journalist reflecting the views of a large sector of SA blacks.

Qoboza said the SABC had shown by word and deed that it was a "past master" at suppressing views with which the organisation disagreed.

He had been "infuriated" by the fact that South Africans were denied the chance of hearing the full text of a debate which was of crucial importance.

It was precisely because of the way SABC news was slanted that he had made it a personal policy not to take

CLAIRE PICKARD-CAMBRIDGE

part in its programmes, Qoboza said.

He thought questions put by Badela to Shultz were legitimate and being debated on a large scale in SA.

Badela asked Shultz: "With more than 7 000 people imprisoned... and Press censorship by the Botha government... what more does SA's white-minority government need to do to convince you to impose sanctions against SA?"

Shultz said it was debatable whether additional sanctions would be helpful at this stage. But he said jailed African National Congress leader Nelson Mandela and other political prisoners should be released to facilitate genuine negotiations to develop a new government in which all could participate.

Badela also asked Shultz whether he knew black South Africans had come to regard the US as a "firm ally of apartheid".

Shultz said he was aware of this claim, but maintained it was "totally without foundation" and represented a misreading of US policy.

An SABC spokesman said the SABC would respond to the allegations today.

has led to a number of detainees being begin publishing the names of detainees,

Contract launches R3,5bn project

R1bn natural gas deal for M&R group

30/7/88 - WEDNESDAY

260

THE contract for the off-shore portion of the R3,5bn Mossel Bay gas project was signed in Cape Town yesterday.

Project director Bob St Leger declined to disclose how much it was worth to Engineering Management Services Off-shore (Emso), part of the Murray & Roberts group, but sources close to the project said the figure was close to R1bn

The contract calls for the construction of a giant sea platform and two off-shore pipelines 80km long

Conceptual engineering will take about a year after which a cabinet decision is expected on whether the gas-field project will go ahead.

Signatories to the deal were Soekor MD P J van Zyl, Central Energy Fund financial executive Andries Loubser and Emso MD Steve Hraber

Soekor will act as manager of the project on behalf of Mossgas, a wholly-owned subsidiary of the Central Energy Fund and Emso Ltd, a company jointly-owned by Engineering Management Services and Crawford & Russell International.

Direct labour requirements for the

MICK COLLINS

fabrication work is expected to peak at around 2 000 people with many indirect labour opportunities.

A spokesman for Emso in Cape Town said 90 people would be employed on the conceptual engineering side with 130 on project management

"Unfortunately, our project director cannot give details of the cash involved due to the fluctuating ratios between the rand and sterling"

Sapa reports that the contract covers conceptual engineering work and overall project management for the entire off-shore development of the gas field

Fabrication work is expected to start early in 1988 with the first gas piped ashore in 1991.

The sea platform will consist of a conventional eight-legged steel structure. Drilling, utility, power and accommodation facilities will be fabricated in a modular construction and placed on top of the jacket on a modular support frame.

The gas and condensate will be transported to an on-shore processing plant by means of a condensate pipeline

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Future need justifies present pain

Over-capacity plagues Escom

DAVID FURLONGER

ESCOM is prepared to carry enormous over-capacity to safeguard long-term power requirements.

Reserve margins are already 33% above normal levels. Escom usually maintains a safety margin of 30% above peak needs. Increased capacity and reduced demand growth have lifted this to 40%, and the figure could go higher.

Five R3,5bn coal-fired power stations now being built were planned and committed when electricity demand was growing at 8% a year.

Senior GM Ian McRae says: "Now we're faced with sharply reduced growth projections of about 5,5%, which indicates that we should slow down our construction programme."

"But the possibility of sanctions and increasing difficulties in raising foreign loans encourages us to get the power stations completed as soon as possible."

The danger of the second option is that it could result in enormous under-utilisation of expensive plant for at least 10 years, at which time the surplus capacity could be absorbed.

With reserve margins already well above normal levels, more capacity would raise them still higher. Escom's problem is that by taking up deferment and cancellation options on new plant, it will pay a heavy price later. Officials say loans for the current construction programme were negotiated in 1981, when the rand was still worth something. Forward cover taken then means the capital programme is being financed at favourable rates.

Such rates would no longer be available if deferments or cancellations forced Escom to resume construction and orders at a later stage.

FUNNY 17/8/85

STEEL STEADILY UP

260

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Iscor's price increases of 8% and 12% — from August 1 — for 12 of its steel products received a mixed reception in trading and manufacturing circles. However, the steel giant counters criticism of its second hike in six months by saying that only a selected number of products are being increased — while the average of the past two years is well below the rate of inflation.

Apart from round bars — going up by 8% — the following Iscor products will be hiked by 12% from August 1: plate, floor plate, roller-quenched and tempered plate, billets, blooms and slabs, window sections, re-rolling billets, steel sections, special sections, rails and flange materials.

Genrec MD Hendrik Esterhuizen says no price increase is welcome — especially

when certain finished imports from Japan can be landed here at below South African steel prices. But the impact should be limited, he adds. A source in a major construction company says that some 25% of heavy civil engineering costs are steel-related — and with Iscor leading the market, the 12% hike would lead to a 3% upward cost structure.

The impact should be considerably less in the building industry, leading to limited cost increases there. Bester Homes director Willem Bester says the increase of window frame prices is reasonable.

Iscor spokesman Pieter du Plessis says that although the company's input costs are rising steadily, average annual steel price increases over the past 26 months were only 14,3% a year — against a much higher inflation rate.

FINANCIAL
ESCOM

1/8/86

260

The closedown dilemma

The combination of the economic recession of the past five years, and threatening sanctions, is forcing SA's R5 billion-a-year Electricity Supply Commission (Escom) to reconsider the completion of five new coal-fired power stations. They cost R3,5 billion apiece — or R17,5 billion at 1985 prices.

The five 3 600 MW stations — Tutuka, Matimba, Lethabo, Kendal, and Majuba — are in various stages of completion, ranging from Tutuka's 60% to Majuba's 5%. Most major contracts with local and overseas suppliers and contractors have already been entered into — although each station could take between eight and 15 years to reach completion.

Escom's dilemma is that its original projections and planning in the late Seventies and early Eighties were based on an average 8% annual electricity demand growth. However, even the subsequent sharp down-scaling to a 5,5% annual demand growth projection might still prove to be too high.

Current reserve power margins of 40% are already about 10% above normal, while the completion of the five stations could add considerably to excess capacity — as well as costs to the consumer and boosts to the inflation rate.

Alternatively, cutting back on the over-ambitious construction programme could lead to a stalling of the rising electricity costs spiral.

"At this stage, it appears that Escom may opt for the conservative approach by partly deferring some projects, while keeping the main elements of the programme on track, subject to information received from major contractors about the cost implications," says Escom senior GM Ian McRae.

McRae minces no words on the difficulty of the choice facing Escom. "Sharply reduced growth projections indicate that we should slow down our construction programme. But the possibility of sanctions and increasing difficulties in raising foreign loans encourages us to get the power stations completed as soon as possible. Either way, the decision is a tough one."

FCI energy spokesman, Rudolph Fockema, says: "Apart from heavy penalties, cancellations could mean costly future electricity shortages. Other negative results include the possibility of future bans on foreign loans and supplies, or sharp construction cost escalations. The better alternative is to extend existing contracts as far as possible — even though the cost of excess capacity will eventually have to be carried by the economy."

Assocom and AHI economists Bill Lacey and Dawie Klopper basically agree. Lacey says the economy needs to grow to survive —

even with sanctions. This means increasing electricity supplies, or being caught in a difficult situation once growth takes off again.

Klopper says that apart from strategic considerations, inflation could eventually push up construction costs considerably if existing contracts are reneged on. "And a possible shortage of electricity during the next economic upturn could be far more costly than the cost of temporary excess capacity. The AHI, therefore, supports the concept of completion on existing contracts."

Given SA's international political situation, security problems could just weigh more heavily than short- to medium-term economic considerations. Added to this is the highly favourable rates at which the current programme is being financed; employment for thousands of South Africans, heavy involvement of local industry; and the chance of an economic boom placing heavy demands on Escom's generating capacity.

However, the alternative — cancellations — could be a heavy price to pay by major contracting and supplying countries such as Germany and the UK. ■

Company, Fred Knill, says the four MEC members who are participating needed an outlet other than Maputo through which to ship their additional allocation

The old Alusaf terminal at Pier 109, although designed for importing bauxite, seemed suitable. After spending some R8m on reversing the conveyor system and additional storage, the group is now in a position to start exporting.

They are aiming at an initial capacity of general smalls and power station smalls of around 900 000 t a year. Again, they seem confident that it is achievable ■

8/18/86
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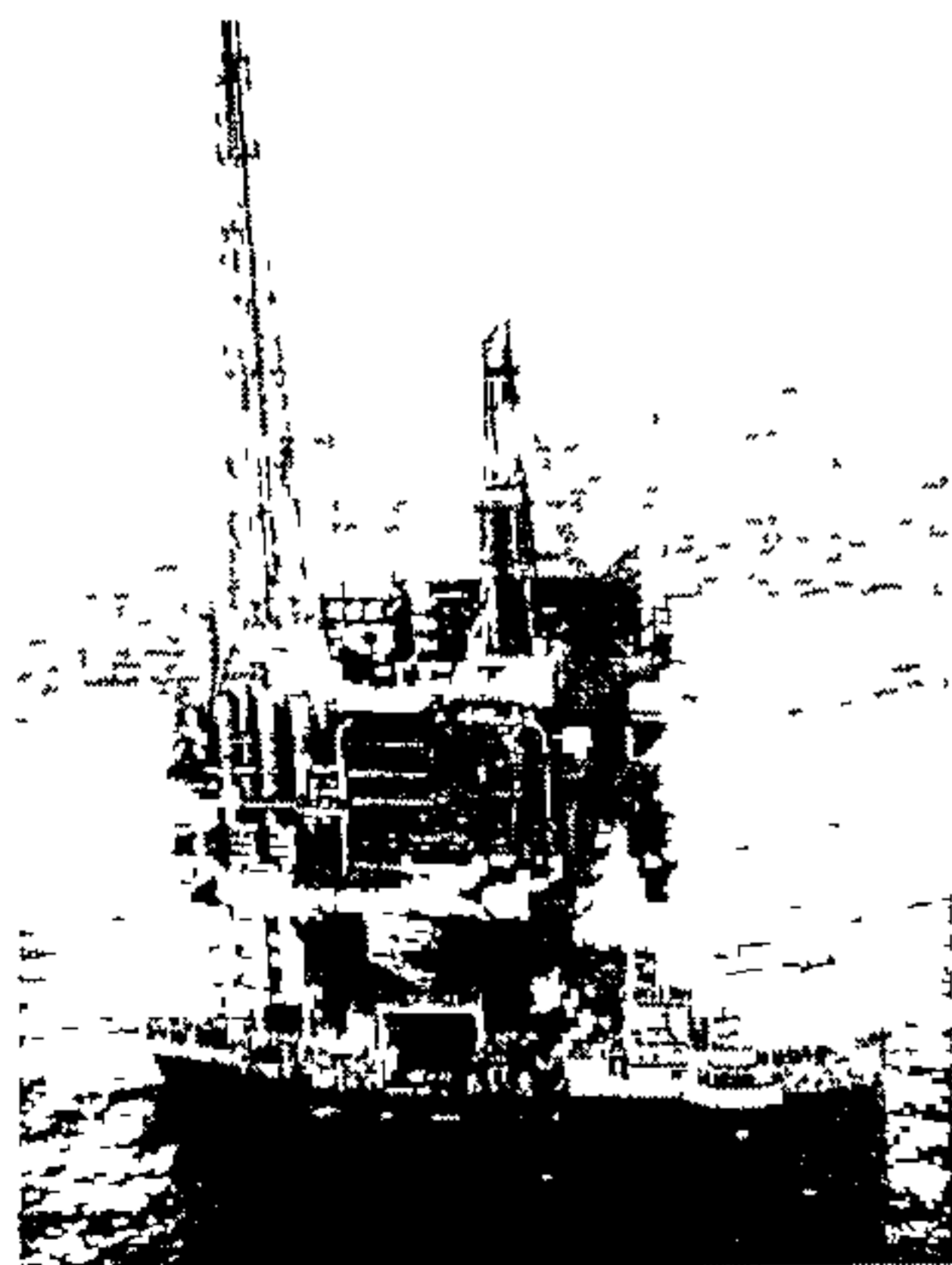
Brighter prospects

Soekor is turning on the PR in advance of the final official go-ahead for its Mossel Bay gas plans. But on the face of it the fields do look a lot better than initially indicated

The State-backed gas and oil explorer — and would-be exploiter — previously maintained that feasibility studies by outside experts concluding that the project would be uneconomic did not take account of a bonus 200 Ml of condensate

Then came a more favourable study based on two fields (FA and EM) which declared economic and technical viability, but found exploitable reserves of only 15 years. That was followed by Soekor's own projection of 30 years, which, GM Ken Graham recently confessed at a seminar in Cape Town, was a "dream scenario" arrived at in a matter of four days by stringing together all discoveries in the area although they had not been proven

Graham however believes that developing technology and further discoveries in the vicinity will extend the life of the project to 35 years.



North Sea oil rig . . .
providing valuable lessons

Assuming the green light comes soon, orders for goods and services will not be placed before 1988. Project manager Ifor Pritchard says information on potential suppliers is already being collated for preliminary planning.

Pritchard estimates the venture will provide 4m man-hours of work, spread over two years, for fabrication workshops. There will be opportunities for industries ranging from caterers to suppliers of welding rods, gaskets, and computerised control systems

Standards, he stresses, will be very high and some of the expertise and equipment will not be available in SA. Pritchard notes that requirements will be as high as for an atomic or space project, and much of the know-how will have to come from outside. After all, accommodation and work environments containing 100 people will be perched on platforms 130m above the seabed, lives and equipment depend on perfection

Contractors and sub-contractors will have to keep strictly to delivery dates and they will work "with inspectors sitting in factories"

He says some local manufacturers are already sending staff overseas to acquire know-how from firms with North Sea experience. Robert Hughes, MD of Cape Town-based Globe Engineering, is one of those scouting out the situation in the UK.

Unfortunately for locals, however, Pritchard stipulated at the seminar that only equipment and instruments (as opposed to, say, the platform and module) already proven in North Sea oilfields would be used on the offshore operation. He sees no point in encouraging attempts to reinvent the wheel

Graham says the FA field will be developed first. Early in 1991, a piled steel jacket will be placed more or less at the middle of the field, on top of a template through which six wells will already have been drilled by one of the semi-submersible rigs now used for exploration drilling

These wells, which take about a year to drill, will enable full production to begin immediately offshore facilities — such as the topsides and pipelines to shore — are completed. Topside development will include a drilling rig for a further 10 deviated wells to be drilled over a period of some 30 months to ensure optimal depletion of the entire FA-FAR1 field

Obviously, as production proceeds the reservoir pressure drops. The field is unlikely to maintain the required production rate for more than six to eight years. Allowing for a safety factor, Graham suggests facilities for the next EM field should be in place sometime between 1997 and 1999

At this stage, he believes EM will also require a piled steel jacket and topsides similar to, but smaller than, those for FA. Production wells will be brought on stream as they are completed during another 30-month period

Gas and condensate from EM will be carried by pipeline to the FA platform, where it will be mixed with production from the FA field

Allowing two-and-a-half years for construction, installation and hook-up of the EM facilities, construction would have to start between 1994 and 1996; this means conceptual design must begin in 1993

Ideally, the EM platform would be relatively small and unmanned, but problems associated with collecting the condensate from the sea bottom and hydration (basically, freezing of the undersea pipes) may mean installing complete drying and other processing equipment at EM and FA

Production from these fields would not maintain the required flow rate beyond 15 years because of the pressure drop. Here recently proven smaller fields come into the picture

But how to tap these remains a problem. Graham concedes vagueness at this point, but says a sub-sea production system (as opposed to platforms) might be most economical. It would feed the existing platforms, possibly supplemented by a floating production facility

Graham says he is sure there will be additional discoveries in the vicinity long before the FA platform commences production. "We are exploring all over the south and west coasts. This exploration must result in more discoveries and entirely new projects"

Hopes also rest on improved technology to artificially increase permeability, allowing trapped hydrocarbons to be extracted by hydraulically cracking the rock

Encouragingly for both the exploration and production programmes, Graham asserts that Soekor is drilling wells for about a third of the comparable price in the North Sea, thanks to "good engineering, good management and hard bargaining." ■

HOME SECURITY

Sounding the alarm

The increase of crime on the home front has seen scores of security conscious people hurrying to install safety measures

Security dealers tell the *FM* that the real demand began about three months ago. Contact Security (CS), one of the few companies offering a 24-hour call guard system, say they have seen an increase of some 15% in calls requiring their services since May

CS operates in Johannesburg's northern suburbs, where four vehicles per shift patrol the area. "Our guards, who are all completely trained in the handling of firearms, can reach the scene of trouble in about five minutes," says CS MD Peter Marais. The cost of an alarm system ranges from R1 500 to R2 500, depending on the size and design of the property

Operating a similar service is a new company — Paramed Security

"We are the only one of its kind in the world in that we are a medical team and can cope with any emergency situation, be it the birth of a baby or an attack," says MD Barry Blythe. Paramed charges R25 a month, and

POWER TARIFFS

Keeping the lid down

*FW MML
8/8/86 260*

Whatever decision Escom takes on the cancellation, completion or deferral of its R17,5 billion power station programme (*Business* August 1), there will be no direct impact on electricity tariffs for at least the next three years.

Escom's CE and senior GM Ian McRae, who heads the utility's executive management board, faces difficult and costly options. But he has set his sights on low power costs. The heightened awareness of Escom's central role in the economy follows last year's major shake-ups in management philosophies — and structures.

The less comforting news is that if Escom decides to complete the five new power station contracts for strategic and economic reasons, landing SA with expensive surplus capacity, electricity prices could rise steeply in the early Nineties.

Escom's cost-cutting drive is already showing results and some R1,4 billion has been cut from its capital expenditure budget by delaying or scrapping projects such as the construction of new transmission lines in the period 1986-1989. Escom also plans to slash operating costs by some R1,1 billion over the next three years.

Escom has already made a top-level decision to keep tariff increases in the next three years below the inflation rate, notwithstanding the two 10% hikes in January and July

this year which run ahead of current inflation. But there is an explanation.

"This year's 20% increase was necessitated by pressure from our banks to bring the ratio between own funds and loan finance closer to the 30/70 relationship, which they regard as a reflection of healthy financial management," says Escom communications manager Ewald Thal.

Thal says after government's anti-inflation drives of 1983 and 1984, tariff hikes were well below inflation — the 6% increase of 1984 is a case in point. But this distorted the own loan funds ratio, with the former falling back to a mere 10% of the electricity utility's budget.

Escom was therefore compelled to increase tariffs by 20% in both 1985 and 1986. "We are now back to an own funds contribution of some 24% and are confident of bringing this ratio back to 30% without undue tariff increases — by running a tight ship," says Thal.

Consumers can rest assured that the increase for 1987, to be announced in September or October for implementation early in the new year, will be below inflation, he adds.

McRae says "We are cutting staff by 10% — from 66 000 to 60 000 — and this level will be maintained for at least the next three years. Meanwhile, management and



Escom's McRae ... aiming at lower costs

staff are involved in a major drive to reduce costs, improve productivity and enhance the cost-effective use of capital equipment. We are also deferring, where possible, major capex projects."

An estimated R120m has already been saved on staff reductions in the first year and these savings will be compounded in future, he adds. Better asset management, improved stores control and an extensive upgrading of Escom's data processing (DP) should greatly increase the cost-effectiveness of the electricity giant.

The DP project, especially, will help by improving information flow and Escom's accounting systems, while providing better stores inventory control.

"Despite our difficulties we are determined to run Escom as a business organisation. We are keeping a tight rein and operate stringent controls on operating expenditure," says McRae.

Heading Escom's cost-cutting drive — and one of the keys to the success of its new policy — is the 18-member Electricity Council, which has operated since May 1985 under the chairmanship of ex-Barlows man, John Maree. The council consists of top-level private and public sector representatives.

"All major consumer groups, key government departments and specialist individuals from various business sectors now have vested interests in keeping electricity tariffs as low as possible," says Thal.

The success of this hard-nosed business approach — one might call it partial privatisation — should be a pointer to other government departments and parastatals still labouring under costly bureaucracies.

FM CONFERENCE

Another in the exciting list of speakers lined up for this year's FM Investment Conference is Marius Furst, MD of Hewlett-Packard SA (HPSA). His address is provisionally entitled "The economic impact of new technology." Furst joined HPSA in 1975 after 12 years at the Nasa satellite tracking station at Hartbeesthoek, where he was deputy station director. He took up his present position in 1984 after three years as GM of HPSA's computer division.

Furst was born at Viljoenskroon in the Free State and was educated at Stellenbosch (BSc in physics and applied mathematics and an MBA). He is a board member of the American Chamber of Commerce and a member of the SA Association of Business Management.

HPSA, a subsidiary of Hewlett-Packard in the US, is based in Johannesburg,



with branches in Pretoria, Cape Town, Durban and PE. It is a major designer and manufacturer of computers, test and measurement instruments, calculators and other hi-tech equipment. Worldwide, HP employs some 84 000 people and sales last year hit US\$6,5 billion.

The FM Investment Conference, to be held at the Carlton Hotel, promises to be one of the highlights of the conference circuit. The dates are November 13-14. (Furst will speak on November 13, at 2.35 pm). Last year's conference was a sell-out, so don't delay your booking. The all-in

price is R550, falling to R500 for additional delegates from the same company or institution. For further details contact Yvonne Courtney, FM Promotions Department, Box 9959, Johannesburg 2000; or phone (011) 710 2480. The telex number is 4-88921.

8/15/86

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TV ads campaign to break rent boycott

THE government is embarking on a major multi-media campaign to try to break the widespread rent boycott

The Weekly Mail has learnt that filming will start next week on a series of more than 40 one-minute television spots designed to encourage people to pay their rent

The Bureau for Information indicated yesterday that this is part of a major campaign

This comes one week after the Weekly Mail revealed a grand plan by the government, business and community councils to break the boycott. The plan was being run by the Joint Management Centres, which are directly accountable to the State

Security Council, and it brought together representatives of business, community councils, the ex-development boards, the South African Police and the SA Defence Force

Part of the campaign was to "use the media".

The Wits University-based Community Research Group has listed

31 townships where rent boycotts are taking place and estimate that this has already cost the state R250-million

Asked this week to confirm the media campaign, the Bureau for Information said it was "looking at a multi-media approach to support the educational and information campaigns of local authorities

"There seems to be a plethora of

twisted messages in the market place about rents and services. We believe the public should be informed as to the manpower and costs involved in rendering these services and the necessity of their contribution."

"The approach is quite simply to inform the consumer that effective services and infrastructure for his/her benefit can only be established, maintained or improved with their assistance and co-operation

"In view of the fact that the information exercise is still being planned, it will be guesswork on our part to provide you with details on quantity, launch date, format and cost"

Radio men still on ice

Dispatch Reporter

EAST LONDON —
Three Ciskei Radio personalities who were suspended last month were still not back on duty, the Deputy Director-General for Foreign Affairs and Information, Mr Headman Somtunzi, said yesterday

They are the managing director of the studio, Mr Dambile Tuswa, and two announcers, Mr Mzuvukile Bam and Mr Desmond Davids

Mr Somtunzi said their suspensions still stood and added that it was a "purely departmental issue"

When the suspension of the three men was announced by the Director-General of Foreign Affairs and Information, Mr H K Nyikana, he said the measure was for an "indefinite period"

A retired King William's Town-based SABC principal announcer, Mr Given Ntlebi, has taken over Mr Tuswa's duties

This is the second time Mr Tuswa has been suspended from service at Radio Ciskei

Toddler 2

Head of M-Net hits out at Riaan Eksteen

By Janine Walker

The SABC has overreacted to what it sees as a major threat from the new M-Net service, say observers in the television industry.

Strong rumours are circulating that SABC director-general Mr Riaan Eksteen announced the TV programme changes without consulting the Government. It is said Mr Eksteen is in effect going it alone as he did in the case of TV 4, when it was announced late last year it would be an entertainment rather than an educational channel, without consulting the Cabinet.

Last night Mr Ton Vosloo, chairman of M-Net and managing director of Nasionale Pers launched a scathing attack on Mr Eksteen and the SABC.

He described Thursday's announcement of TV changes which cut across language barriers and allowed TV 4 an earlier opening time as "an astounding example of a State-protected monopoly's greed and acquisitiveness".

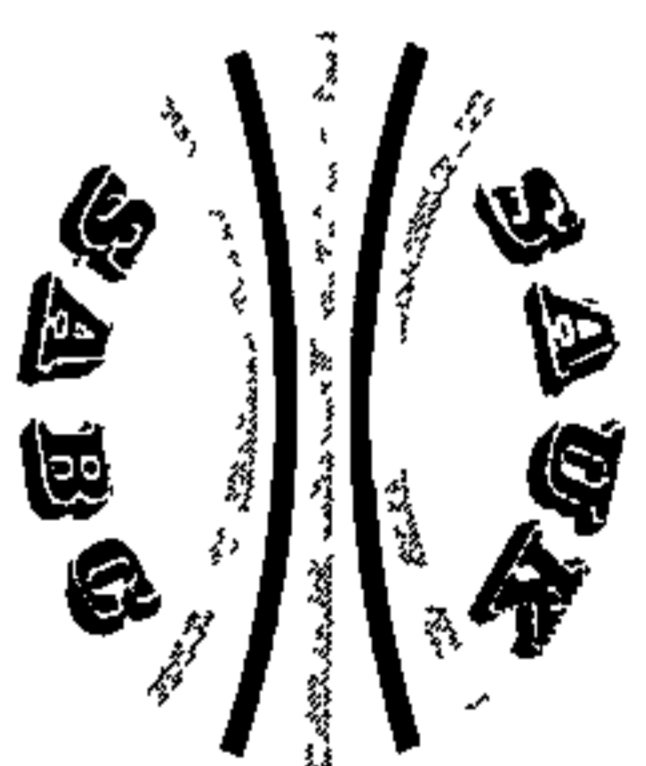
Urgent appeals had been made to the Government by M-Net concerning the SABC action. "This move was plainly an attempt to cut M-Net's feet from under it, even before it was properly established".

The SABC's position was clear. It was ready to do battle M-Net's "open" time — designed to attract viewers to subscribe to the station — is from 5 to 7 pm nightly, starting in October.

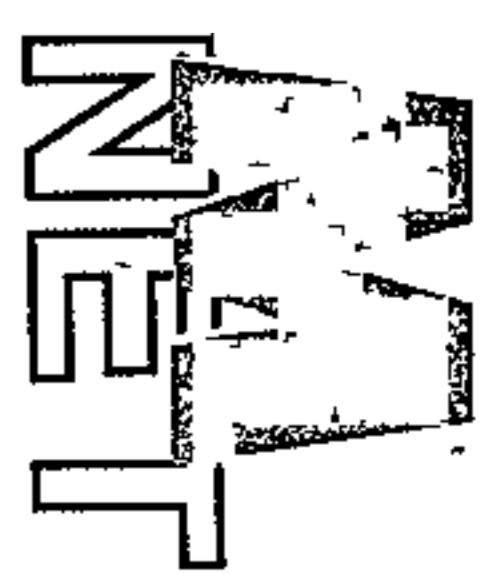
The corporation made it clear this week that TV 4 would switch on each weekday night from 5 to 7 pm while TV 1 would schedule some of its top shows such as "The Cosby Show" in this time slot.

Good news for viewers as SABC squares up to M-Net challenge

GET OVERS BETTER TV WATCHERS!



'Amazing example of greed by state monopoly'



By DOUGLAS GORDON: Television Correspondent

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SUNDAY 10/8/85

BATTLE has been joined to dominate the airwaves . . . and the SABC is being accused of using unfair methods in an all-out war on the independent television channel M-Net.

The most immediate beneficiaries will be South African viewers, who are in for a feast of entertainment as newly spruced-up channels vie for their attention.

M-Net, the sparkling new subscription service that starts transmission on the Reef on October 1, has served notice that the gloves are off in the battle with SABC.

Mr Ton Vosloo, chairman of M-Net has called SABC moves to overwhelm the airwaves "an astonishing example of a State-protected monopoly's greed and acquisitiveness"

He said that the SABC was creating an artificial new channel in exactly the same time slot (5-7pm daily) that was allocated to the soon-to-be-launched subscription service for "open transmissions" to all viewers

Urgent representations were made yesterday to the Government about the SABC's unilateral decision

The conflict burst into the open this week when the SABC announced new programme schedules

In essence, this is what it plans from September 1

Better

But director-general Riaan Eksteen blandly insists that the programme changes and extended transmission hours are merely routine

"The scheduling — or the best utilisation of the available hours on four channels — is purely to give viewers a better service," he said

M-Net, however, is determined to fight back against what it sees as an unauthorised attempt by the SABC to expand its empire and grab an even bigger slice of available advertising revenue

It will do so by offering viewers a new movie each day, plus the very best in hit shows from abroad Details about its own programmes will be unveiled next month

M-Net is jointly owned by South Africa's major publishing houses and was granted a licence for the specific purpose of enabling the Press to retrieve some of the advertising revenue it has lost to the SABC

Mr Vosloo said the SABC's creation of "an artificial new

□ To Page 2

Changes

● TV1 will shed much of its dress with a new emphasis on slick, high-entertainment programming, news and sport

● TV4 will come on the air for an hour from 6-7pm, make way for TV2 and TV3 for two hours, and then make an earlier start, at 9pm, until midnight

● There will be much more simulcasting of top shows on TV1, TV2, TV3 and TV4 to attract the 70 percent of viewers who prefer English soundtracks

The SABC's main target M-Net's vital two-hour "open transmission" slot

This period was meant to provide the new network with an opportunity to attract advertising revenue and to broadcast promotional material that will attract viewers to the new movies and other programmes that will be transmitted later, but which will be available only to subscribers

Now the SABC has put a spoke in its wheel and is being accused of using its monopolistic position to take advantage of excessively generous licencing arrangements to introduce what is, in effect, another entertainment channel

M-Net plea to cabinet minister

Staff Reporter

THE Minister of Foreign Affairs, Mr Pik Botha, has been called upon to sort out a row between M-Net and the SABC over the corporation's major schedule changes. M-Net chairman Mr Ton Vosloo said the changes amounted to the creation of an "artificial channel" in time granted to M-Net to attract advertising revenue.

He branded the move as "an astonishing example of a State-protected monopoly's greed and acquisitiveness".

Mr Vosloo yesterday confirmed he had made "urgent representations" to Mr Botha.

The SABC replied that the corporation welcomes competition and is merely protecting its viewership numbers.

The row broke out after the SABC announced a major schedule change, aimed at wooing viewers before M-Net starts "free broadcasts" between 5-7pm on October 1 on the Witwatersrand.

The SABC has announced — among other changes — that TV4 will come on the air for an hour from 6-7pm on September 1.

M-Net, in terms of the licence granted by the SABC, may broadcast only between certain hours, while the SABC can broadcast 24 hours a day.

SABC ignores blacks' needs

TV
REVIEW
By MOKONE
MOLETE

ONCE more, TV2 and TV3 have become the sacrificial lambs in the battle for television audiences.

The latest incident involves the SABC and the nascent subscription network M-Net. Unilaterally, the SABC, in what has been called "an astounding example of a State-protected monopoly's greed and acquisitiveness" by Tom Vosloo of M-Net, has changed TV4 scheduling to an earlier time slot (it will now have its normal screening as well as a 5 to 7 pm time slot from September 1).

This means that TV2 and TV3 viewers will suffer — even though they will be combined with TV4 — as was the case when TV4 was launched in competition to Bop TV. Then, as now, the views of black viewers have not been sought, nor their interests considered. Readers' letters to the *Sowetan* have indicated TV2/3 viewers' ire over losing a huge chunk of evening viewing time to TV4.

The TV2, 3 and 4 hookup is also designed to block the threat of subscription television with TV4 programmes being screened in the 6pm - 7pm slot opposite M-Net's free time period.

The combined channel will open on weekdays at 4 50pm with a line-up of comedy series, dramas, sport and music programmes, TV2/3 take over from 7 to 9, with TV4 coming back 30 minutes earlier than before, at 9pm until close-down at about midnight.

On Saturdays TV4 will open at 5 and run until 7 followed by TV2/3 until 9 and TV4 again until midnight, on Sundays TV2/3 start at 3pm with a sports programme (simulcast commentaries in some cases) until 5 30, followed by a documentary programme until 6pm.

For how long will blacks be treated like this by the SABC? We, the viewers, need to do something about the whole issue. Urgently.

The fray has also affected radio. The SABC will launch Radio Metro — an English medium station aimed at blacks — on September 1 to compete against Radio Bop. The Bophuthatswana Government has reacted by splitting Radio Bop into Tswana and English channels.

WEEK in and week out, I try to find something new, something innovative on television.

Something new does occasionally grace the television screen. But something innovative? That is another thing altogether.

Such is the case with Bop TV's new programme *Tlhogo le DingolMind and muscle* on Wednesday evenings.

If credit has to be given, the programme is innovative in form. The quiz has two participants, one in the studio and another outside the studio. And herein lies one of its weaknesses and irritating points.

The crossover between studio and "field" is accompanied by a squeaking sound. Obviously

the ears protest

And then, we are introduced to several teams but only one team takes part throughout the programme.

The studio participant is asked 10 questions. For each question correctly answered, he or she earns 10 points. Why 10 points is not clear, because whether the contestant gets the question right or not, he is awarded nil or 10 depending on his effort. Ten points would suggest to me that an incomplete answer earns the contestant a portion of the full points.

The questions are so simple its sickening (TV1's *Specialist* is such a challenge in this regard).

To add more injury to the insult, Nothemba Madumo squeals with delight "Oh, you are so clever" after a question has been correctly answered. For crying out loud, my two-year-old son can answer the question "With what sport do you associate Muhammad Ali?"

Her co-presenter Modisane Modise's inexplicable laughter was just as irritating. He guffaws at the drop of a microphone.

This is one of those programmes that have a lot of potential. If only a lot more planning and thinking went into it.

• *Tlhogo le dinao* does not translate into Mind and muscle. Perhaps this is where Bop TV should start with its rethink?

Spelling, it seems, is not one TV caption writers' forte. On a Bop TV newscast we were introduced to a South African group called the "Black Slash". Is this why one of their members was deported? On TV3 on Saturday, we were told of unrest in "Everton" near Vereeniging. Looks like Sir Geoffrey Howe left a little more than bitter memories on his last visit here.

OF all the National Soccer League matches reported on Saturday's news bulletins, the only clips we saw were from the Chiefs-Wanderers match. Somehow I get the feeling that Jomo Sono and company are justified in their complaint that the *Sowetan* team is getting more than its fair measure of publicity on television.

A BELATED "well done" to TV3's choral music programme *Kgafdoha* for its tribute to one of our composers. It was a joy to watch and listen to. Well done, Johnny Mphatsoe.

WAS it not a bit obnoxious of TV2/3 (*Thakang-waha! Ezisematheni*) on Sunday to show the faces of some people who were buying liquor in bottle stores? The programme was on alcohol and drug abuse and the bottle store shots may have suggested that all those people we saw in the bottle store were alcoholics.

Alcoholics Anonymous stresses anonymity. But that was not so with this programme. Only one participant's identity was protected. On the whole, the programme was well done.

Mossel Bay oil project bonanza: PE companies asked to tune in

ENG PORT
13/8/86
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By DENISE BOUTALL

PLANS to draw up a comprehensive list of Port Elizabeth companies which could get involved in the Mossel Bay offshore oil project have been set in motion.

The Mayor, Mr Ben Olivier, is writing letters to more than 400 industrialists asking them to support a Midland Chamber of Industries survey aimed at identifying the industrial base and skills in the region.

The survey will also establish the resources and services available as well as the suitability and availability of the harbour facilities as assembly and distribution points and is due to start in about two weeks time.

In his letter Mr Olivier urges companies to co-operate fully in the survey, describing it as an opportunity for them to become identified with the Mossel Bay project at an early stage.

"It is only with a dedicated and totally committed approach that we can

actively take steps to launch the much-needed economic revival in our city."

In an interview the executive director of the MCI, Mr Brian Matthew, said he did not think that it would be necessary to appoint a consultant in the United Kingdom to provide a comprehensive survey of the services and components needed to build a drilling rig.

"We have been dealing with two groups of consultants there and have been buying information from them on a piecemeal basis."

The information from overseas as well as the results of the survey would be computerised.

Ultimately the chamber would produce a document detailing which companies in PE could supply which parts or components for the oil-from-gas project.

This document would be made available to the main contractors on the project who could then approach the companies to tender for work.



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Zimbabwe moms walk to SA for work

The Argus Correspondent
NELSPRUIT — Ten Zimbabwe mothers, concerned about their starving children, crossed the Limpopo River with five babies and walked to South Africa in search of work

The women, who live at the Kasengwe village near Beit Bridge, left their homes and families in June hoping to find work in Gazankulu.

Their husbands are out of work and they had no money. They left on foot, promising to return with food and clothing

"The only food we have comes from our fields, but we have no money to buy seeds to plant maize," one said

Hungry and exhausted, the group eventually reached Gazankulu where — thanks to a kind-hearted brickmaker — they worked at his plant for two months. With food, clothing and money, they left for Zimbabwe last week

But they lost their way and landed up walking through the Kruger National Park where they were arrested by security forces

They are being held temporarily at Nelspruit.



The unemployed Zimbabwean women who got lost in the Kruger Park on their way to South Africa

'SABC-TV only newscasts in public interest'

By Kym Hamilton, Pretoria Bureau

SABC news broadcasts kept the public well informed rather than entertained and a competing news service would not be in the public interest, said Mr. Louis Nel, Deputy Minister of Information.

Mr Nel effectively closed the door on the possibility of M-Net's being allowed to broadcast news in the future.

Mr Nel, speaking at the Pretoria Press Club yesterday, accused the Press, both local and international, of news management, particularly in their treatment of stories dealing with this week's two conflicting judgments in Natal on detentions under the emergency regulations.

He said the first, which invalidated two emergency clauses providing for the arrest and continued detention of a person, was given front page treatment. However, the second which overruled the first, was underplayed. In order to make sure the public was kept properly informed and the judgments were reported properly, he ordered the Bureau for Information to issue a statement on the two cases. The statement pointed out that the first judgment was found to be wrong.

Mr Nel, turning to the role of television in South Africa, said newscasts overseas were essentially show business and were part of the ratings war.

Non-competitive newscasts — as with SABC — could cover events in more depth as they were not involved in the headlines war.

"If we should allow another television network to broadcast news I have very little doubt that the SATV and other station newscasts would become more dramatic, more entertaining and less information. This will not be in the public interest," said Mr Nel.

Iscor — the iron giant enmeshed in publicity

DAVID FURLONGER

FEW companies are in the wars more than Iscor.

Barely a month goes by when the Iron and Steel Corporation is not enmeshed in some sort of publicity — be it international lawsuits and trade disputes, or domestic accusations of price-fixing and irresponsibility.

It is difficult for the Pretoria-based corporation to be anything but headline material. Almost wholly government-owned, it controls 75% of the domestic steel market and exerts a major influence on the purse-strings of a large proportion of SA's secondary manufacturing industry.

According to Iscor's critics, it has influence which is not used responsibly. Most heavy industries use steel in one form or another. When Iscor and its fellow steel producers raise prices, therefore, the ripple effects are felt far and wide.

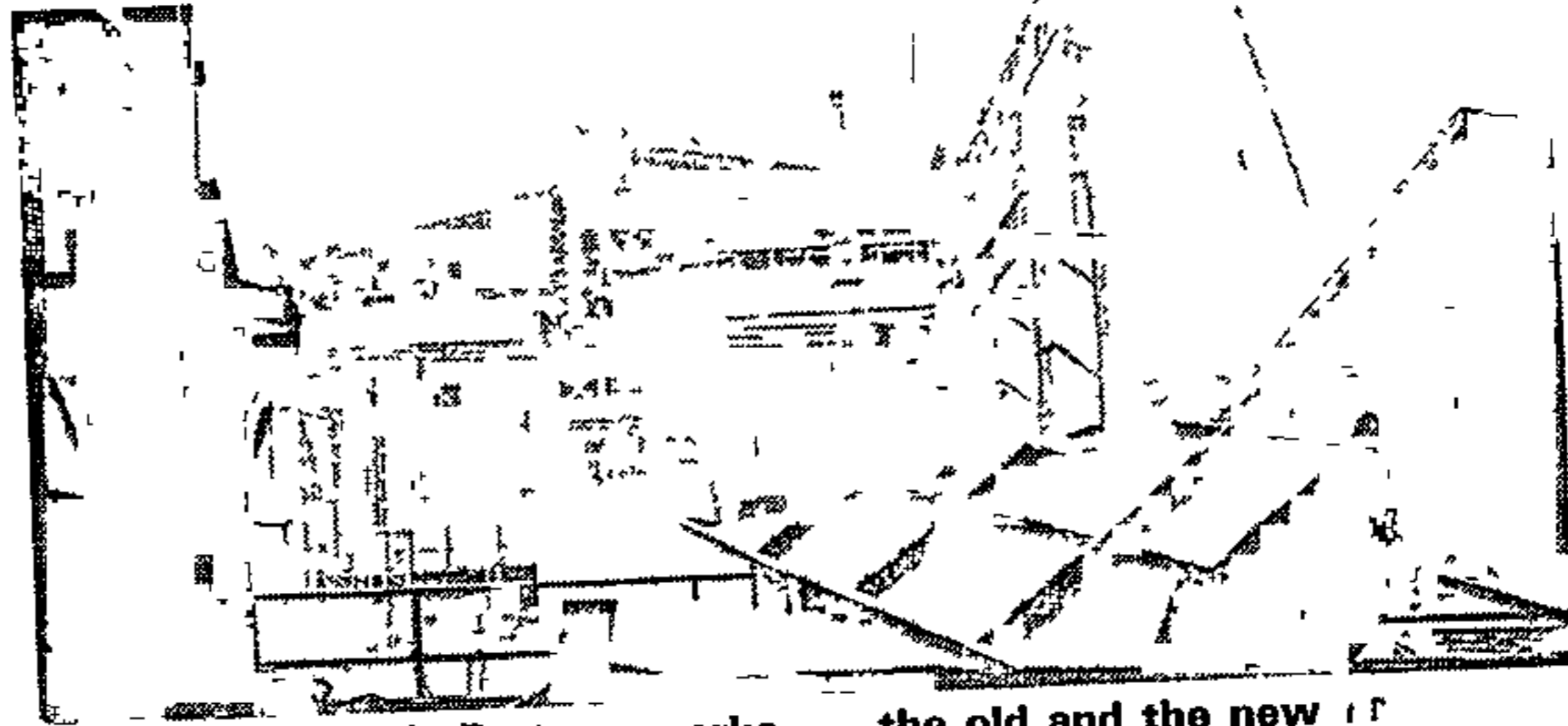
Accusations of pricing irresponsibility reached new heights last year when government lifted price controls on steel. When Iscor and its fellow producers immediately announced an end to price discounting, there was uproar.

While producers disputed the eventual figures, customers claimed this decision, in addition to a formal price increase of up to 10%, effectively raised prices by 25%. Two further price increases since then have not quieted the clamour.

Iscor officials, however, insist the corporation's price increases have remained consistently below the inflation rate.

According to MD Willem van Wyk "In the past number of years, increases in the price of SA's steel have been kept below the inflation rate, despite the fact that price increases of our inputs weren't below the inflation rate."

While it continues to defend local trading policies, Iscor's attention has



□ Iscor's Pretoria works ... the old and the new

recently been drawn into more global matters. It faces a two-pronged problem: involvement in a R750m international lawsuit, and dangers of sanctions against SA products.

The lawsuit, in which Iscor and two Iranian businessmen have launched claims and counter-claims in Pretoria and London, comes to court for the first time this month in the Pretoria Supreme Court. The dispute is over the bones of a company, Iscor-Iran Ltd, set-up to market Iscor steel in Iran during the days of the Shah.

While lawyers sort this out, Iscor management's most pressing concern is the future of its export programme. To counter slack local demand, the corporation is exporting significant quantities of steel world-wide.

Nearly half Iscor's production is targeted for export. Foreign sales earned Iscor R923m in its last financial year. Earnings this year were expected to exceed R1bn.

Growing sanctions threats against SA could damage a large part of that export business. Europe and the US, both about to slap import bans on SA iron, steel and coal, are important Iscor customers, and there are doubts about whether new markets can be found.

Says Van Wyk "We hope we will move all our tonnage. We don't want to cut production, but it is very diffi-

cult to move elsewhere. There is a 30% world steel surplus.

"For the last two years, we have broadened our export base to widen the options and have made inroads where we are still allowed. We have based our strategy on this."

Long-term planning, however, is also based on a reduction in export exposure.

"This year we will produce a record tonnage. There is an assumption that local demand will eventually pick up again, and as that occurs, we will need to export less to maintain production levels."

Maintaining those levels is vital to the future of Iscor's plants at Pretoria, Vanderbijlpark and Newcastle. The corporation has created no additional steel-making capacity for years, and present capital expenditure programmes are aimed at better use of existing facilities.

Most of the current R343m expenditure is being spent at the Vanderbijlpark works. At Pretoria, progress on the R110m KR iron-making plant is on schedule — and within budget.

While the corporation continues to make the headlines, one area where Iscor no longer features is in the Pretoria sky. Since installing new arc furnaces last year, Iscor believes it has conquered the pollution problem that used to choke the city.

Centralised buying on cards

Govt plans a shake-up for high-tech

18/8/86
BLOODY

260

THE government is to co-ordinate public-sector buying of computers and technology

A Board of Trade and Industries (BTI) report to be published next month will recommend that Pretoria oversees the buying needs of state bodies such as the Post Office, Sats, Escom and the SABC

Industry sources say the recommendation, supported by the Industrial Development Corporation and government's standing committee on electronics, will protect the supply of technology from abroad and stimulate growth in the local industry.

Government organisations account for an estimated 50% of total spending on electronics, excluding consumer goods. In future, instead of negotiating separately with a wide range of suppliers, as they do now, the organisations will have to deal with "approved" suppliers.

Sources say a central buying and negotiating policy will have three main effects:

- It will have the combined resources to ensure preferential prices,
- Its buying power will be such that approved foreign suppliers should be less

DAVID FURLONGER
Industrial Editor

likely to disinvest,

- The assurance of a stable, long-term market will encourage greater local manufacture of electronics and make the local industry more self-sufficient

Confirming the BTI report, board chairman Lawrence McCrystal says "The idea is to co-ordinate across the whole spectrum Requirements will come to a central point, where they will be looked at and the best sources sought Centralising sources and ensuring buying power could be used to the best effect"

McCrystal says the report was commissioned last year before sanctions became a real issue. Although a primary objective of the report was to increase co-ordination on the manufacturing side, "greater potential for local manufacture could also be an end-result".

Professor Louis van Biljon, Professor

● To Page 2 →

A shake-up for high-tech

of Electronics at Pretoria University and a member of the standing committee on electronics, says that while the immediate effect will be on state buying powers, there should be spin-offs for the private sector.

"Government doesn't want to impose on the non-state area, but the private sector will be able to compete more in technology. We want to get away from this idea of being an assembly industry."

However, Altech technology group executive Professor David Jacobson says the private sector should be brought in earlier.

He says the local technology industry is ready to develop and will go much farther if public sector co-ordination is achieved by including the private sector at certain meetings of the standing committee.

← ● From Page 1

Successful adaptation of overseas technology has brought the local industry to the next stage — local development. But this can be achieved only with government help, he says.

That help, say sources, includes guarantees of long-term government contracts to make such development economically worthwhile.

Jacobson says "The logical step is to move to local development. The industry is ripe for it. But it must be offered incentives."

Reunert Computers MD Roux Marnitz says standardisation of state technology needs should simplify stockpiling in the event of further sanctions.

Business Day

80c (45c + 5c tax)
For other prices, see Back Page

80c (71c + 9c tax)
Natal, Western Province, Eastern Province

Giant hydro-electric deal likely to be signed today

AGREEMENT between SA and Lesotho on the mammoth Highlands water project looks certain to be signed in Maseru today.

A high-ranking SA delegation, led by the deputy-director general of the Department of Foreign Affairs, Neil van Heerden, will meet with its Lesotho counterpart.

A highly-placed government source told *Business Day* yesterday the meeting was to finalise the draft of the bilateral agreement which will see construction of the R3bn project.

The agreement will end years of protracted cross-border negotiation and

bring relief to the drought-stricken Witwatersrand.

Under the agreement SA will buy water from Lesotho while Lesotho will benefit from water revenues and electricity generated by the scheme.

Lesotho will also benefit from the large number of feeder roads and power lines to be built.

A statement released by the Department of Information yesterday said "The South African/Lesotho inter-governmental liaison committee will meet at the Lesotho Sun Hotel tomorrow."

MICK COLLINS

"The purpose of the meeting is to enable the various inter-governmental sub-committees to report back on their activities."

A spokesman refused to confirm whether an announcement on the scheme would be made but said the meeting was important.

The signing will pave the way for the first part of the project, costing R1,2bn, which includes the building of the largest dam south of the Limpopo and a tunnel through the Maluti Mountains to feed a giant hydro-electric scheme.

Project finances will come in part from the European Development Fund

(R24m), the World Bank (R20m) and the SA government (R230m).

Recent proposed legislation tabled in Parliament will enable SA personnel to work in Lesotho and oversee the scheme.

Water experts say there is no realistic alternative to the scheme.

Negotiations, which have dragged on for the past 30 years, were hampered by the problem of an ANC presence in Lesotho.

Sources close to the project say an agreement has now been reached where- by the ANC will be barred totally from Lesotho.

AT WITWATERSRAND PRESS PHOTOGRAPHY

AGREEMENT

Project finances will come in part from the European Development Fund

Sources close to the project say an agreement has now been reached where- by the ANC will be barred totally from Lesotho.

PAUL DAV (260)

M-Net chief to see Pik

M-Net chairman Ton Vosloo is to meet Foreign Affairs Minister Pik Botha in Cape Town today in a bid to block the SABC's decision to extend TV4's viewing hours into its own early evening free-time slot.

The move is seen as a last-ditch attempt by the Press consortium — which includes powerful Afrikaans groups Nasionale Pers and Perskor — to lobby government on the issue before M-Net is broadcast in Johannesburg on October 1. A ruling is expected by the

HAMISH McINDOE

weekend.

In a separate development, Vosloo has called for the establishment of a Communications Council to investigate advertising and broadcasting hours in the electronic media.

He told the Media Council yesterday that rescheduling TV4's viewing hours would net the SABC R48m in advertising, but would create havoc in the market. Specifically, it would negate the purpose of M-Net.

SABC cannot be law unto itself, says M-Net chief

Own Correspondent

CAPE TOWN — The SABC could not be a law unto itself because it could show TV 24 hours a day and wreak havoc in the print media, Mr Ton Vosloo, chairman of M-Net, said yesterday.

Speaking at the sixth meeting of the Media Council in Cape Town, Mr Vosloo called for the creation of a licensing commission — on which the print media would be represented — to consider all aspects of the electronic media.

Mr Vosloo was reporting to the council on the re-scheduling of TV4 by the SABC to be in direct competition with the time granted for broadcasting to M-Net.

The additional time being taken by TV4 would give the SABC R48 million a year extra income, about four to five per cent of the total advertising cake.

He said conditions had been imposed on M-Net relating to hours of broadcasting and advertising content which did not apply to the SABC.

The whole concept of M-Net was to give the print media a stake in the electronic media, he said.

"It is probably necessary at this stage to move to the situation that pertains in other countries such as the United States where you have a Federal Communications Commission which regulates conditions for the electronic media."

Mr M Kumalo, a public representative, said the black community had not been consulted about programme re-scheduling and they would lose popular programmes

20/11/86
Vosloo
260
meets Pik
on M-Net

Political Staff

M-NET chairman and Nasionale Pers managing director, Mr Ton Vosloo, has urged the Foreign Minister, Mr Pik Botha, to reverse the SABC's decision to broadcast popular programmes on TV4 in the late afternoon

A spokesman for Mr Vosloo's office confirmed yesterday that Mr Vosloo met with Mr Botha on Monday and that more meetings on the issue are foreseen

Mr Botha's office declined to comment

Mr Vosloo is regarded as having significant influence with the cabinet

He has publicly slammed the SABC's Director-General, Mr Riaan Eksteen, for his unilateral decision to broadcast popular programmes during the time slot allocated to M-Net's first programmes

He told the Media Council on Monday that the planned programmes will earn the SABC some R48 million, which represents five percent of the advertising "cake"

If things continue like this, he said, it could mean the end of even more newspapers. M-Net is a consortium of South Africa's newspaper groups

30 percent worse than last year, says Eksteen

SABC NEWS RISIS

We Arise 23/10/88

From IAN GRAY
Weekend Argus Correspondent

JOHANNESBURG. — The SABC is heading for another major financial deficit — possibly as much as 30 percent more than last year, in real terms, when it had an operating loss of R27,1-million.

Although no more retrenchment is planned at this stage, the SABC might have to look at some of its less-effective and more-costly services

Real competition and survival are principles with which the SABC will have to learn to live in future, and strict financial discipline will be introduced

This is the message delivered to senior executives at a crisis meeting this week by director-general Raan Eksteen with the plea they "avoid over-reaction and take joint and constructive action to find solutions"

M-Net question

He told them that, with an inflation figure of 17 percent and a rise in operational expenditure of almost the same amount, "it is clear that, in real terms, we are at least 30 percent worse off compared to last year"

While this is bad news for Auctions Park, it will add strength to Mr Eksteen's case when he meets Minister of Information Pik Botha in Cape Town next week to discuss, among other things, the thorny question of the independent M-Net TV service

M-Net chairman Mr Ton Vosloo is "resting his case", having made strong representations for a week to Mr Botha

about the SABC's move to introduce TV4 transmissions between 6 and 7pm next month to counter the independent channel's uncoded transmissions between 5 and 7pm from October 1

Mr Botha will be right in the middle

On one hand, he has an obligation to M-Net to allow the subscription service to get off the ground before the SABC uses its muscle to combat the competition

He knows that if M-Net is less successful than envisaged, newspapers — including the major Afrikaans publishers, Nasionale Pers and Perskor — could be plunged further into financial trouble

Deficit year

On the other hand, if the SABC is heading for its second successive deficit year, Mr Botha can hardly deny Mr Eksteen room to manoeuvre in order to cut the corporation's projected losses

This position was probably put to the executive committee of the full SABC board on Friday. The committee met in advance of the full board meeting scheduled for Wednesday

Mr Eksteen told his senior staff this week that in the first quarter of this year, advertisers spent the same as they did last year, but that inflation meant net income was down. He said the increased licence

because the increase — from R42,60 to R60 — was off a very low base

He told executives that everyone in the corporation had to appreciate the position and that it was no use cutting "a few percent here and a few percent there"

Cape Times 25/8/86

'Misleading' 260 report on SABC

JOHANNESBURG — The Director-General of the SABC, Mr Riaan Eksteen, says the "sensational" headline to a news item in the Beeld newspaper on Saturday morning, "namely that the SABC has suffered a loss of R60-million", did not reflect the facts contained in the news item, SABC radio news reported yesterday.

The radio reported "Mr Eksteen says the headline is an attempt to mislead the public. He says the fact is that preliminary forecasts indicate that SABC income from advertising will be considerably less this

year than was projected a year ago

"Where expenditure is concerned, the SABC is still within its budget and it is only reduced income which has forced the corporation to effect certain cut-backs

"This state of affairs arises from the existing economic climate and no one has escaped its effects Mr Eksteen says it is a fact that real available advertising revenue has shown a sharp and continuing decline, especially over the past 18 months

"In order to limit the effects of a possible reduction in income, management has in the past

week effected R29-million in cuts to the working and capital account for the rest of this year

"Because these measures had been understood, management at all levels in the SABC had in recent months been able to implement strategic financial steps similar to those taken by other organizations in the private sector because of current tight economic circumstances," the report said.

● Our correspondent reports that the M-Net chairman, Mr Ton Vosloo, said yesterday that whether the SABC is experiencing financial difficulties or not has no effect on M-Net's right to advertising revenue

The print media, said Mr Vosloo, had the right to a share of electronic advertising, which has been the exclusive preserve of the SABC.

This rationale for M-Net's establishment would not fall away if the SABC was experiencing losses and it would have to stand up to the competition introduced by M-Net.

Mr Vosloo said that by altering viewing schedules, the SABC would exacerbate the position of the print media, which had experienced a lack of advertising revenue for a long time — a problem now beginning to hit SABC.

Mr Vosloo said he had made representations to the government and would be holding more discussions in future — Sapa

A FURTHER cut in the SABC's operating expenses is expected to be proposed to the corporation's board later this week, an SABC spokesman said yesterday.

It is believed the amount will more than match the R29m recently clipped from this year's operating budget to patch the drain in advertising revenue.

The spokesman declined to outline exactly what measures are to be taken, but he made clear that "generating more revenue is a far bigger problem than cutting expenses".

The SABC posted a R27,1m operating loss in its last financial year.

As matters stand, media watchers estimate a R43m shortfall in the SABC's advertising revenue in

SABC looking for more cuts

HAMISH McINDOE

its advertising year to December 31.

Forecast revenue is expected to be held at around last year's level of R245m, but growth of at least 18% is needed to close the inflation and offset other external factors weighing heavily against the corporation.

Latest Adindex figures for the six months to June shows a marginal drop in TV adspend to R103,6m from R104,3m during the same period last year.

(260) DD 27/8/85
Iscor retrenches 250 Benoni workers

JOHANNESBURG — Iscor has retrenched about 250 workers from the Dunswart Iron and Steel Works in Benoni in order to rationalise production at the plant

Iscor's public relations manager, Mr Piet du Plessis, said yesterday the move followed an investigation into incorporating Dunswart into Iscor's system of steel production

Iscor took over the management of Dunswart Iron and Steel Works in 1983

Mr Du Plessis said a number of alternatives to retrenchment had been considered to make the plant as pro-

ductive as possible

"We transferred as many people as was practically possible to positions in other Iscor plants. However, some people could not leave the Benoni area and there were not posts available for others

"Their services were terminated on Friday under special conditions," he said

"These conditions were negotiated with the individuals concerned and included severance pay"

Trade unions organising at the plant had been informed of the decision to retrench — Sapa

HNP out to woo English-speakers for Natal by-election

A FIGHT for the vote of English-speakers is emerging in the Klip River by-election on September 17. At his first public meeting recently, the National Party candidate Jacko Maree, criticised the Her-stigte Nasionale Party's (HNP) intention to have Afrikaans as the sole official language.



Last week, the HNP held a meeting in Estcourt at which its candidate, Chris Wolmarans and party leader, Jaap Marais, spoke in English.

About half the voters are English-speakers and Estcourt, the second-largest town in the constituency, is predominantly English-speaking. Maree said that he called on all reasonable people who were in favour of reform to vote for him. He found it "astounding" that the

Own Correspondent

HNP courted English-speakers in English when it wanted to make Afrikaans the sole official language. "This is double standards," he said. Wolmarans said it was not a question of language but of race.

"If you are a white Anglo-Saxon, the most intensive part of the campaign have had your chips," he said. He said Afrikaans would be a unifying factor in SA.

"At the moment we have one court, one flag, one national anthem, but two official languages," he said. Wolmarans said an HNP government would give English the respect it deserved as an international language.

This week saw the start of the most intensive part of the campaign with four consecutive public meetings.

Adriaan Vlok, the deputy Minister

of Law and Order and Defence will speak in Weenen today and J. Jooste of the HNP in Colenso tomorrow.

On Monday, Hendrik Schoeman, Transport Minister will speak in Glencoe and, on Friday Home Affairs Minister Stoffel Botha will speak in Estcourt.

On September 12, Louis Stofberg, the HNP's only MP, will speak in Glencoe and National Education Minister F. W. de Klerk will speak in Ladysmith.

27/8/86
BUDDAY
260

Dismissals justified

MICK COLLINS

AN ISCOR spokesman denied yesterday that the fear of sanctions was behind Friday's retrenchment of 250 workers at the Dunswart Iron and Steel works in Benoni.

The spokesman, Piet du Plessis, said no other Iscor plants were involved and the retrenchments were part of a rationalisation plan.

Fears were expressed that a foreign boycott of Iscor's steel products were the reason for the retrenchments.

Retrenchment rumours have been circulating for some time but Iscor had denied any rationalisation at Dunswart.

Du Plessis said the retrenchments followed an investigation into incorporating Dunswart into Iscor's system of steel production.

"We transferred as many people as was practically possible to positions in other Iscor plants. Some people could not leave the Benoni area and there were not enough posts available to others."

He said a number of alternatives to retrenchment were considered to make the plant as productive as possible.

SASOL

260

FCN MAY
29/8/86

Lower octane

When Sasol reports results for the year to end-June in the next week, it will provide the first indications of the impact that the collapse of the oil price could have on the synfuel giant's profits.

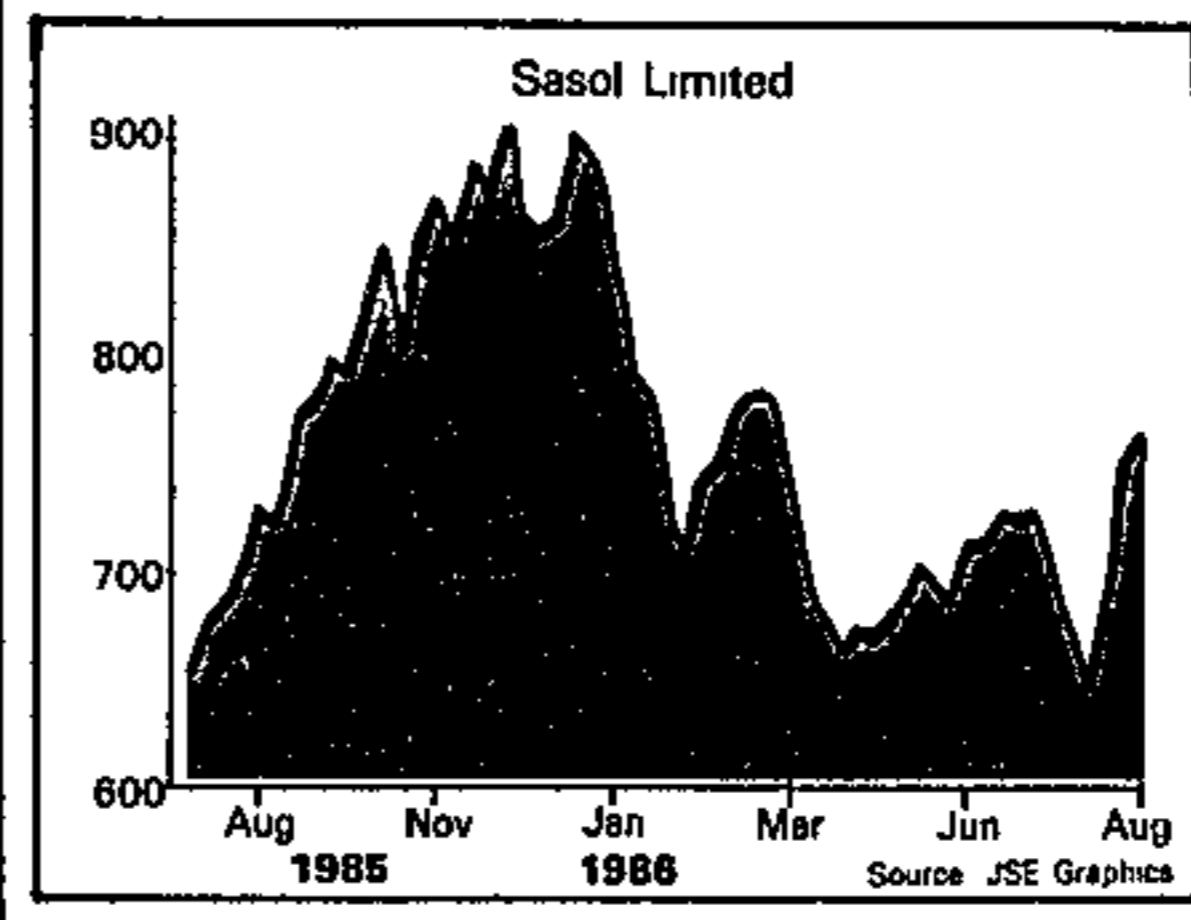
Owing essentially to large profit retentions in the past, and an expected pruning of the interest bill that should result from substantial debt repayments and lower rates, both EPS and the dividend are unlikely yet to deviate much from past trends. That probably means increases of around 16%. But revenues and pre-interest profit could well be in line for a bruising that would eventually hurt the bottom line, too, if world oil prices don't pick up convincingly in the next few months.

Despite the rand's fall to below US40c during May, thereby boosting Sasol's rand oil price, the share price has firmed only to 745c. Along with other heavyweight industrials, it moved up in a bull market, but stands well below the high attained in January of above 900c, leaving little doubt that the market is still cautious on the share.

When the figures for the first half of 1986 were published, the accustomed profit growth trend was still intact. Turnover excluding excise duty and levies was up by 41% at R1,86m, and net operating income rose by 42,9% at R735,1m. That was earned in a period when the rand first plunged, after President P W Botha's Rubicon 1 speech last August, to around US38c — at which level it stayed for the rest of the year.

But it was only in early 1986 that the effects of the oil price collapse were really felt in SA. Spot prices of North Sea Brent, which have recently been the leading indicator in oil markets, fell below \$10/barrel and hovered as low as \$7/barrel for part of the period. What counts for Sasol is not the spot price of crude but the posted prices of petrol at three major refineries, Sasol's price is adjusted according to this figure on the 15th of each month. Posted prices of crude and

Still weak



the posted petrol prices lag spot crude oil prices but always follow the same trend. Thanks to the rand, the price which Sasol receives has turned upwards, but remains low.

The quota agreement reached by Opec at its meeting at the beginning of August triggered a recovery in crude prices, which moved up to around \$10/barrel. It has yet to be seen how long the agreement or the price recovery will last. Meanwhile, the rand price of 93 octane petrol at international posted prices is some 44% below the figure of the last couple of months of last year. Because of other elements in the local petrol price, the motorist has not seen the price at the pump fall to this extent.

In November and December, this figure was just above 65c, in the first seven months of 1986, the monthly figures were: 57,5c in January, 45,7c in February; 32,5c in March; 29,6c in April; 32c in May, 37,2c in June, and 36,2c in July. The rand's mid-year slide therefore produced only a relatively small improvement in the landed price, and it is debatable how much further support there will be from the rand in the very short term. Bear in mind, though, that Sasol's revenues were exceptionally high in the second half of last year, the July price of 36c is only 25% down on the figure of about 48c that ruled for much of the first half of 1985.

Sasol has apparently applied to government for the reinstatement of the 4,5c/litre subsidy that was withdrawn early last year. If it is reinstated — and the year-end figures could be used to support such an application — this may help bolster future income. So too would further debt repayments, the full extent of which has not yet been revealed.

Andrew McNulty

FIN MAIL
EXPLOSIVES 260 (83)
29/8/88
Blow-up ahead?

Not content to remain simply a supplier of ammonia to the industry, Sasol set up an explosives division in 1984 — and sent shockwaves through the industry.

Now it has started to manufacture ammonium nitrate-based emulite cartridges with which it hopes to displace the more dangerous product based on nitroglycerine

Sasol has just commissioned the largest plant in the world for manufacture of small-diameter cartridges, creating 550 new jobs at a cost of R70m

The new development conforms with Sasol's policy of creating a better balance between up- and downstream activities by using by-products of its oil-from-coal operations.

The new explosive, which competes with AECI's water-gel products, will have its widest application in the mining and civil engineering industries. It is already being used in Sasol's own collieries

Sasol claims that, unlike any other explosive, its Emulan can be pumped into wet holes — at the rapid rate of 700 kg a minute.

Explosives GM De Wet Deetlefs says ammonium nitrate has considerable advantages over traditional dynamite and gelignite.

"It is a user-friendly product," he avers.

"While nitroglycerine causes severe discomfort and headaches, emulite contains no toxic substances. It can also be used in temperatures varying from -20°C to 60°C

"It's also safe to handle, as it is insensitive to accidental initiation through impact and burns only with great difficulty," he adds

Sasol admits there's no prospect of overtaking AECI's pre-eminent position in the industry; but, judged on sales from its pilot plant and its own feasibility studies, officials believe they have judged their market correctly

AECI's Murray Joubert says the undoubted trend away from nitroglycerine points to a promising market for ammonium nitrate. And Sasol's heavy production of by-product ammonia should give it increasing advantages over its long-established competitor.

This is an important reason why AECI is pressing for government support, through soft loans, import parity pricing changes or tax breaks, to build its own synthetic fuel plant.

Meanwhile, AECI underplays the threat posed by Sasol, and Sasol is reluctant to call itself an AECI rival. But the way the market reads it, the real fight is only just beginning

THE ARGUS RADIO QUIZ

The big switch-off

READERS' POLL SHOWS NEW FORMAT IS LOSING LISTENERS

What one listener has to say ...

LONELY people, including young and middle-aged housewives, as well as the old and the disabled, have been the hardest hit by the drastic changes made by the SABC to its radio services

They used to listen to either Springbok Radio or to the old English service from early mornings till nearly midnight

These comments, in notes and in letters written in response to our Radio Quiz, give a glimpse of their heart-break

□ "I'm a 63-year-old housewife crippled with arthritis. I used always to listen to the plays. Oh, how lonely my days are now.

"When I think of how I used to listen to the radio all day I feel so sad. Now I listen only to the news

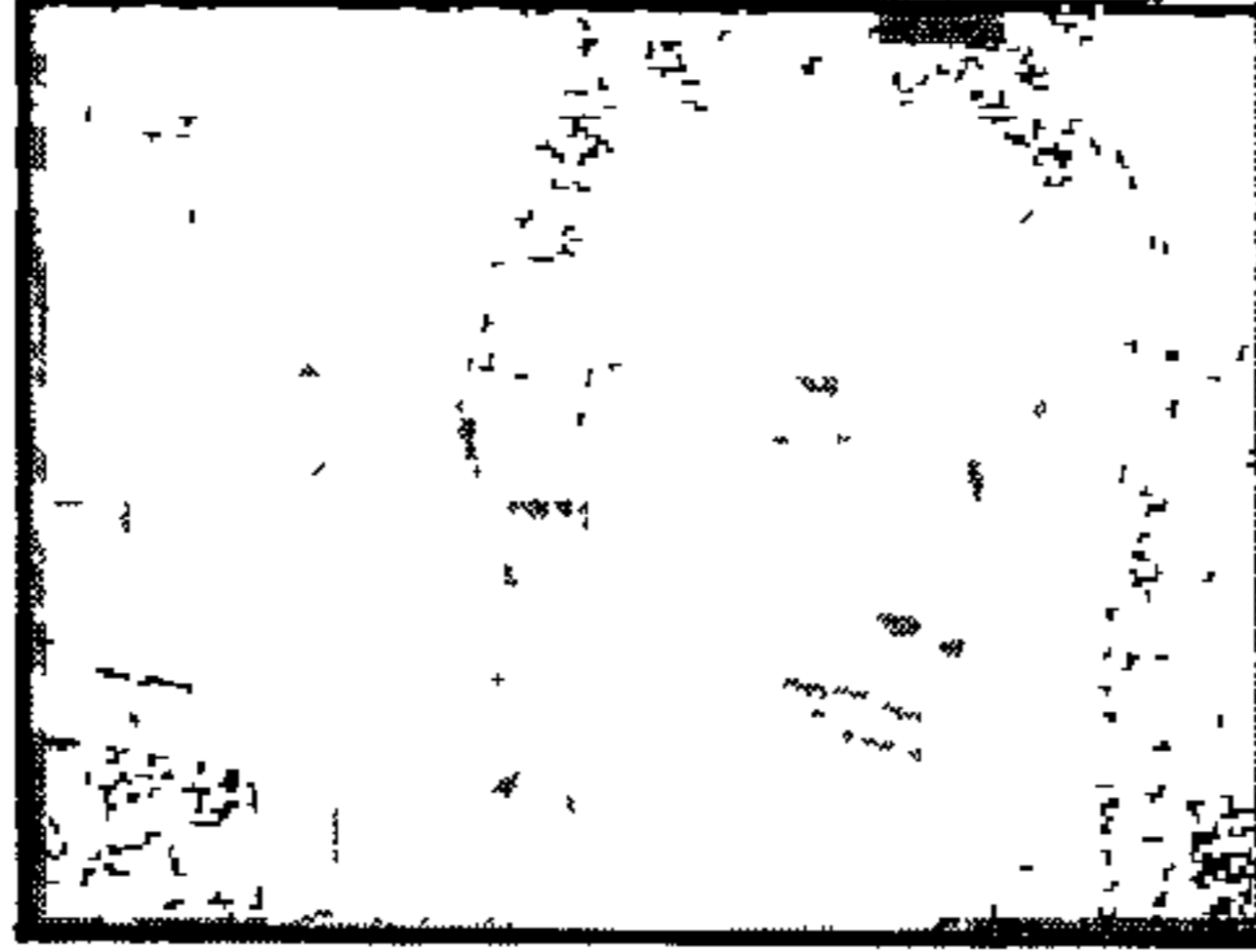
"Springbok Radio was like having someone talking to you in your home — a friend, and you were never lonely. It is beyond me how they could even have considered taking Springbok away from us.

"I feel lost without Springbok Radio.

"Springbok Radio had something for everyone. Now I have to switch from Radio South Africa to Good Hope, to Afrikaans, to get a variety — which I find most annoying

"I hardly ever listen to radio since Springbok Radio went off the air. Give us back Springbok, adverts and all. I used to have it on from the moment I woke up till TV time."

Many of these readers point out that they are not television viewers either from choice or because they can't afford a set or because they are either blind or partially-sighted



Patrick Kohler, head of Radio South Africa, and Christopher Dingle ... "futile" excuses.

Argus Reporter

THE SABC has been strongly criticised in the Argus Tonight's Radio Quiz

Of the 2 553 people who responded, an overwhelming 96,87 percent are dissatisfied with the corporation's present radio services

The response makes it clear that there has been a big switch-off — that many people who used to listen regularly to either the old English service or to Springbok Radio, now hardly listen to Radio South Africa and Radio Allegro

Most want to have a choice between listening to high-quality and advertising-free broadcasting or to popular radio — "adverts and all"

The majority — 89,55 percent — want a return to the old English and Afrikaans services, 82,41 percent want Springbok Radio back, and 85,31 percent would agree to the re-introduction of radio licences for the sake of having radio services without advertising

An alternative put forward (if the three former services could not be restored as they were because of the SABC's need to cut costs) is that radio services should be separated by content rather than language

The suggestion is that there should be two bilingual or multilingual services — one carrying high-quality programmes and no advertising and the other a commercial station devoted to soap operas, popular music and sport

ONE of these is Miss D Cooper, of Plumstead, who supports the suggestion that Radio South Africa and Radio Suid-Afrika should be combined as a bilingual service and who wants the return of a service on the lines of Springbok Radio, which she emphasises used to be a boon for the elderly, the housebound and the disabled, especially the blind

"Their lives revolved around it," she says

Miss Cooper feels particularly aggrieved that the radio services appear to be bearing the brunt of the SABC's cost-cutting campaign and that not enough is being done to trim television production costs

The general disillusionment is well expressed by Mrs P A Bean of Claremont. She writes "I do not believe that the present management of SABC wants to provide a good service, only a cheap one

"They had a good service and were either too mercenary or too lacking in good taste to recognise it as such

housebound) either to the old English service or to Springbok Radio

Some have bought good short-wave sets to listen during the day and night to foreign radio services, mainly to the BBC World Service, Voice of America and Radio Netherlands, but also to Radio Moscow. Others are picking up these stations on existing radios early in the mornings and at night

The director-general, Mr Riaan Eksteen, is directly held responsible for the lower standards, with one reader plaintively asking "Has Mr Eksteen deliberately tried to take all enjoyment out of radio listening?"

Several people say they have written to Mr Eksteen (some several times) and that there had either been no response or that improvements had been promised but had not materialised

Bad ads annoy



THE standards of some of the advertisements accepted by the SABC have aroused as much indignation as has the issue about having no freedom of choice over whether or not to listen

A Plettenberg Bay reader says he nearly gagged when he happened to hear, just as he was starting his lunch, an advertisement which is introduced by "Do you know what I do when I have a blocked nose"

He writes "I thought of Riaan Eksteen and his statement that advertising would be of a high standard — especially at news time — and I realised that such advertising was in fact in keeping with the new service

"Both are so low that it is now the big switch-off. In fact we are driven just as in the advertisement to distraction"

Another reader has taken the trouble to make a detailed analysis of the contents of radio advertising, saying that much of it is in terms of one-upmanship, that there is too much repetition of slick statements and descriptions of stupid occurrences

Other complaints are that a lot of advertisements are broadcast at a higher sound volume than the immediately preceding or following programmes and that they are ill-timed

Many people find forced listening to advertising more irritating in the early morning when they are rushing off to work than at oth-

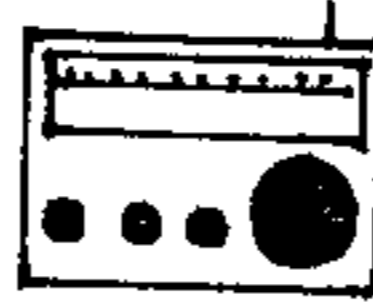
...of a cultural service (such as broadcasting should be) to cater for minority needs, not merely the lowest common denominator"

Mrs Bean points out that high cultural standards in SABC broadcasting are now more necessary than ever because boycotts have cut off South Africans from visits by leading musicians and other sources of cultural and educational enrichment, and because the poor currency exchange rate is making it more and more difficult for private people (as well as public libraries) to afford to pay for imported books and records

Widespread cynicism about the SABC's claim that the restructuring of radio services was based on market research and surveys of the views of listeners is vehemently voiced by Margaret Roberts of Green Point, who says she was "furious" about the "futile" excuses offered by Patrick Kohler (head of Radio South Africa) and by Christopher Dingle in the most recent Microphone-In discussion on the new services

She writes "As for the so-called surveys they do, I don't believe a word of it I'm an elderly lady and I've never been approached

Radio licences



MANY of the readers who are prepared to pay for separate radio licences qualify their support by adding that it depends on how much the fee will be and on whether or not concessions will be offered to pensioners

Advertising on the present English and Afrikaans services is variously described as "intrusive", "off-putting", "irritating", "maddening", "infantile drivel", "most offensive", "in poor taste and aimed at morons", by some of the 78,46 percent of readers who replied yes to the question "Do commercials on the present service bother you?"

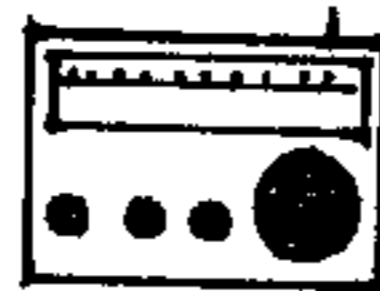
More drama and more panel games are wanted by 72,81 percent of the respondents

Specific programmes wanted back are *Short Stories Near And Far*, *Inspector Carr*, *Talking About Books*, *Talking About Movies*, *Swop Shop*, *Twenty Questions*, *Three Wise Men*, *Prince's Playbill*, *From The Bell Tower and Squad Cars*

On classical music 69,34 percent say that too much is broadcast, especially after 9 30pm But many of these listeners qualify this by criticising the type of serious music played on Radio Allegro (which is now being changed and which is to close at 1 30am from tomorrow instead of going through until 6am)

This station is described as having been "funereal and too esoteric", with too much accent on solo and choral singing and not enough symphony concerts and recitals One wag renamed it Radio Lumbago

Short-wave listening



MANY Argus readers say they listen only to the main news broadcasts and the weather reports, or to a few carefully-selected programmes — as opposed to former habits of staying tuned in (all day in the case of the

...advertising-free period between 6am and 9am

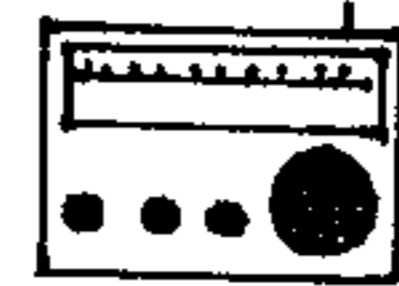
One recommendation goes farther — that specific times should be set aside for different types of advertising — such as mid-mornings for household goods and evenings for the advertising of cars and financial services

This reader says "If put together imaginatively and with humour, maybe with a bit of pop music and relevant songs, these advertising programmes could even become attractive features at least in this way one gets the freedom of choice to listen to commercials or not"

Dorothy Spurling, who lives in the Picketberg area, is wholly pragmatic Referring to the abandonment of radio licensing because it was claimed by the SABC that fees were too difficult to collect and predicting that a similar situation will arise as far as television is concerned, she asks why she should look a gift horse in the mouth when she can get the news, weather forecast, some enjoyable music and "the very occasional good play" gratis

She writes "So I simply turn down or switch off (or have a good laugh) when the commercials come on Sometimes I even find them interesting — having read *The Hidden Persuaders* May I recommend this book to your readers"

Quality not good



IN contrast to these either belligerent or cynical attitudes (mainly coming from articulate people who used to listen to the old English service regularly), former Springbok Radio listeners say they "don't mind" the advertisements as long as the quality of the programmes appeals to them

Programmes on Radio South Africa which are singled out by some readers as being worth listening to include *Microphone-in*, *The PM Show* ("Peter Mellor is great, we need more of this type of show"), *Radio Today*, *Talkabout*, *My Word*, *My Music*, *Swing*, *Sing And All That Jazz* and *Vintage Radio*

Sixty Plus and *In Touch*, both broadcast on Sunday mornings, are also recommended, but a reader asks why these programmes cannot be broadcast either later on Sundays or during the week because many of the people to whom they appeal attend church on Sunday mornings

Woman's World is criticised as "totally out of touch with the ordinary housewife or the business woman"

Suggestions for improvements include more educational programmes during the day (to be shared by adults and schoolchildren), radio exercise classes to modern music for housebound people and more variety programmes — and to cut out "corny jokes" in various talk programmes in favour of good comedy

Voice qualities of current presenters also come in for attention, with several people not liking Paddy O'Byrne and David Lloyd, but welcoming the cheerful and friendly tones of Nigel Kane, Peter Broomfield and Dennis Smith

Once again the clarity of broadcasting is raised, with people pointing out that the only service which can be heard clearly all over the country is the present Radio Suid-Afrika

10 2/9/86 260

SABC rules out retrenchments

Dispatch Correspondent
JOHANNESBURG —Retrenchments have been ruled out as part of the SABC's latest cost-cutting measures

"The SABC's structure is in place and no retrenchments are envisaged. But we are obviously looking at all aspects of the business, as others are doing. A tougher economic climate requires reassessment of business," the head of SABC's public relations department, Mr. Leon Shirley, said yesterday.

Mr Shirley said loss-making operations such

as regional radio stations would come under close scrutiny

"The national radio stations, TV2 and TV3 are running in the red. But we can't touch them because they are there to educate and inform and they cater for minority needs."

Mr Shirley described TV4 as a revenue-generator and admitted one of the reasons for extending the channel's viewing hours was to make it more competitive. He stressed, however, that the main aim of longer hours was to satisfy viewers' demands.

Cape Times 2/9/86
Sasol lifts 260
profits 16,5% ~~279~~

Own Correspondent

JOHANNESBURG — Sasol — its potential drained by plunging crude-oil prices and volatile exchange rates — has announced a twin profitability lifeline

First, the company has repaid its outstanding R1,1 billion Sasol 2 debt to the Central Energy Fund

Second, government has re-instated the 3,6c levy rebate on synthetic fuels, suspended in January 1985

Together, they are expected to have a "significant impact" on Sasol's profitability, the company says in its annual profit statement

Sasol's attributable profit in the year to June 28 rose 14,8% from R501,4m to R575,4m

Earnings a share rose 14,8% to 102,3c from 89,1c, and the final dividend was raised by 2,5c to 25c, boosting the total pay-out for the year by 15,4% to 45c (39c)

Turnover rose from R3,394 billion to R3,746 billion, net operating income from R1,040 billion to R1,327 billion, and after-tax profits from R502,3m to R701,2m



Sasol SUNDAY profit plan

● STEGMANN
DAVID FURLONGER
Industrial Editor

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Together, they are expected to have a "significant impact" on Sasol's profitability, the company says in its annual profit statement.

The levy rebate is welcomed as "significantly reducing the negative impact on the synthetic fuels industry of the fall in the rand price of petroleum products."

MD Joe Stegmann yesterday declined

To Page 3 →

Sasol announces new profit plan

to put a value on the reinstated levy, but added: "We had an understanding with government on the 3,6c when it was withdrawn. Obviously with the dramatic drop in oil prices, it was very necessary in our case."

He said no time limit was put on the levy, "but if the price situation were positive, obviously it could be withdrawn again."

Stegmann said repayment of the Sasol 2 debt — including interest — reduced Sasol's long-term debt and therefore its interest bill. He would not be drawn, however, on whether it cleared the way for a rights issue to take over Sasol 3.

"We will have to wait and see what can be done. We were seriously consid-

ering earlier this year taking over Sasol 3. But then rand prices of petrol fell and we had to wait. Now it's very speculative on when we can buy our remaining share of Sasol 3."

Sasol's attributable profit in the year to June 28 rose 14,8% from R501,4m to R575,4m. Earnings a share rose 14,8% to 102,3c from 89,1c, and the final dividend was raised by 2,5c to 25c, boosting the total pay-out for the year by 15,4% to 45c (39c).

Turnover rose from R3,394bn to R3,746bn, net operating income from R1,040bn to R1,327bn, and after-tax profits from R502,3m to R701,2m.

← ● From Page 1

Sasol 4 still a pipedream

While describing the achievement as "outstanding," Stegmann concedes that there is limited scope for further gains. The productivity/bottlenecking



□ STEGMANN

programme is almost complete and "further improvements in production are becoming marginal"

In the short-term, those marginal improvements are expected to keep pace with increases in petrol consumption, and there is spare capacity at its crude-oil refining plant

"We have considerable leeway on the refining side," says Stegmann "It is often forgotten that Sasol is not just an oil-from-coal group"

Stegmann will not be drawn on speculation that, in the long-term, Sasol will need an additional oil-from-coal plant

Before thinking of a Sasol 4, the group must first "get Sasol 3 under our belt".

That event has come closer with the news that Sasol has repaid its outstanding R1,1bn Sasol 2 debt to the Central Energy Fund

Stegmann says this figure includes interest and will reduce Sasol's long-term debt "because it translates into a lower interest figure". He hopes to see other listed debt cleared in the present financial year

Having cleared the Sasol 2 debt, the

next target must be to take over Sasol 3 Sasol considered completing the deal earlier this year before falling oil prices delayed a decision

Now Stegmann says it is "speculative" to guess when the takeover can be achieved.

"We are totally and absolutely exposed to whatever the international prices are," he says

Whatever the problems, Sasol's results for the year to June 28 show after-tax income rose from R502m to R701m and attributable profits from R501m to R575m.

The group transferred R125m to the equalisation reserve

Agreement

This profitability will certainly be further enhanced by government's decision to reinstate the 3,6c/l levy rebate on synthetic fuels, suspended in January 1985

The rebate will lessen the blow to Sasol of continued low crude-oil prices

"We had an agreement with government on the 3,6c when it was withdrawn," says Stegmann

"With the dramatic drop in oil prices, it has become very necessary in our case. If the situation becomes positive once more, it could be withdrawn again"

He is quick to reject any suggestion that the levy was in any way linked to Sasol paying off its Sasol 2 debt

"Repayment of the debt is not a *quid pro quo* for the levy. There is no way these two are in any way related."

DAVID FURLONGER
Industrial Editor

PRIMARY steel producers have been accused of profiteering and threatening the future of secondary industry.

While Iscor and fellow producers say price increases are being maintained below the rate of inflation, customers say increases are actually running at nearly twice the inflation rate.

And while producers say individual products' prices have increased only twice this year, certain industries claim prices have risen three or four times.

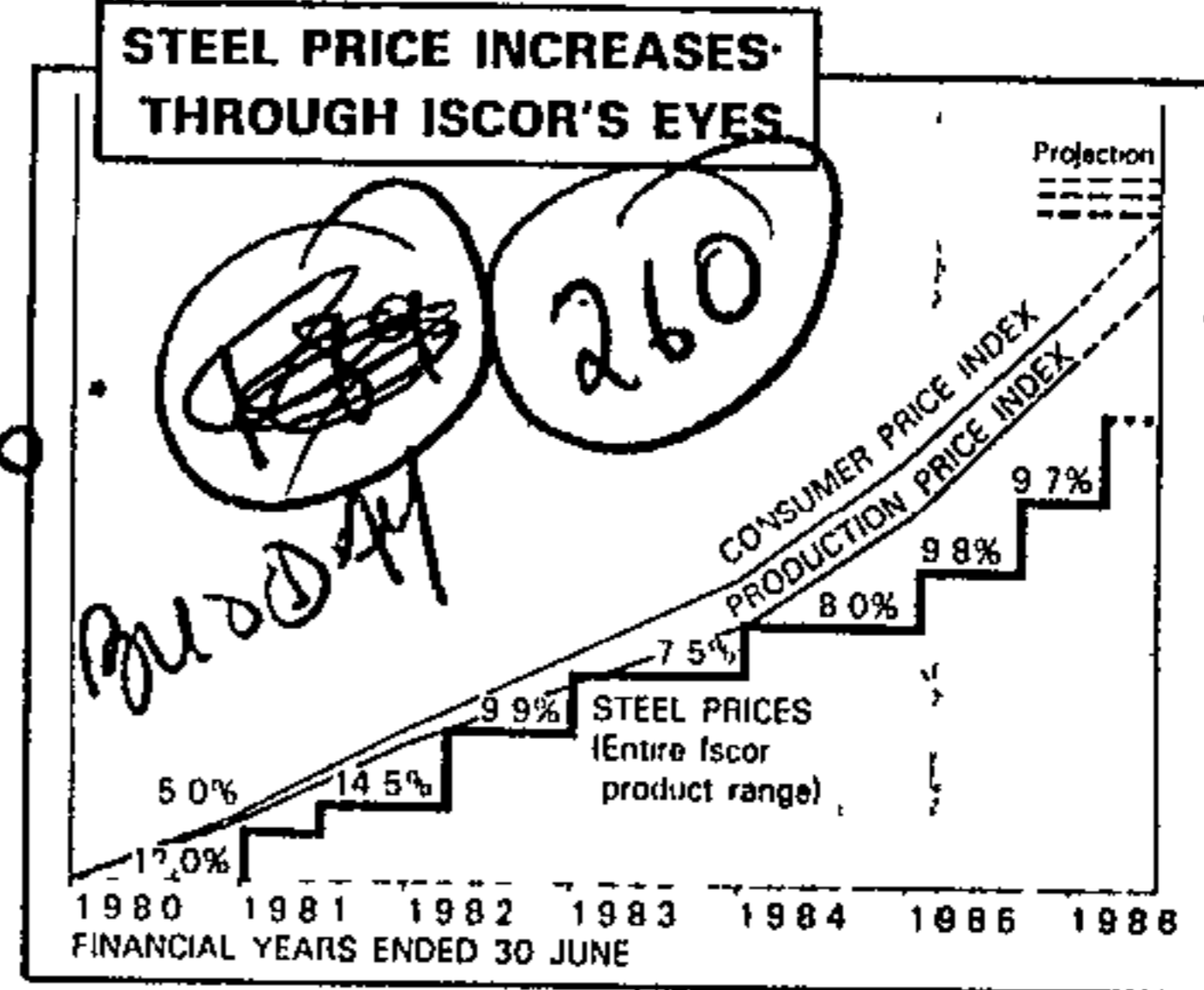
The Board of Trade confirmed this week it was considering an application from the Rolled Steel Producers Association — the central steel producers' group — to increase tariff protection against imported steel.

Steel producers say that price increases since July 1984 have averaged 13% a year. Critics say that is a simplified calculation.

As soon as the government abolished price controls on July 26 last year, producers cancelled discounts and other price incentives.

As a result, some industries faced an immediate real price increase of 12% or more. Since then, there have been at least two official price increases — of an average 9% and 9.5%. Compounding those two, and adding in the real increase resulting from discounts being cancelled, some customers are paying

Increase wrangle



one-third more for their steel today than they were 14 months ago.

Chris Pond, financial director of Bruce Fairlie Steels, said yesterday: "Our prices have risen by between 25% and 30% in the last year. We have encountered about four or five increases

● To Page 2

Steel price disagreement rages

already this year, with each item rising about three times."

A Cape-based wire converter said: "Independent converters in secondary industry claim price increases of up to 40% since July 1985 through price increases and the elimination of discounts."

He said the price of delivered wire rod to the Western Cape had risen from R480 a ton in mid-1985 to R730 following the latest price increase this week.

He added: "We're being squeezed out, forced out of business so that the Rolled Steel Producers can make their profits."

An Iscor spokesman said yesterday that short-term price comparisons were misleading.

"By being selective on which months

you use for comparison, any increase can be made to look dramatic," he said. "Statistically, it is correct to say prices are much higher than July 1985. Realistically, you can't calculate that way."

He said that since July 1984, prices have increased by an average 13% a year — although this figure does not take account of the added rise caused by the abandonment of discounts. Prior to that, according to Iscor figures, increases since 1980 have been consistently below the inflation rate.

On the question of delivered prices of steel to the Western Cape, he added: "That's not just our price. It also includes other costs, such as railage."

● From Page 1

Ballito row sparked by rise in light bills

Mercury Correspondent

BALLITO people are to hold a special meeting next week to protest about the recent sharp increase in electricity costs and the introduction of refuse removal fees.

The Ballito Ratepayers' Association has invited the MP for the area, Mr Brian Page (NRP Umhlanga), to what could be a stormy meeting on Wednesday night.

The row has been brewing since Ballito took over the electricity reticulation system from Stanger on May 1, as well as a R2 200 000 debt for improvements.

Ratepayers' association chairman John Chrystall said in a statement yesterday 'The unfortunate Ballito and area residents now have to foot this bill and, in spite of the promise made (that there would be no increase in electricity charges although there could be an Escom increase in unit costs), unit and basic costs have been increased by 10% and the subsidiary charges are up 9,5% since May 1

'The Town Clerk, Mr C F Goosen, has not had the courtesy to notify residents of the increases and the first residents knew about it was when accounts were received.'

The second issue is the introduction of a refuse removal charge. The town board says the Government has ruled that refuse removal must not be subsidised out of rates.

The town clerk said the electricity surcharge of 12% to 17% imposed by Stanger and further increased by 9,1% by Ballito were the only costs transferred to the consumer. The only exception was a 5% increase on unit costs and basic charges.

Electricity defaulters face shock incentive

By DENISE BOUTALL

DEFAULTING Port Elizabeth consumers who risk having their electricity disconnected face an additional "incentive" to pay up — 15,5% interest on outstanding bills

The system of charging interest on amounts outstanding after due date was introduced in July and, according to the City Treasurer, Mr Amandus Strydom, income from the interest is substantial

"I'm not telling you how much, but we're making a lot of money," he said.

"As far as I'm concerned, those who always run into arrears are compensating the council and other consumers for abusing the system."

In contrast, the council pays consumers 4% interest on electricity deposits

Mr Strydom said accounts sent out monthly by the council for metered services to 70 000 consumers amounted to

about R15 million

If all consumers delayed payment by one day, about R6 000 was lost in interest

The interest rate charged, laid down by the Administrator, was reduced from 23% to 15,5% in July

Mr Strydom said the municipality faced enormous costs in generating and buying power, and consumers got 60 days credit before having to pay their bills.

Escom, from whom the council bought a substantial portion of power consumed in the city, billed the municipality at the end of each month and gave it 14 days to pay its bill of R5 million to R6 million

"Our other suppliers, such as coal producers, expect us to pay on delivery. In addition, we have the running costs — salaries and wages — of producing the power and we have to keep substantial

stocks to ensure repairs are carried out immediately"

The council's consumers were billed for their consumption 30 days after consumption and were then given another 30 days to pay

"That means we recover our costs only 60 days after incurring them"

Mr Strydom said he believed the council should be reasonable and that the effective 60 days credit was generous — "but people who decide to give themselves extra credit will have to pay for it"

Mr Strydom said Port Elizabeth was one of the few councils to pay interest on electricity deposits "I can find no authority for it and no mandate from council. It's a system I inherited and I will not change it, but I will also not increase it because, if I do, the money will have to be recovered from consumers in some way or another"

us a lot harder"

The debottlenecking programme started in 1984 is largely complete and Sasol has achieved robust efficiency gains. Stegmann says the Sasol 2 and Sasol 3 plants both ran at 105% of designed capacity throughout the past financial year, and a tight rein was kept on cost increases. Without these achievements, there's no doubt that profits and possibly the dividend would not have emerged so well. The value-added component, and hence margins, are relatively high at the synfuel plants, so any volume increases at Secunda should benefit the group's operating margins.

Stegmann notes that the production increases at Secunda were "of considerable assistance" in the board's decision to maintain the previous year's dividend growth of 6c a share. Productivity advances are expected to remain a factor this year, but will play a lesser role.

Repayment of debt

Continued repayment of borrowings was the other major factor behind the leap in pre-tax income. This helped chop R57,5m off the previous year's net interest bill — which dropped from R221,5m to R164m. News that in July the group repaid its debt to the Central Energy Fund (CEF) in full is extremely encouraging for the current year's profit outlook.

After these payments, amounting to some R1,1 billion, the listed Sasol was effectively left with only R300m in borrowings. Stegmann says the intention is to make further repayments, and Sasol should have a virtual-

SASOL KEEPS PACE

Year to June 30	1985	1986
Turnover (excluding duties and levies) (Rm)	3 166,2	3 638,0
Net operating income (Rm)	1 040,3	1 326,6
Net interest paid (Rm)	221,5	164,0
Taxed income (Rm)	502,3	701,2
Equalisation reserve (Rm)	—	125,0
Earnings (c)*	89,1	102,3
Dividend (c)	39	45

*After transfer to equalisation reserve

ly ungeared balance sheet during the year to June 1987. This should slash the interest bill and could add well over R100m to the current year's pre-tax income.

Sasol should then be strongly positioned to take over from government the remaining 50% interest in Sasol 3 without any need for a rights issue. The issued share capital of Sasol is 562,5m shares, so the last thing the group needs is another big rights issue. With other factors now looking favourable, Stegmann says international oil markets are likely to be the key factor in a decision to go ahead with the takeover.

As far as the current year's earnings are concerned, there will also be a boost from the reinstatement of the 3,6c/l levy, which will benefit margins. The reinstatement, from July 1, is expected to "significantly reduce

the negative impact on the synthetic fuels industry of the fall in prices of petroleum products"

With the R125m equalisation reserve to call on, Stegmann says the 1986 dividend growth of 6c a share should be maintained provided no further dramatic drop in oil prices or changes in exchange rates occur. That translates to an increase of 13,3%, which is above the 12,5% originally forecast in Sasol's prospectus, but could turn out conservative. Whether the share price will regain the January highs of R9 until oil markets pick up is less clear.

Andrew McNulty

5/9/86
SASOL 260 F/M MAIL

Showing resilience

A 40% surge in Sasol's taxed profit and a R1,1 billion repayment of debt — leaving the group poised for a virtually ungeared balance sheet in the current year — hardly seems to justify the unexciting performance of the share price during this year. Reflecting the JSE's approval, the share price gained 65c to trade at 810c on Tuesday morning. Yet the figures for 12 months to end-June are not out of line with earlier misgivings of some investors.

Sasol has long assured shareholders and others that it is sensitive to market forces, particularly international prices, and the year-end figures have revealed some vulnerability. International oil price collapsed early this year and Sasol suffered a fall of more than 40% in the prices of its petroleum products during the last four months of the period.

The impact is evident in both turnover and net operating income, with a distinct slowdown visible in the second half. Turnover excluding levies and excise duties grew by 41% in the first half, but in the second half fell by 4,7% or R86,7m from the previous year's second half, and consequently was up by a relatively sedate 14,9% for the year. At the interim, net operating income of R735,1m was ahead by 42,9% on the 1985 interim of R514,3m, but the 1986 second-half figure of R591,5m was only 12,5% higher than the year-ago R526m.

Better margins

So the trend is clear: if petroleum prices stay at present levels for long enough, the group could suffer growing pressure on its cash flow. However, as deputy chairman and MD Joe Stegmann puts it, 1986 was a year when Sasol showed "its remarkable resilience." Despite the second-half slowdown, operating income for the year grew more rapidly than turnover, and was up by a more powerful 27,5%.

This was derived essentially from improvements in margins, which improved from 32,8% to 36,5%, largely reflecting better productivity and perhaps also underlining the group's tendency to understate its true profitability when conditions are good. Diversified activities also helped. "There has been a substantial cushioning from the non-synfuel side," says Stegmann. "Without them the oil price would have hit

Bus Day 5/9/86

The mainstay of Sasol's business is the production of synthetic fuels, mostly at Secunda. But only Sasol 2 (a wholly-owned subsidiary) is brought into the consolidated accounts. The important 50% share in Sasol 3 is accounted for in the income statements only by way of dividend.

In 1985, earnings per share (according to the consolidated figures) were 89,1c. But Sasol 3 made R435,2m in 1985. So Sasol Ltd's attributable share on its one-half holding (and 562,5-million shares in issue) was 38,7c. So a consolidation of Sasol 3 would have given earnings per share of 127,8c.

In 1986 Sasol 3 came heavily into tax (at a rate of 33,2%, as capital allowances were used up). But significance attaches to a drop even in the pretax profit at Sasol 3 — from R435,2m to R392,9 (9,7%).

The drop clearly relates to an unfavourable combination of movements in the dollar oil price and the rand-dollar exchange rate — of which more will be said later in this analysis.

As far as 1986 goes, consolidating the half interest in the taxed profit of R262,4m of Sasol 3 (or 23,3c for Sasol's interest) gives a figure for earnings of 125,6c (a de-

And Sasol, through its 52,5% interest in the Natref refinery, is involved in conventional oil refining, too.

We are not allowed to know too much about the economics of oil refining, but it is generally understood that government allows the refineries some kind of cost-plus basis for their operations.

It is also known that Secunda's large synthetic fuels production has backed a significant proportion of imported crude oil out of the SA market, leaving the refiners operating well below capacity (figures of 60% to 70% are guessed about). Sasol has improved the efficiencies of Natref in various ways described in the 1985 accounts.

The decline in the profit before tax at Sasol 3 — from a pure synthetic operation — underlines the statement in the profit statement that there has been a fall in the rand value of petroleum products.

This statement could well be described as euphemistic: the rand equivalent price of oil per barrel has actually crashed.

If we assume a peak when Saudi light crude was \$34 (but SA probably paying more) and the rand was, say, 35c, we come up with a price of R75 per barrel. Now if we call the effective oil price \$15 per

major economic parameters have to be estimated — the dollar oil price and the rand-dollar exchange rate.

It is very much to be doubted whether the current conditions of over-supply and locked-in production capacity within Opec members will change much for the better during the current year, despite Saudi Arabia's desperate efforts to prop up the market.

But US production could well falter under the impact of relatively high production costs, while Soviet production has topped out for some time to come.

So an educated guess for oil prices should be in the \$12 to \$18 per barrel range (but a rise to around \$20, while not likely, is possible).

The reinstatement of the levy rebate (of 35c SA per litre of synthetic production) is a strong signal that government accepts that the era of super-profits derived from an ultra-high import parity price is well and truly over.

The rebate operates, in effect, as a subsidy to local synthetic fuels and (on a wild guess at production) could be worth more than R200m a year from July 1, 1986.

ed, is a new venture. And further debt repayment will reduce the interest bill again.

Taking a line through all these difficult extrapolations but also allowing for traditionally conservative accounting, one might guess at earnings per share for 1987 at, say, 10% above the 1986 figure.

The market reacted positively to the statement, taking the share to 800c for a dividend yield on distribution of 45c of 5,6% and an earnings yield on earnings inclusive of Sasol 3 of 125,6 of 15,7%. These compare with 4,7% and 10,6% for the industrials board as a whole (on August 25).

CONCLUSION: Although the yields are above the industrial average, the uncertainties surrounding the current year's profitability suggest strongly that the share is fairly fully valued at 800c. For all that, its guaranteed market for synthetic fuels is a buffering factor.

But there are likely to be much more rewarding buys on the industrial board as recoveries get underway in cyclically-gearred concern. So Sasol is best characterised at this stage as a strong hold rather than a buy.

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Breakfast TV: 'Flagrant abuse'

By CHRIS BATEMAN

THE SABC's decision to broadcast breakfast television programmes from October 1 was last night attacked by Mr Stephen Mulholland, managing director of South African Associated Newspapers, as a "flagrant abuse of monopoly power"

Mr Mulholland said the SABC's sudden moves to extend the scope and quality of its programmes came after the government granted a licence to the new television station, M-Net, which is owned by a consortium of South African newspapers

'Ruinous'

The latest move threatened to make "potentially ruinous" inroads on both English and Afrikaans newspaper publishing companies, he warned

Mr Mulholland said it was implicit in the granting of the M-Net licence that the government recognized that newspaper publishers had suffered unfairly as a result of television

"In my view what the SABC has been doing lately, and culminating in its announcement of the morning broadcasts, is a flagrant abuse of monopoly power granted by the government"

Mr Riaan Eksteen, SABC's Director-General, appeared to be



Mr Stephen Mulholland

a law unto himself and seemed beyond the control of government, which "owned" the SABC, he said

Mr Eksteen had "declared war on M-Net and now seeks to destroy the print media, both English and Afrikaans, by his arbitrary extension of television broadcast hours of the SABC", Mr Mulholland said

Unlike the situation in other countries, newspaper publishers in South Africa were denied a fair stake in the electronic media by government policy

"We have as a company, along with other newspapers, invested millions of rands on this premise and I'm afraid that government has not respected its part in the arrangement by allowing Mr Eksteen to run amok."

Mr Eksteen's actions

would have social and economic effects if allowed to continue and were contrary to the government's stated intentions to move the country towards a free-enterprise economy, he said

'Vindictive'

Mr Leon Shirley, head of the SABC's public relations department, last night declined to respond on behalf of the corporation to what he called "personal, and vindictive attacks on the Director-General of the SABC which are unwarranted, unfounded and ill-conceived, obviously promoting the interests of a consortium of which his (Mr Mulholland's) company is a major partner, in competition with the SABC"

Mr Eksteen responded last night by saying that on Wednesday the full board of the SABC had made the decision to extend viewership to the morning market.

He added that he was "frankly not interested in Mr Mulholland's personal attacks"

"In my capacity as Director-General I report to the board of the SABC and they can hold me responsible if I'm guilty of any transgressions, or whatever Mr Mulholland sees fit to accuse me of, I'm prepared to be judged by the board which appointed me"

SABC accused of 'hatchet job' on Archbishop Tutu

CAPE TOWN — The SABC came under fire yesterday for what a critic said was the distortion and manipulation of news — this time because of its coverage of Archbishop Desmond Tutu's enthronement

Mr Peter Soal, the PFP spokesman on Information and one of two PFP MPs invited to the enthronement, said the SABC had again done

a "hatchet job" on an opponent of the Government

SABC radio services ignored Sunday's event, while television gave prominence to women trying to hand over a wreath in protest against Archbishop Tutu's political stance

The Bishop's Charge, copies of which were handed to the media, was

ignored by the SABC, Mr Soal said

"There should have been a live crossing on radio and television

"The event was of major interest and significance to millions of South Africans

"The passing reference the SABC gave to the event was typical of the way it distorts and manipulates the news."

— Sapa

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Sasol, union deadlocked over wages

SASOL and the Chemical Workers' Industrial Union (CWIU) yesterday reached deadlock at a conciliation-board meeting in a dispute regarding wages and other substantive conditions of service in respect of the union's members at Sasol 2 and 3.

The parties had agreed previously to the establishment of a conciliation board in terms of the Labour Relations Act, after more than two months' negotiations failed to bring agreement.

Sasol said in a statement its offer amounted to a wage increase of more than 25% on minimum-wage levels, as well as the improvement of several conditions of service.

"The company regards its final offer as extremely fair, especially if cognisance is taken of the prevailing adverse economic circumstances as well as current trends in the market as far as wage increases are concerned," it said.

Non-union members received the 25% rise on minimum wage levels from July, but it was withheld from CWIU members at the

union's request.

Strike ballot prepared after collapse of Sasol pay talks

By Mike Siluma

The Chemical Workers' Industrial Union (CWIU) is preparing for a strike ballot after the collapse of wage negotiations involving 6 000 Sasol employees

A CWIU spokesman said today a mass meeting of workers from Sasol 2 and 3 last night rejected the company's offer.

The decision to hold a ballot follows a conciliation board deadlock on Monday. The company has said it would implement its final wage offer irrespective of the union's actions.

Negotiations had been underway since May and agreement was reached on other issues relating to working conditions.

Despite a conciliatory attitude by the union and a genuine attempt to reach agreement, the company refused to move on its final offer of R95 a month increase," charged the CWIU spokesman.

The union found Sasol's attitude "surprising" in the light of the company's R575,4 million profits for the year ending in June 1986.

A Sasol spokesman said the company had already made a number of concessions in negotiations to date and was not prepared to revise the cash offer. He hoped the matter could still be resolved.

Meanwhile, the wage dispute between CWIU and Sasol at the company's Secunda collieries — affecting about 9 000 workers — will be considered by a conciliation board which meets tomorrow.

10/9/86

260 (888) BUD DAY

Iscor waits for price probe

ISCOR has adopted a wait-and-see policy after the Independent Wire Convertors Association (IWCA) appeal to the Competition Board yesterday that alleged irregularities in steel prices be investigated

An Iscor spokesman said he could not comment on certain aspects of Press reports and would wait for an official communication from the board

A spokesman for the Competition Board said yesterday the board had received representation from the IWCA and was giving attention to it. "I cannot comment further at this stage."

The Iscor spokesman said if local firms wanted to import steel rather than buy from Iscor, they were welcome to do so, although Iscor would not allow steel to be dumped in this country.

MICK COLLINS

"I have looked at price lists and am unable to confirm the IWCA statements that 'Iscor exports wire rod at \$210 a ton (fob) and we are expected to pay R730 a ton in Cape Town' and that 'Iscor will not even supply us with steel at export prices for reprocessing and export, despite sanctions threats'."

This was incorrect, he said. "It is part of our marketing policy to assist exporters. We do negotiate special prices to help people exporting steel products."

The accusations were made very broadly, he said. "Our overseas marketing operates independently of our internal marketing, and prices vary considerably overseas

in different areas.

"Iscor does not dump steel overseas, but it does alter its prices according to the market involved."

He denied IWCA allegations that steel prices had risen by 50% since the abolition of price control in July last year and said the rate had been a modest 13.8% a year.

"The inflation rate is much higher than that Industry should remember that for a 13-month period, July 1984 to August last year, there were no increases in the price of steel.

"Our input costs increased but we did not raise our prices to customers. We have decided to have two increases a year in future, but at a much smaller percentage rate."

Sasol strike ballot is planned

STRIKE ballot arrangements are being made among the 6 000 workers at Sasol 2 and 3 at Secunda.

Workers last night rejected management's final offer of a R95/month increase, a Chemical Workers' Industrial Union spokesman said

Negotiations between the CWIU and Sasol deadlocked over wages at a conciliation board meeting on Monday

A Sasol spokesman said the company regretted the deadlock, involving about 3 400 CWIU members, and hoped the dispute could still be resolved

He added that Sasol had "already made a number of concessions in negotiations to date which increased the value of the total package offered to well above the 25% quoted"

He said Sasol was not prepared to revise the cash offer.

A conciliation board meets today on the wages issue at Secunda Collieries, which supplies Sasol. This affects 5 500 CWIU members

The Sasol spokesman said the CWIU had informed the company

that, although it rejected Sasol's final wage offer, it accepted the proposal of retrospective implementation from July 1

He added that Sasol's package offer now stood at close to 30%

"This is regarded as extremely fair, especially if the prevailing poor economic circumstances as well as current trends in the market as far as wage increases are taken into account," the spokesman said. — Sapa

260 02/11/86

SABC retrenches 56 backstage employees

JOHANNESBURG

The South African Broadcasting Corporation said yesterday that a further 56 employees had been retrenched this week as part of the corporation's "rationalisation" process.

A spokesman said that letters to the 56 had been sent out earlier this week and had been received by the people concerned.

The two departments affected by the latest cutbacks in staff are the decor and scenic services departments.

The retrenched employees will receive three months' advance notice and their full pension reimbursements that covers both their own and the corporation's pension contributions.

Retrenchments at the SABC have been taking place for more than a year and it is believed

that more than 1 000 employees have been retrenched in that period.

The spokesman said that the rationalisation process was an "on-going situation".

The SABC recently announced cuts in operating and capital expenditure until the end of the year in an effort to

offset a deficit of almost R30 million.

A source at the SABC said yesterday that some of the people who had been retrenched this week had already indicated they would try to secure positions on the new M-Net television channel — Sapa.

M-Net lineup page 11

SABC retrenches another 56 people 260

The SABC retrenched 351 people in the first half of the year and has laid off a further 56

Another 650 vacancies in the corporation have not been filled

A spokesman said: "In an on-going rationalisation process the SABC has reduced the number of jobs in the corporation by about 1 000."

Latest staff members to lose jobs were in the decor services section. Staff complements have been trimmed following rationalisation of these services for TV1, 2 and 3.

The spokesman said affected employees had been notified. *STAR 11/9/86*

Of the 56, the SABC had found jobs outside the corporation for nine who were in costume manufacturing.

Some staff had opted for early retirement. Others accepted severance deals.

Normally the SABC gave six months' notice if posts were to be abolished

The spokesman said the SABC had been trying to soften the blow for staff facing retrenchment

Taylor

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ESCOM FINANCE

260 ~~260~~ FINMAIL 12/9/87

Lightening the load

Market-related policies and more realistic loan planning are paying dividends for Escom. The electricity utility, with total assets of some R32 billion, has slashed R1 billion from its funding requirement target for 1987.

The new target of R3,4 billion follows a R300m reduction in 1986 to R3,3 billion. In 1985, net expenditure on fixed assets hit a high of R4,76 billion, while total borrowings peaked at R4,9 billion.

"But it must be emphasised that the R3,4 billion is a provisional target — unforeseen circumstances could still affect the cutback on original estimates," Escom financing manager Francois Botha tells the *FM*.

Botha is confident that R2,8 billion can be raised locally next year, and foreign funding will total some R625m, including project-related and export credit finance already arranged.

Escom's 1987 projections include savings of R250m on operating costs, while lower borrowing costs and interest on reduced requirements cut another R300m off the original bill. The balance of the R1 billion saving is made up primarily of lower capital expenditure flowing from the utility's improved budget control systems and new cost-conscious management philosophy.

While Escom is busy bringing its funding and capital expenditure requirements back to more basic levels, it seems clear that this will not lead to the cancellation of any of its six giant R3,5 billion power stations now at various stages of completion (*Business* August 1).

Botha does not spell this out in detail, but he says he foresees no problem meeting Escom's funding requirements on the local markets.

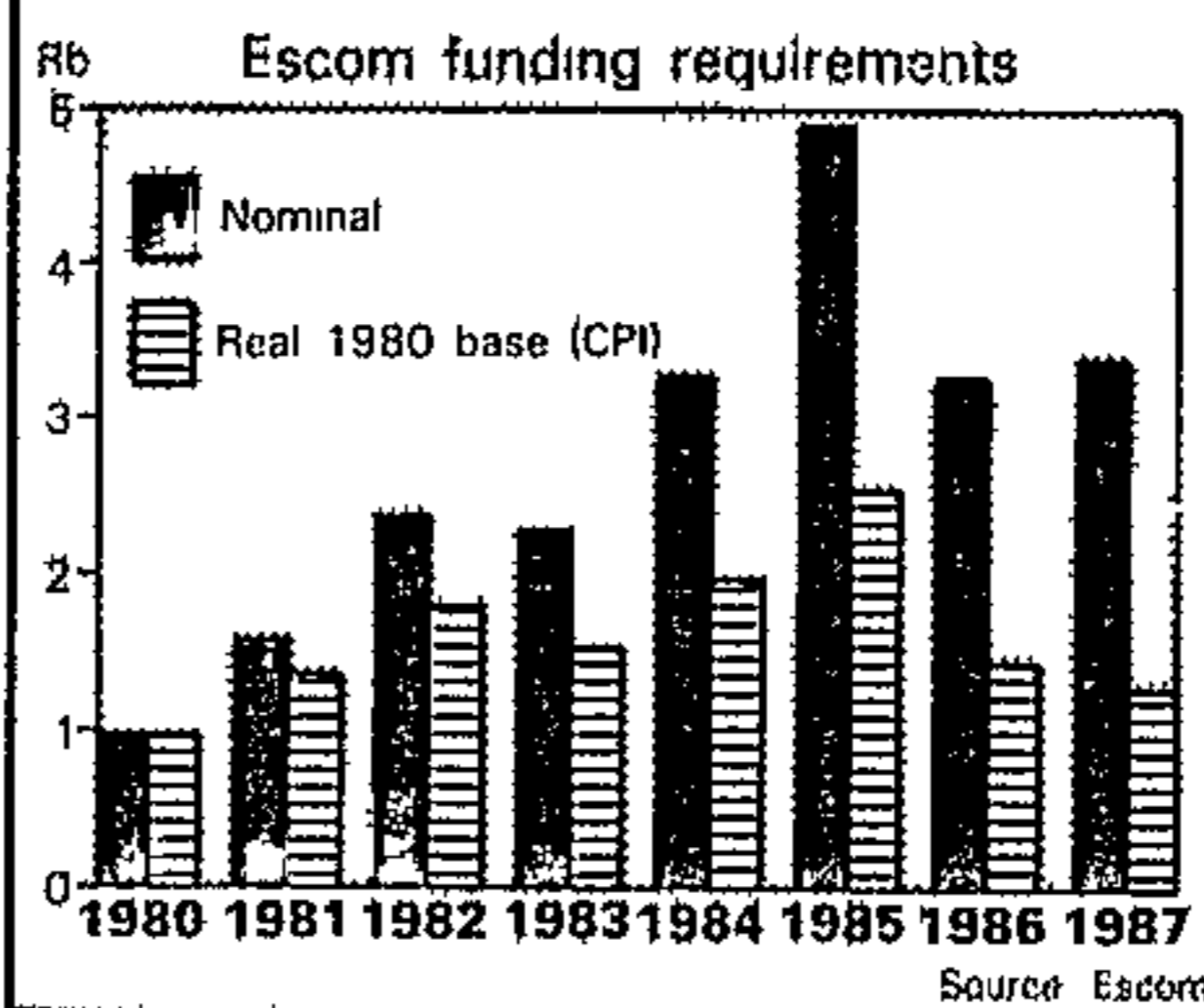
Although provisional capital expenditure budgets for the period 1986 to 1989 has been reduced by R1,2 billion, no further major cuts are envisaged and the corporation is continuing with existing projects. Capital projects in 1987 should require some R3,7 billion, against R3,3 billion in 1986.

With sufficient funds available on the local capital and money markets, along with some innovative accounting and the limited use of export credit finance, the worst-case scenario the power giants at Tutuka, Lethabo, Matimba, Palmiet, Kendal and Majuba face could merely be deferment of construction for limited periods.

This will be good news for construction firms and other suppliers — and their employees.

In the meantime, the possibility remains that unutilised surplus electricity capacity could put additional upward pressure on tar-

Back to basics



iffs in the early Nineties. Until then, Escom intends to keep annual tariff increases below the inflation rate.

Scaling down SA's annual electricity growth requirements to some 5,5% a year and the more cost-effective management approach seem to have come at the right time to enable Escom to meet the challenge posed by foreign loans difficulties.

"We've already secured R1 billion of our revised R1,3 billion capital market requirements for this year," says Botha. "The remaining R300m will be taken up over the next few months."

Escom power station in EL is being 'phased out'

By BARBARA ORPEN

A POWER station in East London is being put in "cold storage" and a number of employees will lose their jobs as a result.

The West Bank station, one of the oldest in the East Cape, is being taken out of service — a process which could take up to two years.

This was revealed today by the East Cape

Regional Manager of Escom, Mr K L Garman

Yesterday Escom's senior general manager, Mr Ian McRae, said that the country's poor economic growth and reduced demand for electricity was forcing Escom into staff reductions and possible power station closures.

Port Elizabeth will not be affected, as the Escom

distribution plant based at Uitenhage had experienced no reduced demand for electricity.

The station feeds PE as well as areas such as Grahamstown, Kirkwood, Patensie, the Langkloof and the Gamtoos River Valley.

PE's Electrical Engineer, Mr C Adams, said today municipal employees at the Swart-

kops sub-station were not facing retrenchments.

"We are an entirely different organisation from Escom and as such do not face the same problems," he said.

Mr Garman said Escom had been forced to take active steps to reduce its staff and is discussing the matter with the trade unions.

Mr Garman said he was

not in a position to reveal how many employees from West Bank were facing retrenchment.

Negotiations with trade unions were still in progress. Until conditions were agreed upon, figures could not be disclosed. The West Bank station had become economically unviable as it was one of the oldest in the region, and because of the high

costs of transporting coal to the station.

It would be cheaper to generate electricity from power stations in the Transvaal, which at present had an excess generating capacity.

Mr Garman stressed, however, that West Bank was merely being put into "cold storage" and could well be utilised again in the next decade.

It's a town of sick children, says report

Sasolburg air pollution shock

17/9/86 STAR 260

Pretoria Bureau

Heavy air pollution in Sasolburg has been found by researchers to adversely affect the lung functions of children living in the area

These startling conclusions were published in the latest issue of the *South African Medical Journal* following an intensive research programme in the area. The research team was headed by Professor A M Coetzee of the University of Pretoria

According to the article excessive air pollution by industries in Sasolburg was suspected of affecting the residents' health in general and the respiratory systems in particular.

The three-week investigation undertaken in May 1984 involved children from primary schools in Sasolburg and the neighbouring rural towns of Parys, Heilbron and Frankfort. These last three towns were chosen as control areas for their negligible air pollution levels.

Although Professor Coetzee and his team found no important differences in the incidence of respiratory illnesses, they did detect a significant dif-

ference in the lung functions of Sasolburg children

This trend seemed to be unaffected by the smoking habits of families. However, the social class from which the children originated could have been a contributory factor, said the article

Sasolburg, near Vereeniging, is a major industrial centre particularly as far as chemical and oil-from-coal processes were concerned. Air pollution is concentrated in this area.

Breathing worse

Questionnaires were sent to 674 children in Sasolburg and 332 children in the other three towns. Replies showed that there was no substantial difference in the incidence of respiratory diseases. However, the study showed that the breathing functions of the Sasolburg scholars is worse than those in the neighbouring rural towns

Researchers also pointed out that air pollution was of a similar intensity in the whole PWV area

The report has met with a mixed reception, reports *The Star's* Vereeniging Bureau

While medical practitioners and many mothers in Sasolburg yesterday supported the conclusions of the survey, a spokesman for the town council suggested the matter was being exaggerated.

The town clerk, Mr Chris Ehlers, said a meeting on air pollution was recently held in Vanderbijlpark and proved that nobody was indifferent to the matter

He said industries in the Vaal Triangle had spent R300 million to combat pollution

Chest problems

Mr Ehlers said the incidence of sulphur dioxide and hydrogen sulphide in the air is "way below" the prescribed minimum standards set by the national health department

But several mothers said yesterday at least one or two of their children were suffering from severe sinus and chest problems as well as disorders relating to the upper respiratory passages

In more than half of the cases, the mothers — and, according to them, their family doctors — are convinced that these disorders can be linked to air pollution

19/11/76
SUNDAY

Doubts over Mossel Bay

260

DOUBTS that the Mossel Bay fuel-from-gas project would go ahead in the short-term were expressed yesterday by Murray & Roberts chief executive David Brink.

However, senior government energy officials described his comments as speculation.

A M & R subsidiary, Engineering Management Services Offshore (Emso), has been appointed planners and designers of the project.

Brink said there were two other synthetic fuel projects being considered and the priorities could lead to the Mossel Bay project being put on ice.

He said: "Government's decision on the Mossel Bay project will come only next year. It will be a difficult decision to make and I am not sure it will go ahead."

He said the money for all three projects would have to be raised in SA and that could place limitations on the amount to be allocated for each project.

Mineral and Energy Affairs director-general Louw Alberts said no final decision had been made on Mossel Bay and any suggestion it would be delayed was speculation.

~~174~~ ~~335~~ ~~558~~ 260

POOR growth in the economy and reduced demand for electricity is forcing Escom to resolve the problem of redundancies.

Discussions with 12 trade unions are due to start today to decide on criteria for cutting staff.

Escom senior GM Ian McRae says the effects of a prolonged recession have had a marked influence on Escom, and the resultant slow-down in some activities has led to a redundancy in some jobs and staff.

Escom and unions to hold discussions on reducing staff

Escom has been forced to take steps to reduce staff, and is discussing the matter with the unions. The main issues are: what criteria will be used to determine redundant jobs, what criteria will be used to determine redundant staff, and

how the process will be implemented.

The establishment of criteria for determining redundant jobs and people will determine how many people are affected by the move.

The reduction is independent of steps taken by the organisation early this year to reduce Escom's staff complement through natural attrition and early retirements.

McRae says this process is running well and will be concluded by the end of the year. — Sapa.

18/9/86

BUSINESS DAY

260

Sasol 'likely to suffer decline in income'

SASOL is likely to suffer a decline in gross income next year, with lower rand-oil prices pushing down turnover and gross margins "significantly" However, the group is expected to maintain short-term dividend growth.

Cautioning that Sasol shares "might be slightly over-valued", stock market analyst Edey, Rogers says in a report that with fuels accounting for 70% of Sasol's turnover, profit margins are heavily dependent on producer prices

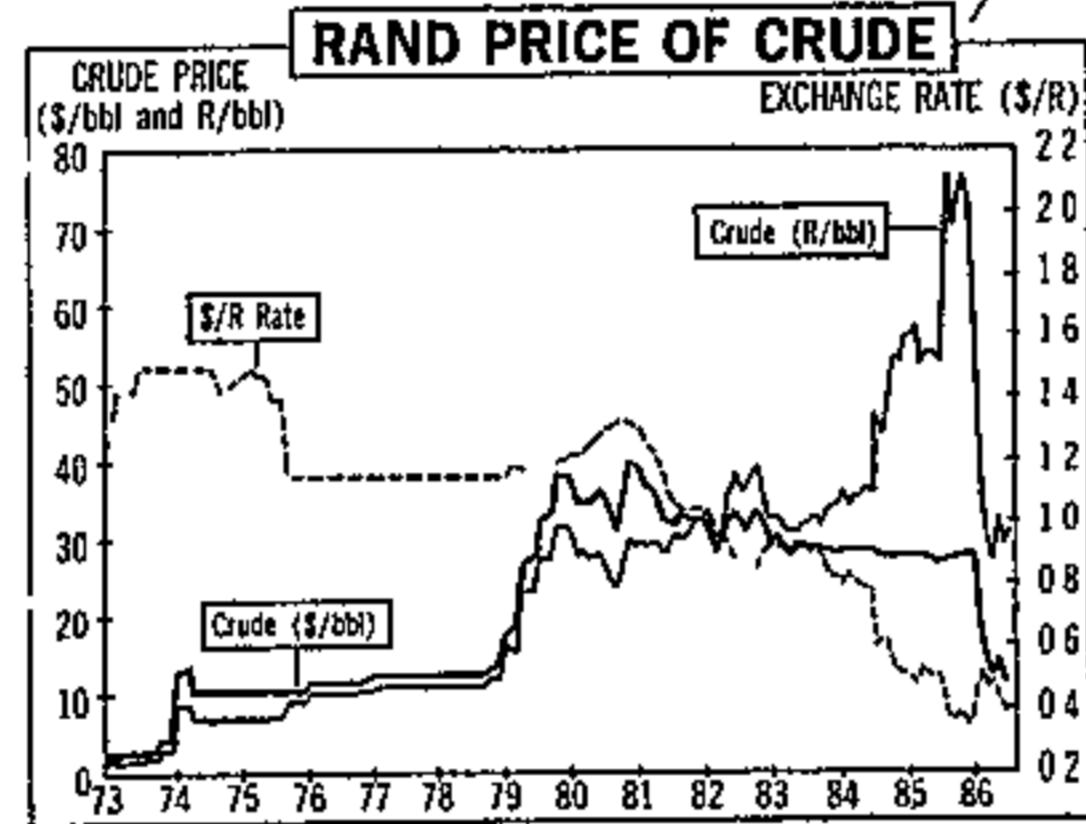
With crude oil prices at \$15 a barrel and a rand exchange rate of \$0,40, Sasol shares should be trading at 690c. At its current price of 830c, it is trading at 16% above that level

Commenting on Sasol's 1986 final results, the report says turnover increased 15% over 1985, net margins from 33% to 37%, and lower interest rates on group debt decreased the interest bill from R222m to R164m

Taxed profits rose 40% but with R125m transferred to equalisation reserves, the increase in reported earnings and dividends was limited to 15%

"These results are good, but it must be noted that despite the recent fall in the rand-oil price, the average price for the year was R53,60 a barrel, slightly up from the previous year's R51,70"

With the rand-oil price falling from R71,70 to R35,50, in the second



DAVID FURLONGER

half of the year, turnover dropped 5% and net margin from 40% to 33%, resulting in a 20% decrease in net income over the first half

Edey, Rogers says "This provides a graphic illustration of the impact of the rand-oil price on performance, and an indication of what may be expected in 1987"

Clear evidence of the fuel operation's exposure to rand-oil prices is shown by Sasol 3's results, in which second-half, pre-tax profits collapsed to less than one-fifth of their first-half level, from R332m to

R61m
Reinstatement of the 3,6c/l rebate, worth an estimated R216m to the group's operating income next year, and repayment in July of its R1,1bn debt to the Central Energy Fund, will partly compensate for lower product prices.

Edey, Rogers is reluctant to make a firm forecast for 1987, but offers a "rough illustration" of likely trends

"The scenario that emerges is as follows The lower rand-oil price will dent turnover and gross margin significantly A basic margin around that of the second-half of 1986 is expected, but the levy rebate will lead to an apparent improvement

"However, a decline in gross income still results A conservative dividend policy from Sasol 3 is maintained and the lower interest bill has a major effect, enabling an increase in pre-tax income to be achieved (only 10% compared to 40% in 1986)

"Even allowing for a further transfer to reserves, an increase in earnings and dividends per share of 14% seems possible"

Mixed reactions to Sasolburg pollution claims

Vereeniging Bureau
There have been mixed reactions to reports that hundreds of schoolchildren in Sasolburg are being adversely affected by air pollution.

While medical practitioners and many mothers in the town yesterday supported scientific inferences that "lung functions of children in Sasolburg are being negatively affected by acid rain conditions", a spokesman for the town council implied that the matter was being grossly exaggerated.

According to a report in an afternoon paper this week, a survey conducted recently by a team of scientists at the Uni-

versity of Pretoria revealed that a group of children in Sasolburg, who were subjected to tests, were more prone to lung function disorders than their peers at primary schools in the Parys, Heilbron and Frankfort (PHF) areas — which are relatively far-removed from the so-called polluted PWV region. It was also found that the Sasolburg pupils were smaller than their counterparts from the PHF area.

The town clerk of Sasolburg, Mr Chris Ehlers, said that no-

body in the Vaal Triangle would deny the presence of air pollution which resulted from the variety of industries which were situated in the area.

An open meeting regarding air pollution was recently held in Vanderbijlpark.

"The air pollution control section of the Department of National Health and Population Development in Pretoria is responsible for monitoring and controlling the limits of pollution in the Vaal Triangle and the Sasolburg municipality

is convinced that this function is being carried out efficiently," said Mr Ehlers.

He pointed out that industries in the Vaal Triangle, including Sasol, Escom and Iscor, had spent about R300 million in the past few years in an effort to combat pollution in the area.

Mr Ehlers also emphasised that monitoring had shown that the incidence of sulphur dioxide and hydrogen sulphide in the air was "way below" the prescribed minimum standards set by the National Health De-

partment.

"The achievements of Sasolburg pupils on the athletics field are well-known to everyone — and it certainly wasn't a sickly rugby team from the Sasolburg Technical High School which recently brought back the Administrator's Cup to the town," concluded Mr Ehlers.

On the other hand, medical practitioners as well as many mothers in Sasolburg are concerned about pollution in the town and the adverse effects they claim it is having on their

children

During a spot survey this week several mothers told *The Star* that at least one or two of their children — in some cases it was more per household — were suffering from severe sinus and chest problems, as well as disorders relating to the upper respiratory passages.

In more than half of the cases, the mothers — and, according to them, their family doctors as well — were convinced that these disorders could be linked to air pollution.

A prominent Sasolburg medical practitioner, who may not be named for ethical reasons, also firmly believes that air pollution is responsible for the "high incidence of chest, sinus and respiratory disorders in the town".

"The number of Sasolburg children and adults I treat for disorders of the upper respiratory passages is very high. I also have many patients who suffer from sinusitis — particularly sinusitis with an allergic origin.

"And in my opinion the high incidence of all these complaints is directly related to air pollution in the town," he said.

1978 30/09/78

Escom to hold more talks on proposed retrenchments

260

ESCOM management and unions are to hold further talks on Escom's retrenchment plans.

Yesterday's talks ended with representatives of 12 unions and staff organisations agreeing to put Escom's proposals to their members. The two sides will meet again on September 29.

Neither side would give details of the proposals last night, nor would Escom say how many jobs it wanted to lose nor in which areas. A joint statement said simply that "an offer covering various aspects" was made to the unions.

DAVID FURLONGER
Industrial Editor

However, it is known the talks centred on three issues — how to decide which jobs are redundant, deciding which staff are redundant to needs, and how to carry out any retrenchment programme.

Escom says retrenchments are necessary because of low national economic growth and reduced electricity demand. Earlier plans to reduce staff through natural attrition and early retirement proved inadequate.

Job cuts: Escom talks to unions E Cape chief outlines retrenchment policy

Dispatch Reporter

EAST LONDON — Escom was engaged in retrenchment policy talks with trade unions, but would only retrench workers when their jobs became redundant, Escom's regional manager (Eastern Cape), Mr Ken Garman, said yesterday.

He was commenting on an announcement by Escom's senior general manager, Mr Ian McRae, that Escom had been forced into staff redundancies and possible power station closures by the country's poor economic growth and the reduced demand for electricity.

Mr Garman explained that in the Eastern Cape Escom was divided into generation and distribution divisions.

The head of the generation division, Mr Hans Pennells, was in charge of the West Bank and Port Rex power stations, as well as the hydro stations on the Orange River.

Mr Pennells was visiting the hydro stations yesterday and could not be reached for comment.

"Therefore I am qualified to comment on behalf of the distribution division. But as far as the power stations are concerned, I can only give a broad overview," Mr Garman said.

He said that as far as distribution in the Eastern Cape was concerned, Escom had little to worry about. The only cause of redundancy it could encounter in this area would be the sale of reticulation networks.

"Escom prefers to be a bulk supplier and then the local authority reticulates to the consumers



MR GARMAN

"In some cases Escom is negotiating the sale of reticulation networks to local authorities. This could mean that as far as Escom is concerned, some jobs could become redundant. But very often the local authority who is taking over the reticulation network will need staff, and they are quite prepared to take the Escom staff over."

He said the result was that there would be no loss of jobs in the Eastern Cape.

Mr Pennells would experience a different problem with the West Bank power station though.

Mr Garman said some background was needed to understand the issue.

"It takes 10 years to build a power station. So, when the economy was going well in the early 1980s, the load growth was high and we planned and committed ourselves to building new power stations to meet the anticipated load in the late 1980s.

"The load growth has dropped from eight per cent in 1983 to an anticipated four per cent this year. This may not look like a big difference but if we compound the growth over 10 years it is quite alarming," he said.

In 1980 Escom sold

87 000 million units. If the growth over the next 10 years were four per cent, the units sold in 1990 would be 128 000 million. At an eight per cent growth rate, the figure would be 187 000 million units, Mr Garman said.

"This illustrates that a small error in load growth prediction has a large effect over the 10 year period needed to plan a power station.

"Now that the economy has slowed down, we have too much generating capacity. We have done all we can to delay, or even cancel power station projects."

It was expensive to run the West Bank power station because of the high cost of transporting coal to East London. Therefore Escom generated power at the pithead stations, and the result was that very little power was generated at West Bank.

"Because of this situation we now have too much staff at the West Bank power station. As many as possible of the surplus staff will be transferred or absorbed in other segments, but unfortunately some people will become redundant," he said.

"I can't give any figures — and at this stage I doubt whether Mr Pennells can because negotiations with trade unions are still on the go."

He said that by the early 1990s Escom would no longer have surplus generation. Escom was concerned about the high cost of purchasing new generators though, and the high cost of transporting coal to West Bank could be offset by the high capital cost of replacing the generating plant.

"Thus we keep stations like West Bank in cold storage, so to speak, and we may decide to use them again in the 1990s," he said.

NATIONAL

Escom meets unions over retrenchments

The Argus Correspondent

JOHANNESBURG — Escom yesterday met nine unions representing its employees to discuss retrenchments

In a joint statement, the parties said an offer covering various aspects of redundancy was tabled and negotiations would continue on September 29

The issues discussed included criteria to be used to determine redundant jobs and staff, how the retrenchment process would be implemented and a possible separation package

Unions present included the Mineworkers' Union, Boilermakers' Society, Amalgamated Engineering Union and Escom Employees' Association

Staff had had to be cut because of the poor growth of the economy and reduced demand for electricity, said Escom general manager Mr Ian McRae

He said a programme to reduce staff through natural attrition and early retirement began early this year and was running well

However, circumstances had changed recently. Escom was expected to have excess generating capacity for some time to come. Some power facilities would either be put in reserve storage or closed down

"There will not be enough jobs available to accommodate all," Mr McRae said

22/9/83
Court orders
Escom to
furnish info

LIAM EGAN

260
THE Electricity Supply Commission (Escom) was ordered in the Rand Supreme Court last week to furnish Edward L Bateman Ltd with information required to proceed with civil litigation against it.

Mr Justice P J Schabert granted the interim request by counsel for Bateman Ltd and Bateman Engineering Ltd, which sought payment of more than R2m from Escom.

Bateman and Bateman Engineering claimed that Escom remained indebted to them for R1,999m plus sales tax, due to variations in the rand/dollar exchange rate experienced during the construction of effluent treatment plants at the Tutuka and Lethabo power stations.

Counsel for Bateman said Escom had not performed as contracted during March 1984; that payment by Escom to Bateman in respect of the plants would reflect the variation of the exchange rate on the date of payment.

Bateman also said Escom's payments to date had not coincided with the R4,426m spent by Bateman on imported components in order to fulfil its part of the R6,115m contract.

25/9/80

BUSDAM

260

Iranians seek change of venue for action against Iscor

LITIGATION by foreigners in SA courts has become a losing game at current exchange rates.

London-based Iramans Sami Abdalnabi (alias Sharoon) and Ahmed Zangueneh wish to be absolved from their \$76m legal action against Iscor for alleged breach of contract in order to continue proceedings in England.

The joint venture between the Iramans and Iscor allegedly involved the sale of Iscor products, mainly in the Middle

East, Pretoria Supreme Court was told this week.

Legal action on exactly the same grounds has been stayed in the English courts pending outcome of the SA action.

The Iramans' counsel told the Pretoria Supreme Court that if they were to win the case in an SA court — which can make an order only in rand terms — they would eventually get about 15% of their claim.

One of the partners was also said to

LINDA ENSOR

fear for their safety if were they compelled to come to SA to give evidence.

Mr Justice D J Curlewis will decide today on what is to happen to the case.

The hearing was due to start on Tuesday but did not because the Iramans failed to put up an additional R96 000 over an above the original R200 000 decided upon by the Registrar of the Supreme Court as security for costs.

They also had to pay an extra R7 750 as security for every day the trial proceeded, excluding the first day.

Abdulnabi and Zangueneh have tendered to pay both parties' costs to date — estimated to be well in excess of R1m.

As a result of their failure to put up security, Iscor applied for judgment in its favour on its counter-claim and for an opportunity to lead evidence on why judgment should go against the Iramans on their claim.

Iscor also asked the judge for an order prohibiting the Iramans from proceeding further with the case until they had supplied the required security.

The Iraman partners claimed they entered an agreement with Iscor in May 1979 to extend for a further five years a joint venture to sell Iscor products in Iran and other Middle Eastern countries.

● To Page 2

Iranians wary about Iscor action

They alleged Iscor agreed to allocate at least 632 150 tons of steel products a year for this purpose.

In July 1980, Iscor allegedly wrongfully repudiated the agreement, causing them to suffer damages of \$76m — part of which they claim they would have earned from the sale of 632 150 tons of steel products each year for five years.

Iscor agreed it formed a joint venture in 1973 with Abdulnabi and Zangueneh for the marketing of its steel in Iran, and later in Lebanon and Egypt, but denied it formed a second agreement in 1979 to continue the venture for five years.

The parties fell out after a series of disagreements and accusations, Iscor

Conflict allegedly arose on the market areas in which the joint venture would operate. Iscor's relations with its existing agents and distributors, the prices and the availability of its products.

In a counter-claim Iscor requested the pair should be ordered to provide it with comprehensive reports on the affairs of the joint venture, as well as of other joint companies such as the Iscor-Iran Co and the Euro-American Steel Inc, and for them to pay all outstanding monies claimed, and the Iscor board decided to dissolve the venture, allegedly with the consent of the partners.

GOEWERMENSKENNISGEWINGS

DEPARTEMENT VAN BUITELANDSE
SAKE

No. R. 2039

26 September 1986

DIE SUID-AFRIKAANSE UITSAAIKORPORASIE

Die Suid-Afrikaanse Uitsaaikorporasie het kragtens artikel 23 van die Uitsaaiwet, 1976 (Wet 73 van 1976), soos gewysig, die Regulasies, ten opsigte van artikel 1 van genoemde Wet en in die Bylae hiertoe vervat, gemaak.

BYLAE

1. "Lisensiejaar" kragtens artikel 1 van die Uitsaaiwet, 1976 (Wet 73 van 1976), is die 12 maande periode van 1 Oktober van enige jaar tot 30 September van die daaropvolgende jaar.

2. Hierdie regulasies tree op 1 Oktober 1986 in werking.

DEPARTEMENT VAN FINANSIES

No. R. 2027

26 September 1986

DOEANE- EN AKSYNSWET, 1964

WYSIGING VAN BYLAE 1 (No. 1/1/1252)

Kragtens artikel 48 van die Doeane- en Aksynswet, 1964, word Deel 1 van Bylae 1 by genoemde Wet hiermee gewysig in die mate in die Bylae hiervan aangetoon.

K. D. S. DURR,

Adjunk-minister van Finansies en van Handel
en Nywerheid.

BYLAE

I Tariefpos	II Statistiese Eenheid	III IV Skaal van Reg	
		Algemeen	M B N
15 08 Deur subpos No 15 08 40 deur die volgende te vervang "15.08.40 Geepoksideerde plantaardige olies	kg	25%"	

Opmerkings.—1. Die skaal van reg op geëpoksiedeerde plantaardige olies word van vry na 25% verhoog.

2. Goedere wat aan die vereistes van item 460 22 voldoen, kan by dié item met korting op reg toegelaat word en die Raad van Handel en Nywerheid het vir dié doel gesertifiseer dat die verhoging van die skaal van reg as gevolg van 'n aansoek om tariefbeskerming is wat nie vooraf vir algemene inligting in die Staatskoerant gepubliseer was nie.

SCHEDULE

I Tariff Heading	II Statistical Unit	III IV Rate of Duty	
		General	M.F N
15.08 By the substitution for subheading No. 15.08 40 of the following "15 08 40 Epoxidised vegetable oils	kg	25%"	

Notes —1 The rate of duty on epoxidised vegetable oils is increased from free to 25%

2 Goods which comply with the conditions of item 460 22 may be admitted under rebate of duty under that item and for this purpose the Board of Trade and Industries has certified that the increase in the rate of duty is as a result of an application for tariff protection not previously published in the *Government Gazette* for general information

GOVERNMENT NOTICES

DEPARTMENT OF FOREIGN
AFFAIRS

No. R. 2039

26 September 1986

THE SOUTH AFRICAN BROADCASTING
CORPORATION

Under the powers vested in it by section 23 of the Broadcasting Act, 1976 (Act 73 of 1976), as amended, the South African Broadcasting Corporation made the Regulations contained in the Schedule hereto, in respect of section 1 of the said Act.

SCHEDULE

1. "Licensing year" in terms of section 1 of the Broadcasting Act, 1976 (Act 73 of 1976), shall be the 12 month period from 1 October of any year to 30 September of the following year.

2. These Regulations come into operation on 1 October 1986.

DEPARTMENT OF FINANCE

No. R. 2027

26 September 1986

CUSTOMS AND EXCISE ACT, 1964

AMENDMENT OF SCHEDULE 1 (No. 1/1/1252)

Under section 48 of the Customs and Excise Act, 1964, Part 1 of Schedule 1 to the said Act is hereby amended to the extent set out in the Schedule hereto.

K. D. S. DURR,

Deputy Minister of Finance and of Trade
and Industry.

FIN MAIL

STEEL

26/9/86

(265)

(269)

(270)

Still spending

Sanctions or not, Iscor is maintaining its programme to upgrade and modernise its plants

However, the R343m earmarked for capital projects this year is not designed to increase capacity. Rather, it is aimed at ensuring better utilisation of existing capacity.

Iscor's GM planning and new development, Keith Prince, tells the *FM* the investment programme is aimed at replacing and upgrading facilities to provide higher quality and productivity as well as to reduce costs.

Projects now under construction include

- A continuous caster and continuous sheet annealer at Vanderbijlpark;
- The new Kohler Reduktion plant at Pretoria; and
- The introduction of electromagnetic stirring on the existing casters at Newcastle

FINANCIAL MAIL SEPTEMBER 26 1986

Also on the stocks is the modernisation and upgrading of the Vanderbijlpark mills.

As pollution standards improve, Iscor also has to implement tighter controls. New projects to combat pollution from older plants are also being prepared.

Yet Iscor's capital expenditure is a far cry from levels of just 10 years ago, when R1-R1,5 billion (in money of the day) was spent on the Newcastle works between 1972 and 1976.

In contrast, Highveld Steel is in a consolidation stage, says MD John Hall. "We suffered indigestion after the commissioning of our second iron ore plant in late 1985. Since then, we have spent money on only routine upgrading — about R20m a year" ■

Iranians played 'fast and loose'

26/9/88
BUS JAT
LINDA ENSOR
260

TWO Iranian businessmen who instituted a \$76m legal action against Iscor were castigated yesterday by a Pretoria Supreme Court judge for playing "fast and loose with the court and their legal advisers".

Mr Justice D J Curlewis granted Iscor's application for permission to continue with the case and prohibited the businessmen from participating in the proceedings — even if they belatedly wished to provide security against costs.

Iscor began to lead evidence yesterday to show why their claim for damages should be dismissed.

The judge found that the two London-based Iranian businessmen had played their last card by deliberately failing to provide security.

He said Sami Abdalnabi (alias Shamoan) and Ahmed Zangueneh had taken "a calculated risk that the case would be dismissed and that judgment would not be granted against them".

Their defence against Iscor's counter-claim — estimated to be well well over \$20m — was thrown out. And Iscor was also awarded costs estimated to exceed R1m.

Competition will lower SABC standards, says Eksteen

JOHANNESBURG — The arrival of a competitor in the field of broadcast entertainment would inevitably lead to the standards applied by the SABC being put under pressure, the director-general of public relations of the SABC, Mr J S Eksteen, said here

Until now, the SABC had in its selection of programmes for broadcasting at times applied even stricter "moral norms" than those of the Publications Board, he said

However, a competitor had announced in its publicity to market its service that it would not be tied to the same sensitivity of the SABC

"Sex, action, it's all there," "Adult films also on the menu," a Sunday newspaper had reported, he said

Mr Eksteen said a summary of the menu also contained a series the

SABC had "consciously rejected" on moral and other considerations.

Such a series was Soap — which M-Net advertised would be shown during its "open time," between 5 pm and 7 pm, for all viewers.

Mr Eksteen said the American magazine Time had made the following comments about Soap:

"The real trouble with Soap, a series in which characters exchange sexual partners almost as often as they do wisecracks, is that sex is used only for cheap gags. Soap is the first to flaunt its carnal knowledge directly for the viewer."

Mr Eksteen said he mentioned the matter not because he had an axe to grind with M-Net, but merely to show the public the SABC's dilemma — Sapa

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Tariff rise by Eskom expected

Eskom is expected to announce tariff increases at a Press conference today, the third increase this year.

In January, Eskom increased tariffs by 10 per cent and six months later by a further 10 per cent. But the third increase is expected to be higher, bringing the total increase for 1986 to more than 30 per cent.

National Utility Services (NUS), international energy and fuel consultants, noted, after a survey of the year ending in March, that South African electricity prices showed an average increase of 19,7 per cent. This was the highest increase of the 12 Western countries surveyed. Seven countries reduced the price of electricity.

However, despite these increases, South Africa had the cheapest electricity of the countries surveyed.

Escom power to cost 12% more next year

Finance Editor

ESCOM will raise the cost of electricity by 12% from January, and Durban and Natal can expect a rise in accounts from that date.

'We won't be able to absorb the full 12%, but the council will do its best to absorb as much as possible,' said Durban City Treasurer Wilf Stone.

'About three-quarters of our electricity budget goes to the purchase of electricity in bulk — R325 million out of R470 million — so if Escom put their tariffs up, there is no way we can absorb all of that.'

The 10% Escom increase on September 1 last year was followed by an 8,8% increase in Durban two months later, the 10% increase on January 1 this year was followed by an 8% increase in Durban a month later, and the 10% increase on July 1 was matched by a 10% increase in Durban the same month

Mr R MacFarlane, assistant general manager for the Natal Eastern Region, said yesterday that the Cabinet had taken the decision to raise Escom's rates on Monday.

There would not be another rise until January, 1988. This was expected to be 10%, followed by a further 10% in January, 1989 — if inflation remained near 15%.

Construction

The rises would depend on the inflation rate, which was expected to be 16% next year, 15% in 1988 and 14% in 1989.

Escom will continue with its construction plans in spite of the difficulties in raising foreign or domestic loans to finance the expansion.

Mr MacFarlane said five new power stations were under construction. Tutuka at Standerton and Lethabo (Vereeniging) were so far advanced that deferment

was not considered.

Cancellation, or deferment, of the plants at Kendal (Witbank), Matimba (Ellisras) and Majuba (Volksrust) were considered, but because costs and penalties would rise by well over R1 billion, they would go ahead.

Only half of the capacity of Majuba would be built.

Three collieries are to be phased out — Vierfontein by March, 1988, Cornelia by March, 1989, and Coalbrook by October, 1989.

Mr MacFarlane said the scheme to reduce staff by 6 000 through early retirement and attrition by the end of this year was about 1 000 short of the target.

Commenting on implications of the Lesotho Highlands water scheme, Mr MacFarlane said it would probably come on stream in the mid-1990s, when Escom's current building programme would be completed.

Escom runs into resistance

The 12 percent increase in electricity tariffs will spark price rises in all areas in the economy, said the president of the Housewives' League, Mrs Lyn Morris, last night.

She was reacting to yesterday's announcement from Escom that it will raise its tariff by 12 percent from January 1 — the third price rise in 12 months.

"This price rise will affect everything," said Mrs Morris.

"South Africa's inflation rate is unacceptably high. Most of our trading partners have single-figure inflation rates.

"If everyone gears their price rises just below the inflation rate we will never get our prices down."

The Federated Chamber of Industries and the Afrikaanse Handel-
sinstituut congratulated Escom for keeping its increase below the
inflation rate.

Escom's 5-station power plan will create jobs for thousands

Escom's decision to go ahead with the building of five power stations will be a big boost for the recession-hit construction industry

Not only will billions of rands be injected into civil engineering and ancillary industries but thousands more jobs will be created

The big five in the new power network are Majuba, Kendal, Matimba, Tutuka and Letabo and with each station costing about R3,5 billion, the benefits for construction and building are enormous

Full story on page 1

Escom power station go-ahead cheers construction leaders

By Frank Jeans
and Sven Lünsche

South African construction leaders are elated at Escom's decision to go ahead with its new spread of power stations which will put billions of rands into the industry.

The Escom decision is a major boost for the struggling civil engineering industry which has seen work volumes diminishing rapidly.

When Majuba, the big project in the commission's network, was put on ice some time ago it came as a shock to construction men who were looking at an overall contract in the region of R2 000 million.

Now, not only Majuba at Volksrus but Kendal (Witbank) and Matimba (Ellisras) have all got the go-ahead and with each power station costing around R3,5 billion, the benefits to construction companies and ancillary industries will be enormous and should make a significant impact on unemployment.

Favourable impact

The three stations, along with Tutuka (Standerton) and Letabo (Vereemging), are all at various stages of construction, but the first three still have considerable construction time down the line.

The 3 600 MW stations, each with six generating sets, take about eight years actual construction time.

Mr Jimmy Oosthuizen, chief executive of LTA says "This development will definitely have a favourable impact on the industry as a whole."

"A lot of people in civil engineering, negatively affected by present conditions, can now look up again," he said.

It is estimated that one power

No problems in raising R1,7-bn

The capital market has discounted the effect of the R1,7 billion Escom will have to raise in loans on the domestic market to meet its financial requirements in 1987.

Analysts said yesterday the market had been aware of this for half a year and with the cash flow of institutional investors into public sector securities estimated at about R5,8 billion for 1986, Escom should have no trouble raising these loans.

As a result of capital expenditure cuts and cost control plans, Escom's estimated funding through the capital market will amount to only R1,3 billion in 1986.

Mr Larry Harper, Escom's senior general manager, finance, announced a R3,42 billion funding plan for 1987. Of this R1,7 billion will be raised in the primary and secondary capital market.

"Escom aims at taking up no more than 25 percent of the institutions' prescribed assets in public securities over the next three years, in order not to exert too much pressure on local interest rates," he said.

station takes about 100 000 tons of cement over a five-year period, but to this must be added the cement requirements for infrastructure work such as housing, roads and other building work.

Mr Guy Luyt, chairman of cement group PPC, says "We were concerned about the possibility of any cutback on Escom construction programmes and this announcement can only be welcome to the cement industry as a whole."

"The continuation of the Escom works can only result in positive results. Such massive undertakings will be an important base for cement supply in the future."

The Majuba contract was said to be the biggest civil engineering project to date in South Africa and worth about R300 million in civil works alone when it was postponed in 1984.

Mr Kees Legaay, executive director of the SA Federation of Civil Engineering Contractors, says that the civil works at Majuba alone could create more than 1 000 jobs, once work gets started.

Escom announced yesterday that work on three of the six sets at Majuba will start immediately, with the other three sets continued at a later stage.

"With all the auxiliary services involved, like mechanical and electrical work at the plant and the development of infrastructure in surrounding areas, between 2 000 and 3 000 jobs could be created once all six sets are given the go-ahead," Mr Legaay says.

"Together with yesterday's announcement of the go-ahead for the Lesotho Highlands Dam project, the Escom announcement makes prospects for the civil engineering industry look fairly bright in the near future."

Mr Charl van der Merwe, chief executive of Gillis Mayson, whose company is strong in power station construction, says the competition in the civil engineering industry is fierce at the moment, so that the tender for the new works might well be below market prices.

He expects tenders to be awarded this month, with the actual work starting in March or April 1987.

11/15/86 BUSTDAF
Power costs to go up by 12%

ELECTRICITY costs will rise by 12% on January 1 — making a 35,5% increase since the start of this year.

Escom chairman John Maree said yesterday the increase would be the only one in 1987.

Maree said Escom intended to impose single increases in 1988 and 1989, each of 10%.

The 1987 increase will allow Escom to reduce its borrowing requirements on local financial markets next year. Finance GM Larry Harper said borrowings were expected to total R2,792bn, down from the 1986 figure of R2,982bn. He estimates requirements for 1988 and 1989 at R3,045bn and R3,060bn.

Much of the cash will go towards fi-

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DAVID FURLONGER

financing Escom's decision to press ahead with the construction of five more power stations.

After earlier warnings that slow electricity demand growth was causing Escom to reconsider its construction programme, Maree said it would go ahead.

However, as the new stations — Tutuka, Lethabo, Kendal, Matimba and Majuba — came on stream, capacity at older stations would be cut back and held in reserve for peak demand use and for future increased demand in the event

● To Page 2

11/15/86 BUSTDAF
Power costs to go up by 12%

of an economic and industrial recovery.

Escom's planners decided that to defer or cancel construction of the new stations, each costing R3,5bn, would be too expensive. Penalty clauses and other factors would cost more than R1bn.

Escom's cost-cutting programme is likely to cause the loss of 10 000 jobs. Early retirement and other incentives have already reduced the workforce from the 68 000 of last year. Maree hopes to bring this down to 58 000 in the long term.

Management expects to reach agreement with unions on Friday on a re-

● From Page 1
trenchment package for workers whose jobs have been made redundant by the cost-cutting. Sources say that although talks will continue on the definition of redundant jobs and how to implement a retrenchment plan, there is broad agreement on a financial package.

Escom, the 12 unions and staff associations said yesterday redundant employees would be identified from November 1. A source said it was hoped the retrenchment programme would be almost complete by February.

Escom tariffs to rise

EAST LONDON — Escom tariffs are to go up 12 per cent from January 1

This was announced yesterday in a statement by Escom's Eastern Cape System offices on behalf of the commission's senior general manager, Mr Ian McRae

The increase, which followed two hikes of 10 per cent each in the first part of the year, was announced with a pledge from Escom that there would be no further increases for the year.

If the inflation rate holds at 15 per cent, increases of 10 per cent a year are planned for 1988 and 1989

"A number of factors have made this achievement possible. They include tighter controls by the Escom management, a reduction in operating and capital expenditure and improved efficiency throughout the organisation," the statement said.

It said that according to tariff projections, Escom had undertaken to restrict price increases to once a year

"It has further undertaken to keep such increases, if at all possible, below the rate of inflation.

"The suggested increase of 12 per cent in 1987 is significantly lower than the combined effect of the two increase of 10 per cent each in January and July 1986."

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Escom leaves a cold thought for new year

AR 64 L 11/10/86 (260)

By DICK USHER, Staff Reporter

ELECTRICITY up 12 per cent on January 1 is a cold thought to be carrying into the new year

The simple way of seeing it is that after 10 percent increases in January and July this year, it will be the third in 12 months — a 36 percent hike in a year

But Escom, in announcing the increase, gave the undertaking that there would be no further increases in 1987

And if the inflation rate held at 15 percent, increases in 1988 and 1989 would be only 10 percent

The picture that emerges is of a giant organisation trying to shake itself free of the excesses and mismanagement of the past, rid itself of fat

and become a lean, businesslike operation

Planning of a major restructuring programme started after recommendations by the De Villiers commission of enquiry in 1984 were accepted by the Government

Since then a new business policy was adopted, organisation was decentralised into about 50 strategic business units, asset management improved and staff was reduced

According to Escom chairman Mr John Maree, operating and capital expenditure would be



Escom chairman Mr John Maree

drastically reduced — by more than R2 000-million by 1989 — and the utility “is moving well down the road of holding electricity price increases below the inflation rate”

“The problem is that, like everyone else, we have to live with inflation,” said Escom communications manager Mr Ewalt Thal

“But for the first time ever we feel we have the business sufficiently under control to be able to look three years ahead and project tariff increases

“If inflation stays at 15 percent for that time tariffs will be going down in real terms for the first time”

HE pointed to past problems and Escom’s sensitivity to the need to keep inflation down as responsible for the one-two-three punch of tariff rises

“In 1984 the Government

asked Escom to set an example in the anti-inflation drive

“So we set a 6 percent tariff increase that year and got into serious financial difficulties. Our revenue was very low, but inflation remained well above 6 percent

“By 1985 the one-third of our financing that lenders required to be met from internal sources had fallen to only 9 percent of the total money spent, which was a very unhealthy situation caused by the previous year’s abnormally low tariff increase

“The situation was complicated in 1985/86 by the debt standstill which forced up interest rates

“We were denied a major source of finance because we could not go overseas to borrow

“But the South African market is limited and if we had gone into competition

with other major institutions to borrow all our money, in competition with other major institutions, interest rates would have been driven up making the whole economy more expensive,” said Mr Thal

COSTS were cut where possible and early this year Escom announced it had shelved or cutback on several projects, reducing its funding needs by R1 300-m for the year. This lightened its impact on the local financial market and contributed to holding interest rates down

And, while increasing revenue, it attempted to keep the burden to the consumer as light as possible

Part of the cost-cutting programme involved shedding staff

“We decided that Escom was overweight and set a target of reducing staff levels by 10 percent, from 66 000 to 60 000, by the end of the year through attrition and strict controls on employment,” said Mr Thal

“This was not a retrenchment programme and we expect to have achieved this by early next year

“But then, looking at further ways to rationalise the operation and with the slack demand for electricity due to the recession, we realised we would have to save on operating costs by shutting down or mothballing older and relatively inefficient power stations

“With the unions we have been identifying possible staff reductions and the package to be offered. By the end of the year staff levels will be considerably below 60 000,” he said

News 2/10/86

260

Escom cuts: Collieries to close

The Argus Correspondent

JOHANNESBURG. — Three collieries supplying coal to Escom power stations will be closed by October 1989.

This follows massive cutbacks by Escom.

The Anglo American colliery feeding the Vierfontein plant in Vereeniging will be closed by March 1988.

Anglo's Cornelia colliery, which feeds the Vaal power Station, will shut down by March 1989.

Gold Fields' Coalbrook colliery, which supplies coal to the Taaibos and Highveld power stations, will be closed by October 1989.

The two Anglo collieries employ a total of 1 350 workers. An Anglo spokesman could not say how many jobs would be lost.

A spokesman for Gold Fields Coal said Coalbrook still had extensive reserves and a decision on further operations would be taken in due course. Coalbrook employs 818.

Escom cut R2,6-m to keep increases down — Minister

260

Political Staff

CAPE TOWN — Escom had cut its operating and capital costs by R2,6 million over the next three years to keep prices down, Mr. Dame Steyn, Minister of Mineral and Energy Affairs, said yesterday.

In an interview, Mr Steyn said since the appointment of the new Escom management after the De Villiers report, "all the fat has been cut off Escom".

He was defending the latest 12 percent increase in Escom

charges which will be levied from next year.

Mr Steyn revealed that investigations were under way to see whether sections of Escom could be privatised.

CAPITAL COSTS

Mr Steyn said without cutting back operating and capital costs, Escom would not have been able to keep increases so low or give the assurance there would be no further increases next year.

It had also assured the public that increases over the following two years could be limited to 10 percent a year.

This was well within the Government's policy of keeping increases below the inflation rate to stimulate the economy.

Consumers could also cut their costs if they took advantage of the differentiated rates which applied at off-peak hours.

And if large consumers took advantage of the lower rates, further increases could be curtailed as capital expenditure could be reduced.

Mr Steyn gave the assurance that capital development would not be cut back to the extent that power cuts would have to be introduced at peak hours again.

At the moment there was an oversupply that would take about five years to absorb.

The problem remained peak demand which required expensive capital expenditure. Further methods of achieving a more even demand were being investigated.

He admitted that the current debt repayment standstill had affected the capital development programme as it had limited the ability of Escom to raise funds overseas.

260 F(N)M 3/10/86

ESCOM

Going for growth

The agonising wait is over. Escom is to go ahead with the construction of five new power stations at a total cost of R17,5 billion, at 1985 prices. Any decision to halt or delay development would have hit the already struggling civil engineering industry and hundreds of suppliers of equipment and services.

At the same time, the R5 billion a year utility has taken the bold decision to peg next year's tariff increase to 12%, well below the inflation rate. And it has undertaken to limit increases to 10% in 1988 and 1989, provided inflation holds at 15%.

Both decisions will boost business and industrial confidence at a critical stage of the country's emergence from a four-year recession.

The decision to continue with the R3,5 billion-a-time coal-fired power stations at Tutuka, near Standerton, Lethabo (Vereeniging), Kendal (Witbank), Matimba (Ellisras) and Majuba (Volksrust) saves up to 3 000 contractors' jobs on each site at peak activity.

The ripple effect of the halting of any of the projects throughout the construction and engineering industries is immeasurable.

The one-off tariff hike for the next three years will also hearten industrialists, particularly exporters faced with negotiating long-term contracts.

The move follows Escom's achievement in slashing R1 billion from its funding requirement for 1987 (*Business* September 12) and a forecast reduction in operating and capital expenditure of R2 billion by 1989.

The savings have been made by strict controls on all aspects of Escom's business — asset management, staffing, budget controls, demand and supply side management, accounting systems and stock control, says chairman John Maree, adding: "Further improvements will enable us to run a very tight ship in future."

He tells the *FM* that better management of foreign exchange alone resulted in savings of some R50m. He says Escom is also within sight of achieving its target of reducing staffing from 66 000 to 60 000 by the year-end.

Maree says "Our new policies are paying off. There's a new spirit within Escom — people who said a year ago we could not hit our savings targets are now coming forward with ideas for even bigger savings."

The decision to go ahead with the new power stations is not without risk. The cost of carrying heavy surplus generating capacity in the early Nineties will strain Escom's efforts to keep tariff hikes below the inflation rate. But, against this, Escom was faced with almost R1 billion in extra costs by the end of

the century. Penalties for the cancellation of contracts would inflate this figure even further.

Tipping the scale in the end was probably the threat of sanctions and the difficulty of raising new offshore loans.

"Viewed against the background of all the factors, the risks and costs attached to deferment or cancellation were seen as too high," says chief executive Ian McRae.

Escom officials say that while the new generation power stations need foreign technology in critical areas, a very high proportion of the cost arises within SA. "We have a very strict policy to award contracts within the country wherever we can," says a spokesman.

After making allowance for the increased income from the higher tariff, which comes into effect on January 1, Escom reckons it will need to draw R2,792 billion from South African markets next year. Another R625m will come from foreign funding.

"We are very conscious of our responsibility to keep our drawings from the local market within reason," says Maree.

Future projections indicate that Escom will need to raise some R3,045 billion locally and R320m offshore in 1988, and R3,060 billion and R260m overseas in 1989.

The foreign element, mainly in the form of supplier credits, has already been assured. ■

FASHION RETAILING

Riches from rags

How does a company selling imported clothes in SA's depressed fashion market manage to increase turnover by 50% a year?

The secret, it seems, lies in aggressive marketing, a highly streamlined operation and the fact that its products, despite the effect of the low rand on the price of most imported goods, have wide appeal.

One company which has achieved this sales growth is Benetton, an Italian family concern which has taken just two

decades to expand out of a village backroom into a network of 4 000 outlets in 57 countries. Since 1983 new stores have been opened at the rate of one a day. Worldwide wholesale sales reached US\$500m last year, 30% up on 1984.

There are 14 stores in SA, the first of which opened four years ago. But expansion, really began in 1984 when turnover was R1,5m. In 1985 it was R3m, the directors expect it to reach at least R4,5m this year.

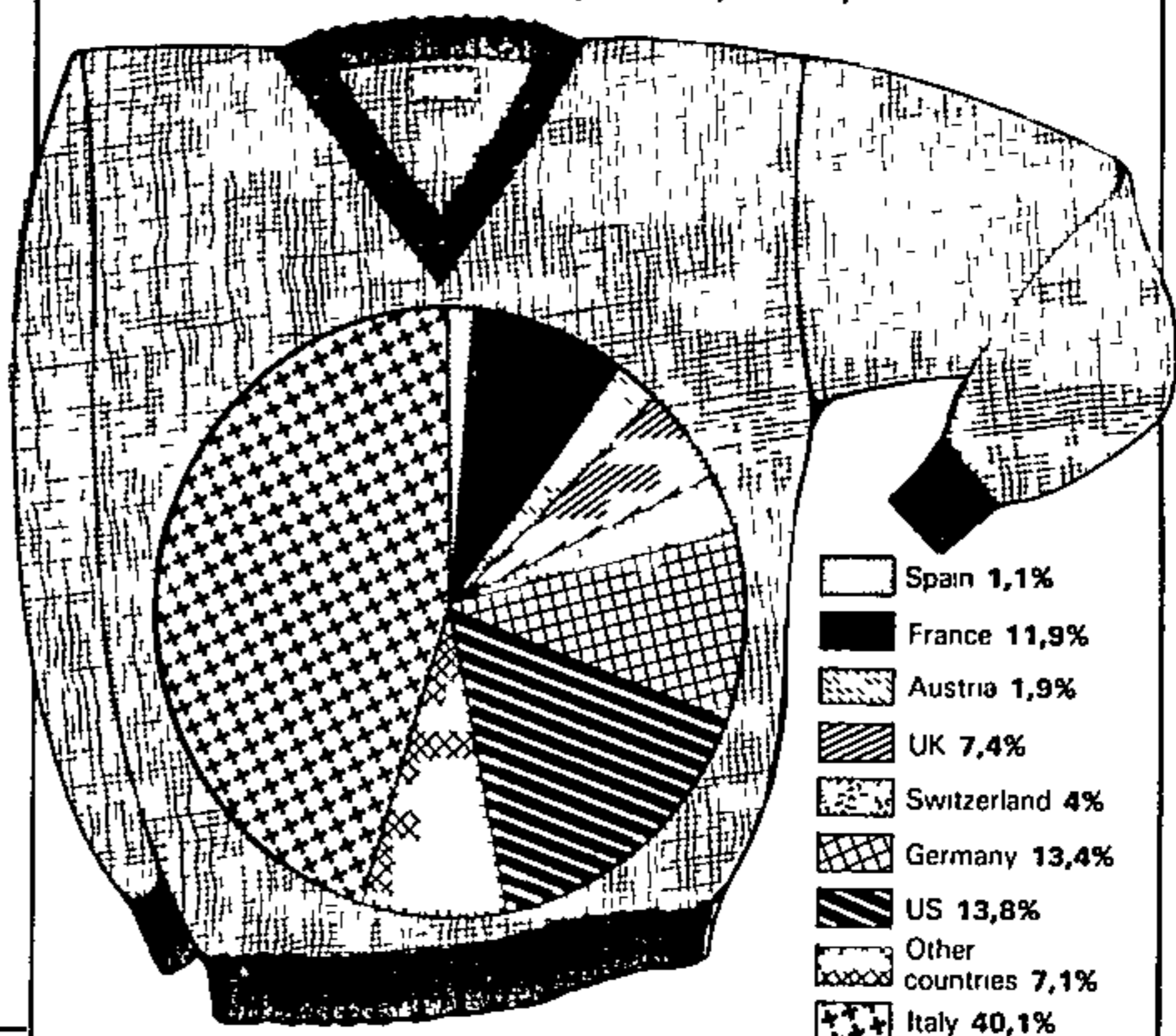
The marketing strategy is simple — bright, colourful advertisements to emphasise the eye-catching colours of the company's shirts, sweaters and slacks. And the campaign, *United Colors of Benetton*, also features models of different race groups, conveying the message that the merchandise sells to everyone. Indicative of the importance of the black market is the company's plan to open stores in Bophuthatswana, at Umtata in the Transkei, and at Bisho in Ciskei.

The stores are all essentially alike, though every one is franchised. Typically, they are located in areas famous for fashion, from Fifth Avenue in New York to the Carlton Centre in Johannesburg. They must be small and narrow to create a cosy atmosphere, and merchandise is always stacked on open shelves.

Franchisees undertake to sell nothing but Benetton clothes, although there are several trademarks, including Sisley, 0-12, and Divarese. This impression of competition allows the company to open differently named boutiques.

Into the world

Benetton Group sales by country



Living dangerously

By HENRI du PLESSIS
Tygerberg Bureau

PERCHED precariously 25 metres from the ground on a pylon loaded with live, high-voltage electricity cables may seem like a decidedly risky way of earning a living

But for Escom's "live-line" technicians it's just another routine job

Since 1974, Escom maintenance teams have been repairing main power lines loaded with up to 400kv without disconnecting them and interrupting the power supply

Team members have been trained to use special equipment and techniques imported from the United States to repair the "live" lines.

Mr Harold Visser, head of the lines section at Escom's Kraaifontein distribution department, said the main object of the service was to cause as little inconvenience as possible to clients while repairs were done.

Extensive repair and maintenance work using conventional methods can take several days

A 130-kilometre-long 220kv main transmission line supplying power to a diamond company in the North Western Cape recently needed urgent maintenance and repair.

Five Escom live-line teams of six men each were sent to replace corroded components on the line conductors of each of its 354 towers. The job would have taken 14 working



Picture PIERRE OOSTHUYSEN

Mr Fanie Olivier wears the R2 000 gauze suit used in the "bare hands" technique. Attached to his stick is the "tail" with which he is charged with the same voltage as the line.

days if done on a dead-line basis, and which would have cost the company an estimated R1-million a day in lost production.

Most of the live-line work is done by means of glass-fibre "sticks" to which hooks and other instruments made of a special aluminium alloy can be attached

Technicians are sent up a tower to the level where the

repair work has to be done. One man remains on the ground to supervise and a back-up team of assistants then passes equipment to the man working on the line by means of a block and tackle

Larger instruments such as clamps and yokes to fit on the lines are placed into position with the sticks which are marked according to how

close the men may come to the line.

It is a job where problem solving becomes a fine art. Men have to balance on the pylons, entrusting their lives to a leather safety belt around their waists while handling the heavy equipment

Stringent safety measures are enforced and it takes a new recruit four years to reach the required level of competence, according to Mr Visser

The live-line course can only be done by qualified technicians and takes seven weeks — two of theory and five practical

The equipment used by live-line men is expensive — a special suit worn while using the "bare hands" technique costs R2 000.

The suit is made of a coarse gauze incorporating silver wire and is used when a technician has to work on a live line with his hands

Attached to the suit is a long "tail" of the same material. A short stick is attached to this and the man strikes the stick against the line to charge himself with the same current as the line

He is suspended between heaven and earth on an insulated ladder which is swung out from the pylon to the line by his colleagues to avoid contact with any "earthed" object

The men do not earn special danger pay.

ARCS 2/10/86

MANAGEMENT

Escom's example

Electricity Council chairman John Maree was this week duly rewarded for his leadership and restructuring abilities at Escom when he received the Wits Business School's annual award for business excellence

Maree's achievement has a powerful message for other public-sector corporations. Given strong leadership and direction, these can achieve as high a standard of performance and efficiency as any private business, he says

Maree, the Barlow Rand heavyweight who was brought in after "fixing" another troubled State corporation, Armscor, has transformed the giant electricity utility in just nine months. He moved in in May last year on an initial three-year appointment and his restructuring and decentralisation programme began in January

He comments "I am often asked, how does one change large organisations? My basic belief is that strong leadership and clear direction are determining factors. If positive leadership is introduced into an organisation and high standards and norms are met, people in the organisation will start behaving differently, reacting to those standards and norms."

Other important factors are "clear guidance, good communication and an insistence on meeting new criteria." Clear objectives, agreement on priorities, proper planning, budgeting and proper financial controls and effective management information which allows progress to be clearly mapped, are all vitally important.

"Budgeting and measurement against budget is a wonderful motivator," adds Maree

Meanwhile, an internal attitude survey conducted by TWS in September records favourable employee response to the management changes instituted by Maree and his team. Escom employees see Maree as the "dynamic" pivot of the current changes sweeping the utility, previously seen as "dictatorial" and "sloppy"

One senior employee commented. "It's like two different organisations. It's less of a monster now. They have reversed this and set in motion a vehicle for change." Another adds. "Now we are more business-orientated, but also more concerned about people."

Improved key factors in the new strategy and philosophy are customer orientation and running Escom as a business, while cost-consciousness seems to have permeated

through to all staff levels

Part of the original problem was that Escom was perceived by its employees as being run by engineers and not driven by cost considerations. Nor did it matter if budgets were exceeded, while consumer attitudes were not considered of much importance by staff and management

The general feeling is that from being typically inefficient, Escom is now adopting sound management practices with a new concept of quality — "fitness for purpose" — filtering through. There is strong focus also on satisfying customer needs where previously Escom was supply-orientated, with sales, not marketing, as the key

According to the survey, the main reason for continuing bad morale was uncertainty over looming retrenchments. This issue would appear to have been settled by the recent announcement that relatively few employees, some 2 000, would lose their jobs early next year.

Escom has always been perceived by its staff as being a fair employer with a history of technological excellence. But the verdict on management was damning. "autocratic," "paternalistic," "secretive" and "invisible" were among some of the comments

No longer. Admiration for the new management team is based on its strong, participative and open style. There is little doubt though that without the vision and direction of Maree not much in Escom would have changed

In his opinion, one of the most effective ways of introducing a high-performance culture is to change the reward system. "One has to stop rewarding conformity, the ability not to make waves and long service. Instead, initiative, innovation and achievement should be highlighted and, in doing so, the culture shifts from that of a bureaucracy to that of a meritocracy"

He pays tribute to the staff. "The biggest single step was to give the organisation direction and focus. The response has been quite amazing"

With these qualities, he says, there is nothing to stop public-sector corporations from achieving as high a standard as any private business

Warning on cut-throat tactics in construction

By Frank Jeans

Even though Escom's power station projects will pump billions into the construction industry, fierce competition in tendering is likely to keep margins under pressure

An indication of the continuing cut-throat pricing to come might well lie in the remarks of Escom's senior general manager, Mr Ian McRae, who said that one of the main reasons to go ahead with the construction of five power stations, was the fact that "existing contracts are being financed at highly favourable interest rates"

And while competitiveness in a stable market can only be welcome, one construction industry leader has no doubt that under present conditions the below-cost, free-for-all to get work is a "recipe for disaster"

Mr Geoff Knudsen, executive chairman of Murray & Roberts Construction and Engineering, talks straight when it comes to the "suicidal tactics" in which many contractors indulge today

"There are too many contractors still chasing turnover and are donating shareholders' assets in projects," he says

"In short, it is not the lowest tender that counts in the end but the best man

"Pricing as the only criteria is crazy, and only gives rise to uneasy relationships at site level"

Emphasising that rationalisation to get a bit leaner and still achieve good market share is more important than getting caught up in long-term contracts

at low prices, Mr Knudsen says he believes this attitude commits the best resources in people, cash and plant to a risk factor

In the event of an upturn during a low-price contract period, increasing wage demands and material costs can only spell a downfall for many construction companies

It should be remembered, too, that an initial low price does not guarantee that a client will get a corresponding low price on completion

"Three years down the path there will be the effect of inflation, penalty clauses etc," says Mr Knudsen

"The final price of the job can only be determined when it is handed over"

Certainly, it can be argued that choosing the lowest tender for the job is an outdated concept and that the contractor who comes in at, say, four percent higher but is better equipped could save the client about 20 percent at the end of the job

Mr Knudsen's company recently embarked on a streamlining strategy and a company pruning which considered earnings and the protection of assets the essence of survival

He believes that the "volume-driven construction industry" needs a change in the surety, or upfront money set-up

"Surety at 10 percent of contract price is too low here, compared with 20 and 50 percent elsewhere in the world," he says

"Increased surety would not strap the balance sheet and would limit the amount of work — and in turn would bring down



Geoff Knudsen

the level of turnover"

While the M&R executive is a champion of the competitiveness of the market system he also sees the need for greater preference for the local industry for the big jobs, particularly in the present slump

He also questions the practice of awarding a number of major contracts to non-South African

construction companies

Mr Brian Holmes, managing director of Wynberg group, Wilson Bayly Holmes (WBH), endorses much of these points, and says he believes that until the slack is taken up the cut-throat conditions will remain

WBH, which had the lowest tender for the civil works at the Majuba power station when it was "put on ice" two years ago, will be bidding again. But Mr Holmes is well aware of extreme care needed in pricing such a long-term project

"It will be put together during an inflationary period, and if there is an upturn in market which we expect within a year to 18 months, one could have a serious problem on one's hands if one doesn't come in at a realistic price amid fierce tendering conditions in the market," he says

Mr Holmes sees a particularly bright area in an otherwise sluggish industry these days — road and infrastructure work in townships. "Tenders of about R3 million are going in at a rate of about two a week, and this is certainly helping to alleviate pressure for those who want to operate in those areas," he says

It seems, then, that the construction industry, even with the throughput of a lot of long-term work from the Escom connection, is fast approaching the crossroads, and that amid the clamour for work at any cost the well-managed groups which attach more importance to strength of site establishment and on-going work methodology than on price criteria will survive

Escom,

unions

agree

JOHANNESBURG — Escom management and 11 trade unions yesterday reached agreement about how to deal with redundancy and retrenchment procedures.

The 11 unions involved were: the Amalgamated Engineering Union of SA, the Amalgamated Society of Woodworkers of SA, the Amalgamated Union of Building Trade Workers of SA, the SA Engine Drivers', Fireman's and Operators' Association, the SA Boilermakers', Iron and Steel Workers, Shipbuilders and Builders Society, the SA Electrical Workers' Association, the Mine Workers Union, the SA Iron, Steel and Allied Industries' Union, the Escom Employees Association, the Escom Workers Association and the Electricity Workers Union.

— Sapa

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No end to Escom shocks

ESCOM'S announcement that it is to raise prices by 12% from January next year — the third increase in 12 months — is yet another setback for consumers.

It has also provoked protest from some of the country's leading economists, who argue that Escom's policy of building up a reserve cushion — similar to shareholders' funds in a private-sector company — is inappropriate

By David Southey

for semi-government bodies, particularly in the present economic climate

UCT economics professor Brian Kantor has long castigated parastatals such as Escom for "milking" consumers through tariff policies designed to bolster capital funds

He argued "If they want to run it like a private-sector

company incorporating shareholder funds then the Government should privatise it and sell off its assets"

Escom communications manager Chuck Thal says the corporation has been forced to fund itself locally because of SA's debt standstill. After discussions with economists and Treasury officials, it was agreed that Escom should raise no more than 25% of its requirements on the local

capital market.

But this means it has to find the balance from tariffs. Escom has had to trim R2,5-billion from running and capital costs over the next three years. Its projected capital-market borrowings are R2,8-billion in 1987 and R2,9-billion the next year

Tariffs went up 10% in January and another 10% in July

US move breaks bilateral treaty

Court battle looms over SA flight ban

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BUSDAY

THE US government could be court-
ing a multi-million rand SA legal suit
if it tries to enforce a ban on SAA
landing rights in 10 days' time.

A 1947 bilateral agreement between
the two governments requires one year's
notice from a party wishing to cancel it.

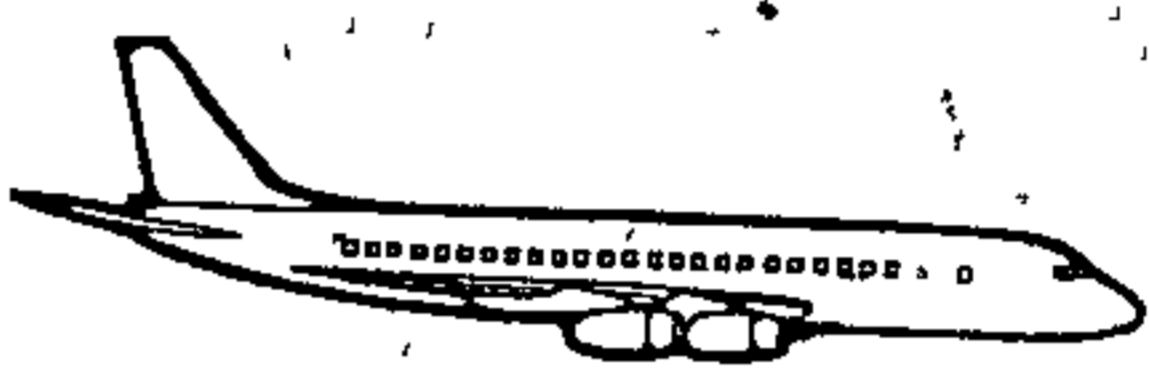
The Department of Foreign Affairs
chief legal advisor said yesterday the
department "was investigating the
whole question, which will certainly in-
clude the legalities of the matter"

And it is understood that SAA lawyers
in New York are studying the terms of
the air pact which is to end as a result of
the US Senate overturning President
Ronald Reagan's sanctions veto last
Thursday

One possibility is an application for an
urgent interdict in a US court to override
the ban

However, uncertainty exists over
when the withdrawal of landing rights
will come into effect, the Foreign Affairs
legal division spokesman said

SAA assistant director of public rela-
tions Nic Venter said SAA was also
studying the Bill but could not say at this
stage whether legal action was contem-
plated "There is even confusion in the



LINDA ENSOR
and HAMISH McINDOE

US as to what the Bill means and when it
will come into effect. People are talking
about either three months or one year.
The worst scenario is in 10 days' time"

SA coal exporters do not face the same
legal situation, as there is apparently
only one outstanding contract with the
US to supply 800 000 tons of coal. About
600 000 tons of this has already been de-
livered and the remainder will be
shipped by the end of the year at the
latest. The coal ban takes effect in 90
days.

Legal observers believe there will be
no recourse to the courts for exporters of
other banned products like iron, steel,
textiles, farm products and uranium
whose contracts have been broken, as
these contracts are nullified by the legis-
lation

A complication for SAA is whether a

● To Page 2

SAA court battle looms

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US promulgated law overrides the bi-
lateral agreement between SA and the
US.

"Generally speaking the situation is
that if US legislation overrides or is in
conflict with an agreement, a US court
would be obliged to give effect to the US
statute. But this could conflict with pro-
visions of international law," the legal
spokesman said.

International law requires that con-
tractual obligations be honoured and
reparations paid where these are broken.

"If the legislation has the effect of
contravening international law, we
would be wanting to take the matter to
arbitration whatever the US courts say."

The US-SA treaty makes provision for
arbitration in the event of a dispute

Each party nominates an arbitrator and
they jointly appoint a third. They agree
to try to give effect to its advisory report.

SAA has made additional capacity
available on its London, Frankfurt, Zur-
ich and Lisbon flights to cope with trav-
ellers journeying from SA to New York

CE of SAA Gert van der Veer said
yesterday no official notification had
been received about the withdrawal of
landing rights, but in the interests of its
customers SAA "has assumed flights will
stop on October 12"

Last year the airline, which presently
operates four return flights a week be-
tween Johannesburg and New York, car-
ried 96 855 passengers

● From Page 1

By LEN MASEKO

Escom workers stay away

ABOUT 150 black Escom workers stayed away from work at the parastatal's Vaal Triangle branch in protest against management's plans to retrench "redundant employees".

The stayaway was sparked off by workers' fears that, if retrenched, they may lose their homes in an Escom-funded housing scheme in Zone 10, Sebokeng.

Most of the Escom employees who stayed away from work are members of the Orange-Vaal General Workers' Union, whose officials were due to meet management late yesterday.

Escom management recently announced that they would retrench a number of workers from next month. Last Friday, management and

12 trade unions representing Escom employees reached an agreement on "the criteria for identifying redundancies and the process to be followed to identify redundant jobs".

The Orange Vaal Workers' Union general secretary Mr Philip Masia told the *Sowetan* that his union was opposed to the retrenchments because black employees would not only lose their jobs but their Escom-sponsored homes as well.

"If Escom is cutting

down on its operations, this should not be done in the cost of jobs," said Mr Masia, whose union has no formal recognition agreement with Escom.

Escom management confirmed the stayaway by some of its employees yesterday, but said reasons for this action "are not clear on this stage as no formal approach has been made to Escom".

Therefore it was not possible to confirm allegations linking the stayaway to the recently announced retrenchment programme, an Escom spokesman said.

"Negotiations with the 12 recognised unions are still continuing and it is not possible at this stage to say how many employees in the Vaal Triangle will be affected," the spokesman said.

Escom men return

ALAN FINE

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BUS DAY
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ABOUT 150 Escom employees in the Southern Transvaal are due to return to work this morning after a stoppage yesterday. Their return comes after talks between Escom management and representatives of the Orange-Vaal General Workers' Union.

An Escom spokesman says the stoppage — which affected the Lethabo and Kragbron power stations — was a result of uncertainty over Escom's recently announced retrenchment programme.

Workers living in Escom-owned houses apparently feared they would lose their accommodation should they be retrenched.

Management has given an undertaking houses will not have to be vacated immediately after retrenchment.

Group Areas to stay

Business Day Reporter

7/10/86
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NO relaxation of the Group Areas Act will be possible until the President's Council recommendations have been dealt with by the Cabinet, provincial administrations say.

Until then the Act will be administered as it has been by the Department of Constitutional Development and Planning.

But there may be a further devolution of responsibility for the Act to local authorities, says John Griffiths, a member of the Transvaal Executive Council.

He denies it is being handled like a "hot potato", as Press reports have claimed.

"We are not afraid of handling it," he says.

Super



University of the Witwatersrand INAUGURAL LECTURE

Professor E W Neuse

Professor of Macromolecular Chemistry
will deliver his Inaugural Lecture
in the Dorothy Susskind Auditorium,
John Moffat Building
on Tuesday 7th October 1986 at 17h30

The title of his address will be:
"THE 'ANCHORING' OF BIOACTIVE COMPOUNDS
ON POLYMERIC CARRIERS - A MODERN APPROACH
TO AGRICULTURAL AND BIOMEDICAL RESEARCH"

MEMBERS OF THE PUBLIC ARE MOST WELCOME

13037

SAA waits for details of US ban

HAMISH McINDOE

THE Department of Foreign Affairs expects Washington to give official notification by the end of the week on when and how its landing rights ban on SAA is to be enforced.

Department chief legal adviser John Viall told *Business Day* SA Embassy officials in Washington were investigating the feasibility of bringing legal action to protect SAA's right to land in the US.

A 1947 bilateral agreement between the two governments requires one year's notice from a party wishing to cancel it.

Viall said there was a possibility of the landing rights ban being frozen or delayed by court action.

He said: "The sanctions mandated by Congress stipulate that by October 12 President Ronald Reagan must direct the Secretary of Transportation to revoke SAA's landing rights in the US.

"The Act also directs Secretary of State George Shultz to terminate the bilateral agreement with Pretoria."

SAA, however, was assuming the landing rights ban would be implemented on October 12, an SAA spokesman confirmed.

SAA has already announced additional capacity would be made on flights to four European destinations to service a dog-leg flight to the US.

Necklace condemne

THE necklace has been condemned as barbaric by the Azanian National Youth Unity (Azanyu), which claims a membership of 16 000 countrywide

The necklace, which has become the Comrades' weapon to discipline alleged police informers and other "agents of the system", was attacked at an Azanyu Press conference in Johannesburg yesterday.

Four executive members of Azanyu, all former political prisoners and detainees, described the necklace as "counter-revolutionary barbarism which is threatening to degenerate freedom fighters into cannibals".

"We call on all progressive forces to condemn and fight this barbarism. Much as we hate police informers and other puppets of the system, we, however, see it as tarnishing our integrity as revolutionaries and presenting a cannibal-like image of ourselves to our friends and supporters abroad," said Carter Seleka, Azanyu's Finance Secretary.

Seleka has just been released from the Johannesburg Prison after 100 days of emergency detention.

SIPHO NGCOBO

Seleka said a resolution to condemn the necklace was adopted at the organisation's national congress in Soweto the weekend.

It was Azanyu's first congress since its inception in February 1981.

The organisation was rendered utterly ineffective not long after its formation when the whole of its leadership was jailed in 1981 and 1982.

"We are now on the move," Fikile Molefe Modiga said.

At the congress the organisation attacked the Department of Education and Training (DET) as a direct cause of school boycotts because of its intransigence in refusing to accede to student demands.

It resolved to work hand in hand with all progressive political organisations and trade unions with the exception of what it called "collaborationists" — the United Workers Union of Africa (Uwusa).

It resolved to refuse to pay rent to promote the expansion of rent.

Millions lost as State fails to p

"I would think it is a good budgeting principle that the State pay the same taxes as other institutions even though the money would ultimately come from the taxpayer.

"It makes it possible to ascertain the full cost of any function provided by the State."

Goodall said it would also spread the burden as cities like Pretoria — with numerous government buildings — were penalised in not obtaining tax from government departments.

From Page 1

community service by not paying property tax on its buildings."

He said the TMA was confident to discuss that issue with government.

PFP finance spokesman Brigid Dall last night condemned the State bodies were not abiding by the rules.

He said: "It is wrong that the same rules applies to State bodies and to the private sector."

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CAPT TINKS 8/10/86 (260)

SABC 'bid to start conflict'

By BARRY STREEK
Political Staff

SEVERAL black leaders and the PFP have challenged an alleged smear of Archbishop Desmond Tutu and three other black leaders on television involving the SABC's controversial Cliff Saunders

The PFP's media spokesman, Mr David Dalling, yesterday accused the SABC of contriving to start new conflict and said Mr Saunders, "who in any event does not have a very impressive track record", could have endangered the lives of the four leaders

One, Dr Ntatho Motlana, the chairman of the Soweto Civic Association, said the SABC was attempting to distract people from the collapse of the education system in Soweto

Another, Mr Percy Qoboza, editor of City Press, said the government, through the SABC, was "trying to discredit me and my friends"

On Sunday night, Mr Saunders interviewed Mr John Gogotya, chairman of

a little-known body, Operation Advance and Upgrade

Mr Gogotya said "radical" pupils insisted that political leaders from organizations such as the UDF enrol their children in "troubled" township schools before the end of 1987 and threatened to act if they did not

Asked by Mr Saunders which leaders these were, Mr Gogotya named Archbishop Tutu, Dr Motlana, Mr Qoboza and Mr Stan Motjuwadi, editor of Drum magazine

However, Archbishop Tutu does not have any children at school, his chaplain, the Rev Heinz Wolff, said yesterday. The archbishop's youngest child Mpho, was studying in the US and his other children were married

Dr Motlana said "my two sons are in exile and involved in the liberator movement. I would like to ask anyone how they can get back"

Mr Motjuwadi could not be contacted yesterday, but the other three leaders denied that they had received any threats from students

Qoboza denies school threat

JOHANNESBURG — Mr Percy Qoboza, the editor of City Press, yesterday denied claims that he had been warned to send his children back to school in the townships

"I must emphasize that nobody has recently made any threats against me or my family," he said. He claimed the government, through the SABC, was trying to discredit him and his friends

In a statement, Mr Qoboza said "In a television interview, which I did not see, nor any of my family — we do not

watch TV1 in my family — a certain Mr John Gogotya, speaking to the apartheid propagandist Cliff Saunders, alleged that 'radical' students have threatened me for sending my children to overseas schools

"First of all, it is a lie that my children are overseas. None of my children possess a passport. And it is untrue that my daughters — Simangele and Ntulikazi — were sent home by Woodmead School." He said they had returned home voluntarily — Sapa

Qoboza hits out at Govt

By NKOPANE
MAKOBANE

THE editor of City Press, Mr Percy Qoboza, yesterday accused the Government of using the South African Broadcasting Corporation to discredit him and his friends.

The accusation follows an SABC television report this week in which Mr Qoboza and several prominent blacks were said to be under pressure from militants to send their children back to school in the townships.

Others said to have been warned to send their children back to the townships are the

Archbishop of Cape Town, the Most Reverend Desmond Tutu, and the editor of *Drum* magazine, Mr Stan Motjuwadi.

In a statement, Mr Qoboza refuted these claims.

"It is now very clear that the Government, using the SABC, are once again trying to discredit me and my friends.

"In a television interview, which I did not see, a certain Mr John Gogotya, chairman of Operation Advance and Upgrade (OAU), speaking to the arch-

apartheid propagandist, Cliff Saunders, alleged that "radical" students have threatened me for sending my children to overseas schools.

"First of all, it is a lie that my children are overseas. None of my children possess a passport. Secondly I must emphasise that nobody has recently made any threats against me or my family.

"All the threats to my life have only come from one source, agents of the Government."

Archbishop Tutu and Mr Motjuwadi could yesterday not be reached for comment.

260
Jewel
8/10/8

ARD

LUCKY STONE

SABC angers black leaders

Mercury Correspondent

CAPE TOWN—A row has erupted over an alleged smear of Archbishop Desmond Tutu and three other black leaders, on television, involving SABC commentator, Cliff Saunders

The PFP's media spokesman, Mr David Dalling, yesterday accused the SABC of contriving to start new conflict and said Mr Saunders could have endangered the lives of the four leaders

One of the leaders, Dr Ntatho Motlana, the chairman of the Soweto Civic Association, said the SABC was using a red herring to direct attention away from the central issue, such as the collapse of the educational system in Soweto and the closing down of 10 high schools

Another of the leaders, Mr Percy Qoboza, editor of City Press, said the SABC should hang its head in shame and accused the Government, through the SABC, of 'trying to discredit me and my friends'

The row developed after Mr Saunders interviewed Mr John Gogotya, chairman of a little-known body, known as Operation Advance and Upgrade, on Sunday night

Mr Gogotya claimed that 'radical' pupils insisted political leaders from organisations such as the UDF enrol their children in 'troubled' township schools

before the end of 1987 and said they would take action if this were not done

Asked by Mr Saunders which leaders these were, Mr Gogotya named Archbishop Tutu, Dr Motlana, Mr Qoboza and Mr Stan Motjuwadi, editor of Drum magazine

But Archbishop Tutu does not have any children at school.

Dr Motlana said 'my two sons are in exile and are involved in the liberation movement I would like to ask anyone how they can get back'

Mr Motjuwadi could not be contacted yesterday, but the other three leaders denied that they had received any threats from students

All four leaders have been prominent in urging pupils to return to school and in arranging meetings to resolve the conflict in black schools

Hearsay

Dr Motlana said 'Through the Soweto Civic Association we are talking to the children every day Their fight is with the system'

Mr Dalling said Mr Saunders had weighted his 'propaganda', based on hearsay, rather than objectively reporting the news and he 'could even have endangered the people who were named'

● See Editorial Opinion

SASOL expects the rand price of imported petroleum products to depress the price of its fuel products considerably below last year's average level.

Chairman D P de Vilhiers says in his annual statement that there are two compensating factors in the short term

First, interest will be saved on the loans of R1,1bn which were repaid at the beginning of the current financial year. And second, the levy rebate of 3,6c per litre for all manu-

Sasol expects its prices to drop

Investment Staff

facturers of liquid fuels from local raw materials will be reintroduced from July 1

The levy rebate, which was suspended in the previous financial year, will have a significant effect on the income of the local liquid fuel industry

Precautionary measures by Sasol will considerably help it to carry out its policy that dividend dis-

tributions should grow at a rate in line with the normal income expectations of investors.

These measures include the retained profits that have accumulated in Sasol 3 over the past years, from which dividends could be declared in future years.

Dividend growth is expected to be maintained, provided there is no further dramatic drop in crude oil prices or change in exchange rates.

(2/10)
BUS DAY

Finance Staff

Sasol expects prices of its fuel products to be much lower during the next 12 months than they were in the previous financial year.

In the chairman's review, Mr David de Villiers said that the low rand prices for petroleum would be the major reasons for this drop, with the crude-oil price expected to remain volatile and to fluctuate between \$10 and \$18 a barrel.

There were, however, two main factors which

Sasol predicting lower fuel prices

would compensate for lower product prices received by Sasol, Mr de Villiers said.

"Firstly, interest will be saved on the loans of R1,1 billion, which were repaid at the beginning of the current financial year, and secondly, the reintroduction from 1 July 1986 of the levy rebate of 3,6 cents per litre

for all manufacturers of liquid fuels from indigenous raw materials"

He added that Sasol's diversified product range also made the group less sensitive to fluctuations in oil prices

"The lower sensitivity of fertilizers, chemicals and explosives to crude-oil prices, and the bring-

ing to profitability of our younger fertilizer and explosives division will also in the longer term compensate for possible lower oil prices."

Sasol Three, however, was less diversified and would be less able to absorb lower fuel prices.

"This fact, plus the provision for tax which was made for the first time, has already resulted in a decrease in Sasol Three's taxed profit during the year under review."

Mr de Villiers said that Sasol hoped to "grow dividend distributions at a rate commensurate with the normal income expectations of investors in ordinary shares".

He is fairly confident that this can be achieved, as dividends on Sasol Three's retained profits, accumulated over the years, could be declared for the first time in the next few years.

"In addition, an equalisation reserve of R125 million was created during the year under review"

Sasol expected overall dividend growth to be maintained during the current year, provided there were no further dramatic drops in crude-oil prices or changes in exchange rates

QUALITY WINS ATR OLIVETTI

Olivetti's Customer Engineering Services Division recently conducted a nationwide quality survey on the technical support provided by their technicians.

The winning customer entry in the survey is MRS P RUXTON, secretary to the MD of Barlec (Pty) Ltd, Johannesburg.

Mrs Ruxton is the winner of an OLIVETTI M21 PC, together with one year's free maintenance and free training.

The results of the survey indicated that Olivetti's technical support in the eyes of its customers rated "Very Good".

olivetti

HARD DISKS

WALL TO WALL

A WIDE VARIETY

9/10/86
SML
260

Sasol chief gives unions blessing

Sasol fully endorsed the right of its workers to belong to trade unions, Sasol chairman Mr DP de Villiers said yesterday.

"It is our sincere wish that such membership be to their advantage," Mr de Villiers said in his chairman's review. Sasol was experiencing relative labour stability and increasing trade union activities, he said.

Wire converters clamour for reductions

Iscor assailed over pricing

PRICES of certain steel products should be R200 to R400 a ton cheaper, says the Independent Wire Converters' Association (IWCA), which has called for a government probe into pricing structures.

In a second telex within a week to the Competition Board, the IWCA said yesterday government and the public should not be misled by Iscor's Press statement that steel increases had been a modest 13,8% a year.

The IWCA said if it couldn't get results from the overworked Competition Board, it would take the debate to Parliament.

It said the reversal from a competitive to an administered pricing system — cartelisation — flew in the face of Competi-

12/9/86
MICK COLLINS

tion Board legislation.

"It illustrates the contradiction within government policy and the ineffectiveness of authorities to withstand the pressures of powerful vested interests that profit from government protection.

"By definition it creates an exclusive and privileged environment for the few."

It was the prescription for social, political and economic failure.

"The system of list prices is a legacy of administered prices inflated over a number of years and bears little relation to international and export prices."

It said the removal of 20% discounts to industry by the

(187) (260)
BUT DATE
Rolled Steel Producers (RSP) and all subsequent increases had resulted in an actual price increase of 50% since the abolition of price control in July 1985.

"This is a fact and must translate as a ripple effect through to the building, farming and industrial sector."

"What is happening, in effect is that the mills have, after many years, stopped competing in favour of Iscor's 'orderly marketing system' and the increases reflect the catching-up process.

It said: "The current price levels of R730 a ton for wire and reinforcing bar at the coast merely reflect the shutting of imports and the recent protection afforded producers by the Board of Trade."

Escom places a big order with Tecnetics

ESCOM will start taking delivery in November of 250 computer terminals designed and manufactured in SA, by Tecnetics.

Tecnetics MD Francois Geldenhuys says the terminals represent a major technological advance on the first model approved by Escom some months ago.

"The new terminal incorporates the latest software and hardware technology available. In fact, certain of the major features of the terminal have not yet been released on international markets," he adds.

Tecnetics is one of five "preferred suppliers" of terminals identified by the Standing Committee for Electronics to supply to the public sector.

This is the second major order for locally-designed and manufactured terminals that has been announced. In July, SA Transport Services (Sats) awarded a contract worth about R7m to Siemens. The other three preferred suppliers are Andromeda, Comtec and Datakor.

Escom DP production manager Bob Fleming says the Tecnetics contract introduces a new phase in the SA computer industry's manufactur-

ing programme.

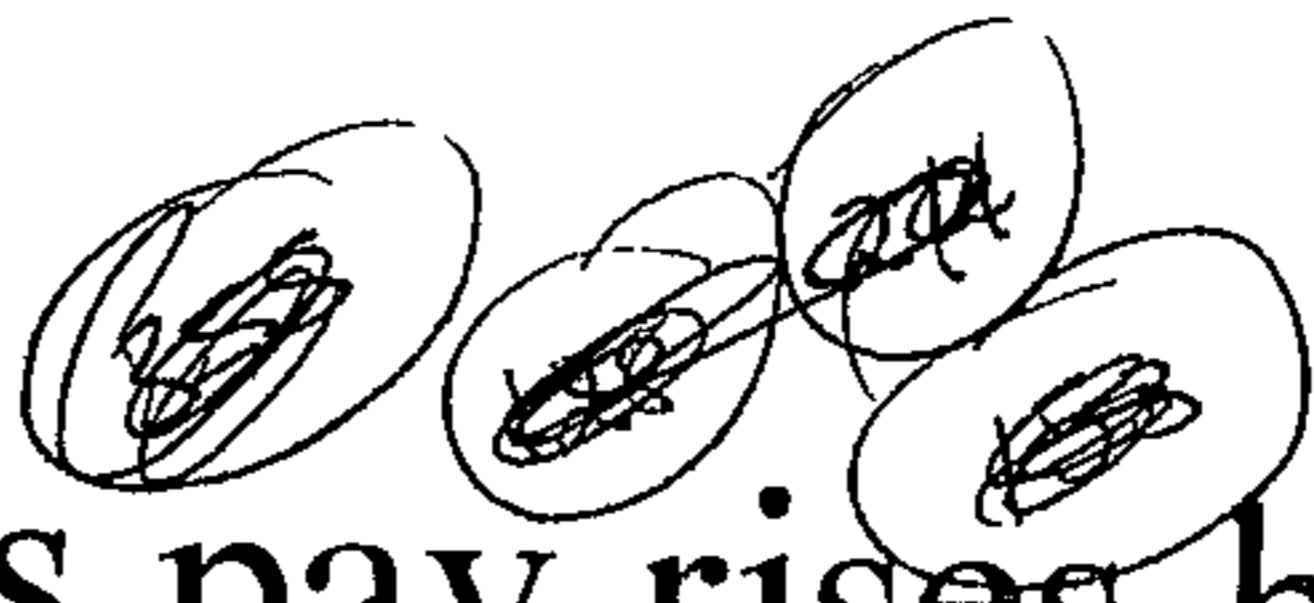
"It is another step in the stimulation of local industry, a policy applied by Escom for many years. Wherever possible, we give SA companies the opportunity to design and supply products to meet our needs in competition with international suppliers," he says.

"In 1978, for example, Escom was instrumental in the first local assembly of data terminals by Siemens, and still has about 2 500 of these units in use today.

"Another example is the data communications network, comprising 300 nodes, which Escom bought in 1981 from Tecnetics. With a local content of almost 80%, this resulted in a saving of more than R10m in foreign exchange.

"But, more importantly, we have been able to establish an extensive national network comprising 5 000 terminals, electronic printers and PCs connecting to dissimilar technology mainframes in a variety of protocols.

"The cost per connection using this network approach compares favourably with a unitary protocol solution, which would be the standard solution from a variety of international vendors."



Inflation outstrips pay rises by 5,8%

THE gap between salary increases and inflation is yawning wider with workers of all race groups — for the first time ever — trailing the inflation rate by 5,8%.

"This gap is the worst in memory," said Jane Ashburner, manager of the remuneration division of P-E Corporate Services

The shock results emerged yesterday when P-E released its results of the 1986 general staff salary survey

The picture becomes even

MICK COLLINS

more dismal considering that since the end of the survey in August, the Consumer Price Index (CPI) has risen to 18,2%

The survey, undertaken from data provided from more than 1 000 organisations employing approximately 1,2-million staff of all race groups, showed that the overall percentage increase in basic salary levels for the period June 30, 1985, to July 1, 1986, was 11,1%

The CPI for the same period

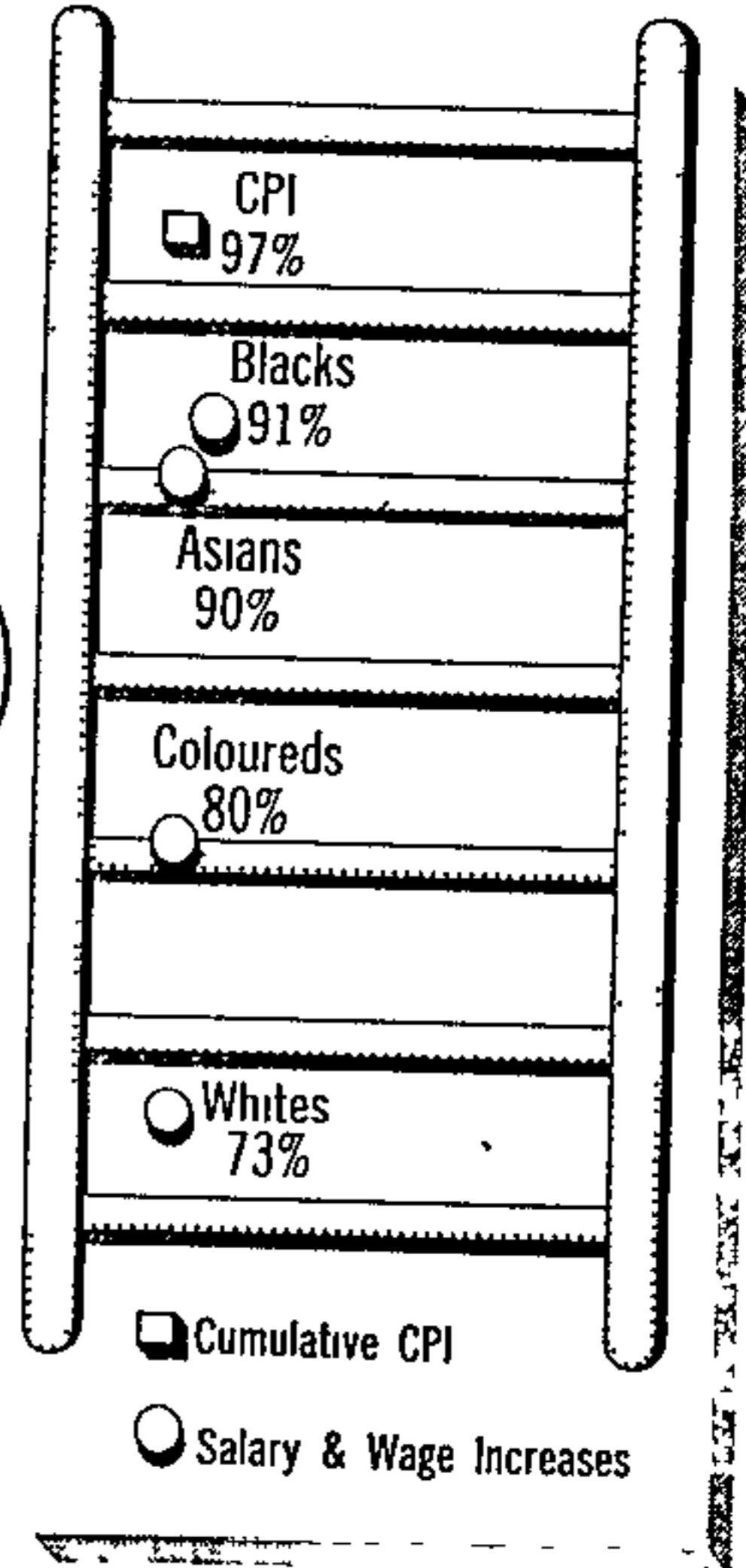
was 16,9%, reflecting the 5,8% lag

The cumulative CPI for this five-year period is 97% (see graph) Blacks came closest to this with a cumulative wage increase of 91% They were followed by Asians at 90%, coloureds at 80% and whites on the lowest rung at 73%

The cumulative percentage pay increase for the past 10 years for whites is 199,3% against a cumulative CPI for the same period of 255,0%

● See Page 10

WHERE WE STAND



\$100m loan helps Escom projections

Handwritten notes: 12/9/86, BUS, 260

ALAN SENDZUL

THE recently negotiated \$100m, four-year loan to Escom from the Public Investment Commissioners (PIC) is believed to have helped the utility cut its funding projections for 1987 by R1bn to R3,4bn.

A spokesman for Escom said the reduction also follows the deferment of several capital projects.

The PIC released the \$100m to Escom after successful nego-

tiations between Escom and SA's foreign creditor banks. Maturing foreign loans caught inside the standstill net are paid into the PIC account if offshore bankers choose not to roll the loans with local borrowers.

Escom recently disclosed that it had managed to obtain a loan from the PIC, but this appears to be the first time the

utility has brought these funds on to its books

Besides the PIC loan, Escom has obtained R375m in foreign capital this year in short-term European trade finance from export credit agencies. And, the public corporation has continued to apply a policy of requiring foreign suppliers of specialist capital equipment to put up the finance for projects involving their equipment

Editors to sue SABC

SOWETAN, Monday, October 13, 1986

TWO editors are to sue SABC-TV for comments made on a television programme last week.

SOWETAN Correspondent

The actions by Percy Oboza, editor of City Press and the editor of Drum magazine, Sam Motjuwadi, follow a news programme earlier last week when SABC's Cliff Saunders interviewed the chairman of Operation Advance and Upgrade John Gogotya.

Mr Gogotya said "Racial" black pupils insisted political leaders should enrol their children in "troubled" township schools before the end of 1987.

He named Mr Oboza, Archbishop Desmond Tutu, Dr Nthato Motlana, chairman of the Soweto Civic Association and Mr Motjuwadi as being among leaders whose children did not attend township schools.

The day after the TV interview Mr Oboza's two daughters, who are at Woodmead school in Johannesburg, went home.

Mr Oboza said they took this action after being told by friends "about the incitement both on myself and family by the SABC".

The headmaster of Woodmead, Mr Peter Nixon, said he could not understand how SATV could broadcast "something like this". The interview was

also condemned by the National Education Crisis Committee.

Earlier this week Mr Oboza issued a statement saying that nobody had made any threats against him or his family.

"That goes for Archbishop Tutu, Dr Nthato Motlana and Stan Motjuwadi," he said.

"All the threats to my life have only come from one source," he said, blaming "agents" of the South African Government.

A spokesman for SABC-TV said the comments were made by Mr Gogotya, who was "entitled to his opinion".

Lawyers instructed by Oboza are busy working on papers this weekend and will serve them on the SABC this week.

Papers will also be served on Mr Gogotya. Mr Motjuwadi said he was also taking legal action over the programme.

SA air link with US is severed

Transport Reporter

The direct air link between South Africa and the United States was cut this weekend after the decision by the US Senate to withdraw landing rights to South African Airways.

In future, passengers wishing to fly to the US will have to travel through Europe.

The last SAA flight to New York left Jan Smuts Airport on Friday evening and returned last night.

Mr Leon Els, spokesman for the Minister of Transport Affairs, Mr Hendrik Schoeman, said SAA's six offices in the US would remain open and no staff would be dismissed.

"They will continue to provide information on flights to and from South Africa via Europe," he said.

Mr Els also said a catering contract for SAA internationally, which was held by the American hotel chain, Marriott, was given to Fedics, a local company, on Thursday.

Marriott's contract was due to expire at the end of October.

stables would be returning to the lion in the townships

Cape Times 14/10/80 260

SATV attack on Tutu 'sinister'

By HILARY VENABLES

LEADING Christians have expressed disgust at the SABC's Sunday night "Network" programme on liberation theology and have warned that this could herald a new assault by the SABC on churches opposed to apartheid

Hosted by Cliff Saunders, the programme was sharply critical of the Archbishop of Cape Town, the Most Rev Desmond Tutu, and linked liberation theology to a "Marxist-Leninist" conspiracy to destroy "traditional values" and the free enterprise system

The Dean of Cape Town, the Very Rev E L King, described the programme as "a sinister manipulation of the truth" and said the presentation of Archbishop Tutu was "an insulting and grossly inaccurate caricature"

People only objected to the church's involvement in politics when they did not agree with those politics, he said

Former head of the Methodist

Church in South Africa and former PFP parliamentarian Dr Alex Boraine said he was "aghast to see the character assassination performed on Archbishop Tutu"

"I can only describe the entire programme as extremely biased, sinister and shameful

"Government policy cannot stand up to the critique of the Christian Gospel"

Eleven theology professors at seven South African universities slammed the programme as a "highly inaccurate" version of liberation theology

In a joint statement yesterday, they said the SABC was "clearly embarked on a crusade against those churches which oppose apartheid and injustice"

They described the attack on Archbishop Tutu as "despicable" and said no liberation theology which they had read or known was recognizable in what was said in the programme

Mrs Dorothea Scarborough of the Gospel Defence League, an

inter-denominational organization of conservative Christians, described the programme as "excellent" and said she fully endorsed the view that liberation theology was inspired by "Marxist-Leninism"

She felt the fact that the programme had concentrated on the United States instead of South Africa had given it an "overall fairness" because South Africans who did not agree with the views expressed "could not be hurt by it"

The editor of TV1 news, Mr Rob Stevenson, denied that the programme had been an attack on Archbishop Tutu

He said the SABC had not intended to devote equal time to people for and against liberation theology, but "to give a better understanding of what liberation theology is about"

"It was an analysis of liberation theology from an American perspective," he said

□ SATV attack a distortion. —
Page 10

Mr. Tink 14/10/80 260

Opinion

SATV attack was distortion of fact

THE SABC's Network programme on "liberation theology", produced by Cliff Saunders, was described yesterday in a joint statement by 11 professors of theology as a despicable attack on Archbishop Desmond Tutu.

THE despicable attack on Archbishop Desmond Tutu during the SABC's Network hatchet-job on liberation theology on Sunday evening signals, alas, the depths to which its so-called documentary broadcasting has sunk.

Cliff Saunders, now an authority on the church, theology and religion in general, cannot be expected to do other than indulge in half-truths and distortion of the facts.

Nor, it appears, can we expect any better from those in charge of the Network programme on English SATV.

They have clearly embarked on a crusade against those churches who oppose apartheid and injustice. One senses they are now preparing a new assault on the churches.

A few comments on Saunders' pseudo-evaluation of liberation theology should be made for the record.

FIRSTLY, with the exception of Rosemary Radford Reuther and a representative of the Catholic Bishops Conference in the USA,

THE signatories of the statement are. Professor Godfrey Ashby, Department of Religious Studies at the University of Witwatersrand.

Professor David Bosch, Dean of the Faculty of Theology at the University of South Africa.

Professor G D Cloete, Professor of New Testament at the University of Western Cape.

Professor Calvin Cooke, Dean of the Faculty of the Rhodes University.

Professor J J F Durand, vice-rector of the University of Western Cape.

Professor John de Gruchy, professor of

Christian Studies at University of Cape Town. Professor Simon Maimela, Professor of Systematic Theology at the University of South Africa.

Professor Martin Prozesky, Department of Religious Studies at the University of Natal.

Professor W Saayman, head of Department of Missiology of University of South Africa.

Professor John Suggitt, Professor of New Testament at Rhodes University.

Professor Charles Villa-Vicencio, head of the Department of Religious Studies at the University of Cape Town

Saunders' authorities on liberation theology were all committed members of the religious right wing in the United States, for whom authentic Christianity is indistinguishable from the American way of life and defence of the free enterprise system.

We certainly would not expect them to give any fair, accurate account of liberation theology.

No major theologian — liberal or evangelical, Catholic or Protestant — who might have given a fair view, even if it was critical, was even interviewed.

Secondly, Saunders' portrayal of liberation theology went as far as it is possible to provide a caricature.

— talk about liberation theology with politics! Saunders was despicable South Africans (the heirs of Martin Luther) and the s... Desmond Tutu

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  BUSINESS DAY, Wednesday, October 15, 1986

ESCOM, trade unions and staff representatives have agreed on a separation package comprising "substantial" pay and other benefits for redundant staff at the giant utility.

An Escom statement said the retrenchments, which would not take place before February 1, 1987, were part of Escom's nationwide rationalisation programme arising from the economic slump and less demand for power in recent years.

The staff affected will receive the equivalent of at least seven months' salary or, where applicable, early retirement without loss of pension benefits, said the statement.

Escom communication manager Ewald Thal said the agreement was reached after negotiations between employee representatives, trade unions and Escom management.

"Once identified, redundant staff will be given at least two months notice. The separation package provides for employees over the age of 50 and with more than 10 years' service to take early retirement.

Big nod for separation package for Escom staff

"They will not be penalised when pension benefits are calculated and service gratuities will not be reduced," he said.

He said in addition, annual bonuses would be calculated on a *pro rata* basis and all leave would be fully paid out. Medical aid benefits would still apply to all pensioners.

All other redundant employees will receive the equivalent of 5% of their gross annual salary or wage, multiplied by the number of years' service, Thal said. — Sapa.

ESCOM TO AXE 2 000

AR623 15/10/86

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By DICK USHER
Labour Reporter

ESCOM is to retrench about 2 000 of its staff because of the economic slump and reduced demand for power.

In a statement today, the giant organisation said affected staff would receive "a substantial pay deal and other benefits".

Sources involved in the discussions said that although the retrenchment package had been decided, staff to be retrenched had not yet been identified.

An objective set of criteria had been agreed on to establish which jobs would become unnecessary and these would be applied to decide what staff would be retrenched.

Retrenchments would take place after February next year and those affected would receive at least seven months' salary or, where applicable, early retirement without loss of pension benefits.

Early retirement

Once identified, redundant staff would be given at least two months' notice.

According to the statement, employees over 50 and with more than 10 years' service could take early retirement.

They would not be penalised when pension benefits were calculated and service gratuities would not be reduced.

Annual bonuses would be calculated on a pro rata basis and all leave would be paid out in full.

Home loans

All other redundant employees would get five percent of gross annual earnings multiplied by the number of years' service.

People who could not take early retirement would receive at least seven-twelfths of annual salary.

Affected employees who are members of Escom's homeownership scheme would retain their loans at current interest rates for six months. Current building society rates would then apply and loans would have to be transferred.

Other benefits applied to cars and study bursaries.

DD15/10/86

(260)



Escom agrees with staff on redundancies

Deal effective in February

JOHANNESBURG — Escom, trade unions and staff representatives have agreed on a separation package comprising "substantial" pay and other benefits for redundant staff at the giant public utility.

A statement issued by Escom said the retrenchments, which would not take place before February 1 next year, were part of Escom's nationwide rationalisation programme arising from the economic slump and less demand for power in recent years.

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Escom's communication manager, Mr Ewald Thal, said the agreement was reached after negotiations between employee representatives, trade unions and Escom management.

"Once identified, redundant staff will be given at least two months' notice. The separation package provides for employees over the age of 50 and with more than 10 years' service to take early retirement.

"They will not be penalised when pension benefits are calculated and service gratuities will not be reduced," the statement added.

They said in addition, annual bonuses would be calculated on a pro rata basis and all leave would be paid out in full. As for all pensioners, medical aid benefits would still apply.

All other redundant employees will receive the equivalent of five per cent of their gross annual salary or wage, multiplied by the number of years service, said the statement.

"Escom guarantees that for persons who cannot take early retirement, benefits will be equal to at least seven-twelfths of an employee's gross annual salary. Leave, bonus and pension money will also be paid out.

"Redundant employees who are members of Escom's home ownership scheme will be allowed to retain their loans at current interest rates for six months. Current building society rates will apply thereafter and the loan must be transferred. Escom houses may be occupied for six months.

"Employees who have Escom scheme cars will be allowed to buy them within six months.

"Affected employees will also be exempted from study bursary commitments and those whose children have Van Der Bijl scholarships will retain the benefits for the life of the scholarship," said the statement.

executive director Brian Matthew said.
court said, taken reasonable steps to ensure they were acting within the law. tions to govern, it would be another

2 000 to lose jobs

WEDNESDAY 16/10/78
ESCOM is to retrench about 2 000 of its staff because of the economic slump and reduced demand for power.

It said in Cape Town yesterday that affected staff would receive "a substantial pay deal and other benefits".

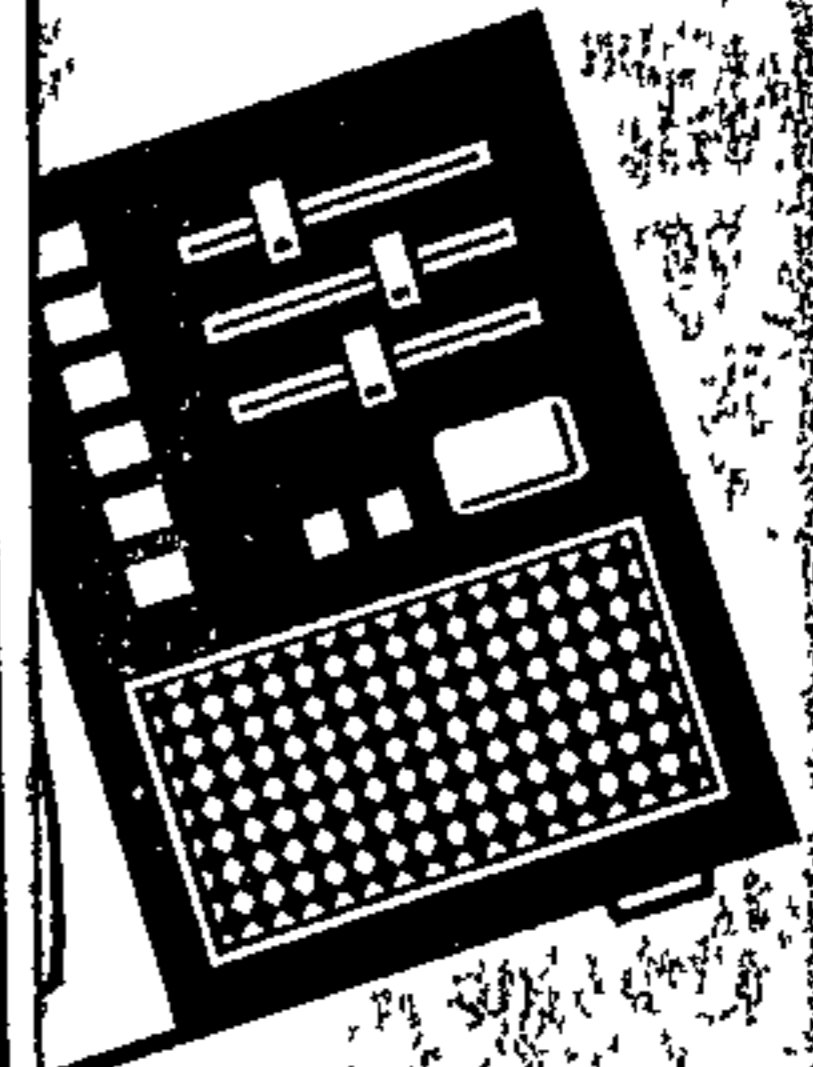
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Once identified, redundant staff would be given at least two months' notice.

Escom said employees over 50 and with more than 10 years' service could take early retirement. — Sapa.



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R268m scheme to be shared out

Escom set to privatise home loans

260
Buzby
16/10/88

ESCOM's R268m employers' home-loan scheme is to be privatised.

The public corporation's existing bonds will be ceded to local financial institutions after negotiations that have been in progress for about a year.

The portfolio will be distributed among the United, SA Perm, Saambou and Barclays Bank, Escom announced yesterday. The Allied and NBS have been excluded from the deal.

It is understood the business was given to the institutions that offered Escom the best terms.

By selling off these assets Escom will raise funds which can be put to productive use for capital projects and lessen its demands on the capital market this year.

Escom's statement said the move complied with the stated objective of privatising viable activities to streamline its operation for greater cost benefit.

"Escom's policy in this matter was to obtain the funds for the portfolio from the source most qualified to provide and administer bonds - the housing bond market."

This could provide a precedent for other public corporations.

GERALD PROSALENDIS
Economics Editor

er public corporations

A spokesman for Barclays said yesterday the bank would get about R80m of the total portfolio. Building societies have not yet made their individual shares known.

Escom will continue to administer its housing scheme, but in future building societies will provide the funds.

The corporation expects the legal framework to enable the transfer to be in place within 18 months. Once the legal structure exists, Escom intends transferring all existing and new bonds to the institutions.

The statement said the step did not mean a withdrawal of the home-ownership facility from Escom employees.

"In these negotiations, every care has been taken to ensure that no cost burden is passed on to staff, and employees will not be affected as far as existing bonds are concerned," the announcement said.

It is understood that in future Escom employees will have a say in the selection of the financial institutions with whom their bonds are placed.

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Escom jobs axed

Escom has announced that about 2 000 staff will lose their jobs in a retrenchment programme starting in February. Talks with unions and employee associations this week led to agreement on a substantial severance package. Those affected will receive two months' notice. Reduced power demand in the recession is blamed.

16/10/80 W/M

Slump-hit Escom to retrench 2 000 staff

260

CAPE TOWN—Escom is to retrench about 2 000 of its staff because of the economic slump and reduced demand for power

In a statement yesterday the giant organisation said affected staff would receive 'a substantial pay deal and other benefits'

Sources involved in the discussions said that although the retrenchment package had been decided, staff to be retrenched had not yet been identified

An objective set of criteria

has been agreed on to establish which jobs would become unnecessary and these would be applied to decide which staff were to be retrenched

Retrenchments would take place after February next year and those affect-

ed would receive at least seven months' salary or, where applicable, early retirement without loss of pension benefits

Once identified, redundant staff would be given at least two months' notice — (Sapa)

Escom's EL workers face retrenchments

260
14/10/88

Post Reporter

THE only Escom employees in the Eastern Cape who could face retrenchment in the next few months are at the West Bank power station in East London which, contrary to earlier reports, will not be closed down, a spokesman for Escom said today

The station employs 260 people, of whom about one-third are white and the rest black

"It's too early to say now who will be retrenched, or when or where," the spokesman said

For "system operation reasons" the West Bank power station was indispensable, he added

The 2 000 employees throughout South Africa that Escom expected to retrench were a fraction of the total work force of 63 000, he pointed out

Affected staff would receive "a substantial pay deal and other benefits", Escom said in an earlier statement

Staff to be retrenched had not yet been identified

An objective set of criteria had been agreed on, in consultation with trade unions, to establish which jobs would become unnecessary

Sick kids riddle in C

A SHOCK report just released claims that children in Sasolburg have grave health problems because of air pollution in the oil town.

The University of Pretoria scientific study says children in Sasolburg have worse lungs and are generally smaller than those outside the area

The town council is contesting the report, but many local doctors agree with the research and two have called for an official investigation into the possible link between air pollution and lung cancer

The superintendent of the local hospital says 80 percent of the patients are being treated for air pollution-related ailments

He says the town council is deliberately "wasting time" not probing the issue

The findings of the research by the University of Pretoria also suggested that the air pollution limits applied in Sasolburg are too high and should be revised

"Terrible"

By Friday, feelings were running high between the supporters of the university probe and those who reject it.

Sasolburg's deputy town clerk, Mr A J "Jock" Jordaan, is adamant that the town does not have an air pollution problem

He is supported by many of the large industries in the area, including Sasol

However, seven doctors in the town — contacted this week by the Sunday Times — all agreed that the town has a "terrible" air pollution problem

Several estate agents have also confirmed that residents are leaving the district because their families cannot stand the pollution and its effect on their health

The research at Sasolburg — the site of South Africa's first Sasol oil-from-coal plant — was carried out by Professor A M Coetzee of the Department of Community Health at the University of

Doctors call for probe of shock report on pollution dangers in Sasolburg

By NEIL HOOPER

Pretoria, assisted by three other academics

The findings have just been published in the South African Medical Journal

Mr Jordaan says that while individual members of the town council have read the Coetzee report, it has never been officially considered by the council

"Industries in Sasolburg spend millions each year to combat air pollution, and we do not believe we have a problem," he said

The Department of Health confirmed that it was aware of the Coetzee report but said that the only official who could comment was the head of the air pollution control division, Mr S M Lloyd, who was not available

Professor Coetzee said "As far as officials of the Department of Health are concerned, they are aware of the report because I gave Mr Lloyd a copy of it several months ago as soon as it was printed

"Everything relevant to the Sasolburg town council and the Department of Health is in the report

"Sasolburg was chosen as being the centre of the area in which air pollution is found in the Pretoria, Johannesburg and Vereeniging districts

"Nonsense"

"Sasolburg children — chosen to be tested because they were not yet smokers, and so that smoking would not affect the findings — had a worse lung function than those outside the area this is clear from the report"

Two Sasolburg doctors said they believed there was a link between the air pollution and lung cancer among residents

The superintendent of the local hospital — who asked not to be identified because he also has a local practice — described the Sasolburg council's denial that it had a pollution problem as "nonsense"

A Sasol spokesman yesterday questioned the accuracy of the Professor Coetzee's report.

To support his argument he quoted from the report. "From a statistical viewpoint the sample was extremely small. In comparative studies in Europe information was gathered on thousands of children

"Even there, with the air pollution level being several times higher, the results were barely conclusive"



Naas's manager Okkie Oosthuizen gives Andrea Stelzer a quizzical look after Naas refused to talk.

Little Miss Lulu gives pensioner a winning bonus

By SAMKELO KUMALO

WHEN Mrs I P Watson, a Zimbabwean pensioner living in Kempton Park in the Transvaal, saw the face of five-year old Lulama "Lulu" Mshumpela, she knew that in this case black was definitely beautiful

So Mrs Watson voted for Lulu in the Sunday Times/OK Miss Ladybird competition and became one of 12 winners of R150 shopping vouchers from the OK

There were 3 000 entries in the competition. The 11 other winners are

Mrs J Dolley, 41 Winterhoek Drive, Levysvale, Ultenhage 6230

Mrs Eve Harrison, Box 908425, Montana, Pretoria

0151

Mr R W Schaffer, Box 211, Doonside 4135

Mrs D Armstrong, Box 581, Carletonville 2500

Mrs M Lindsay, c/o 581 Tonga Street, Elardus Park, Pretoria 0181

Debbie Good, 6 Montrose Place, Westville North 3630
 Jone Radebe 5235 Mota Street, PO Orlando East, Soweto 1804.

W Chan Henry, 15 Fitchat Street, Grahamstown 6140

Miss N Meribuko, 2449 Protea North, PO Chawelo, Soweto 1818

Miss M Daniels, 32 Leander Street, Lentegew, Mitchell's Plain 7785

Farhana Mahomed, Box 856, Pietersburg 0700

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Every cloud a silver lining



260/200 SUN MES
19/10/86

SAA denies bid to bust U.S. sanctions

CARRY on flying — next week, at any rate. That's the message received late this week by South African Airways, adding confusion to the still-muddled position on the barring of United States' landing rights to SAA.

And SAA has denied emphatically the charge of a US congressman that the airline is sanctions-busting.

"We are flying because of the mutual agreement between the South African and United States governments. We do not fly in defiance of anything," said SAA media liaison officer Miss Arlette van Jaarsveld.

"As far as we know, next week's direct flights might be the last — or we could be informed otherwise."

She was answering allegations made by Congressman Mickey Leland in the House of Representatives on Friday.

Mr Leland, a Texas Democrat and member of the Congressional Black Caucus, said

'Appalled'

"Today (Friday), 15 days after the Senate overrode the President's veto (of the sanctions Bill) I am appalled that South African Airways is still flying in and out of our country."

He added "The American people and Congress have said no to apartheid. The law of our great nation must not be violated. The administration has not only a moral obligation but a legal obligation to sever these illegal ties with South Africa."

The last direct flight from

By CAS St LEGER

South Africa to the United States, threatened with severance by the US sanctions package passed by Congress on October 2, was to have been last Sunday.

"Then, late last week we were told we could have two more flights, on Thursday and Friday," said SAA media official Mr Francois Louw.

"The same thing happened this week our New York

office told us on Friday we could fly direct to the United States once again on Thursday and Friday.

"We have no idea if this is to be a recurring situation — or if it was due to intervention from our Department of Foreign Affairs," Mr Louw said.

SAA passengers wanting to transfer to the 14-hour direct US flights from one of the four additional European stopover routes may do so.

"Passengers will have the option," Mr Louw said.

SABC slammed for Network attack on liberation theology

20/10/80
SPPR 260

If you are poor and oppressed you are right in thinking you deserve a better deal and the scripture requires you and other Christians to involve yourselves in a struggle to secure it.

This is what liberation theology is all about. It does not advocate murder, violence or revolution leading to a communist dictatorship.

Professor John de Gruchy, professor of Christian Studies at the University of Cape Town, who initiated the academic statement of condemnation on the Network programme, set out this week to put liberation theology into perspective.

It started in Latin America in the 60s as a response by the Roman Catholic clergy to the failure of overseas development aid to bring relief to the poor masses.

Until then the church had preached from a position of alliance with the middle and upper classes. The great masses of the church were peasants, but it was not addressing their needs.

Clergy then decided that a theology was needed which had the interests of the poor at heart.

"It really was turning theology on its head."

Practical responses showed themselves in various ways.

"These included revolutionary action (the exception) and peaceful community action such as forming co-ops, joining trade unions and campaigning for better housing."

Various other liberation theologies emerged. These include black theology which developed in the black consciousness campaign in the United States, and feminist theology, which is also particularly prominent in America.

The main objection is that some liberation theologians use Marxist social analysis in defining the context in which people live and worship as they set out to answer such questions as why the poor are poor.

But they do not embrace Marxist doctrines and very few promote revolution.

Professor de Gruchy says "You cannot assume liberation theologians support violence but they do challenge the hypocrisy of churches which have never been pacifist, but have on the contrary supported armies, wars and crusades."

Instead of interpreting the Gospel only for the rich and mighty, he says, "liberation theology is an attempt to relate it to the poor and oppressed for justice, human dignity and human rights."

"Contrary to what many may think, the scrip-

The way SABC's Cliff Saunders tells it liberation theology is a three-headed communist monster that is clasp[ing] the world in its talons. And it is doing so with the help of some English churches and specifically Archbishop Desmond Tutu. But Mr Saunders is wrong, say theological academics from all the English universities who this week signed a statement saying his research was abysmal and his recent Network presentation on the subject amounted to a political smear which filled them with abhorrence. This is what the programme did not tell you about the issue ..

Political Staff

ture portrays God as identifying with the struggles of the poor and the oppressed.

"It is not un-Christian to become involved in political struggle or action."

"The Christian faith has to do with the everyday reality of our lives in the world and with our political concerns."

"The scripture not only allows but requires action."

"There can be no claim to neutrality in this. Christians and the church have to take sides in a struggle for what is just and right."

He adds "No liberation theologian would condone such atrocities as necklacing, which Archbishop Tutu has condemned. But they would equally condemn police brutality."

Professor de Gruchy, who had the support from academics of six universities, condemned Mr Saunders's lack of objectivity, the poverty of his research and the credibility of his sources.

With one exception none of his sources were from establishment churches.

"His main objective was to portray those Christians in this country who oppose apartheid as in some way selling out to communism. It totally misrepresented liberation theology and it condemned people by association."

"It indulged in all the propaganda tricks they (the SABC) get into and there is no evidence Saunders was concerned with anything but a political statement."

"They are accusing the churches and those like Archbishop Tutu of trying to promote communism when in fact what we are really trying to do is to prevent that from happening."

Engineering union to take Escom job dispute to Supreme Court

Own Correspondent

CAPE TOWN — A long fight to save a man's job is to go to the Supreme Court

A final appeal to Escom by the Engineering Industrial Workers' Union (EIWU) for the reinstatement of Mr Esau Hoorn, who lost his job in February, has been turned down and the union will take the issue to court

Mr Hoorn who, Escom has admitted, had a clean record with them, lost his job as a security guard after his certificate of

competency was withdrawn in January by the National Key Points Secretariate

Escom, which had started a staff reduction programme, told him they did not have another position for him and he was given the option of being dismissed or resigning

Mr Leslie Davadoss, regional secretary of the union, said the Key Points Secretariate would not give reasons for the withdrawal of Mr Hoorn's certificate but it came after several confrontations last year with the head of security at Koeberg

power station about his union activities

At that time Mr Hoorn was chairman of the Escom Security Personnel Union which wanted to join EIWU.

Appeals were made against Mr Hoorn's dismissal but Escom last week told the union that a committee which investigated the complaint could not find any evidence of his alleged victimisation. Re-employment could not be considered.

Mr Davadoss said that, when a security guard was at the mercy of faceless people who could take his job away without having to disclose reasons, it made a mockery of Escom's industrial relations procedures.

"There must be valid and substantial reasons for the dismissal or withdrawal of a certificate of competency and proper procedures followed where the accused is given ample opportunity to defend himself

"If he were found guilty others would know why and only then should a dismissal take place

"It should not be left, as is the case now, to one or two people acting independently of any processes"

Policeman accused of rape

A policeman allegedly raped a 19-year-old suspected prostitute he had arrested in Joubert Park, Johannesburg, on Saturday night, according to police

The police PRO for the Witwatersrand, Lieutenant-Colonel Frans Malherbe, said the woman had been standing on the corner of Bok and Quartz streets when she was arrested

The policeman then took her to the Hillbrow police station and allegedly raped her in one of the offices there.

Journalists held on drugs count

The Star's Africa News Service WINDHOEK — Two journalists from an anti-government newspaper in Windhoek were arrested by police at the weekend after drugs were allegedly found in the vehicle in which they were travelling

The two men are expected to appear in court either today or tomorrow in the northern farming town of Ojtiwarongo in connection with charges of illegal possession of habit-forming drugs

Editors
plan to
sue the
SABC

Post Correspondent

JOHANNESBURG — The editors of two black publications have decided to go ahead with plans to sue the South African Broadcasting Corporation for comments made about them during a *Network* programme earlier this month, it was reported today.

In a front-page report in the *City Press* newspaper, Mr Percy Qoboza was quoted as saying that he would be suing the SABC for R75 000.

In addition, the article also stated that *Drum Magazine* editor, Mr Stan Motjuwadi, would follow with a similar action.

The actions initiated by the two men are in response to the October 5 *Network* programme in which Mr John Gogotya of Operation Advance and Upgrade said that certain prominent blacks were under increasing pressure from "radicals" about their children's education.

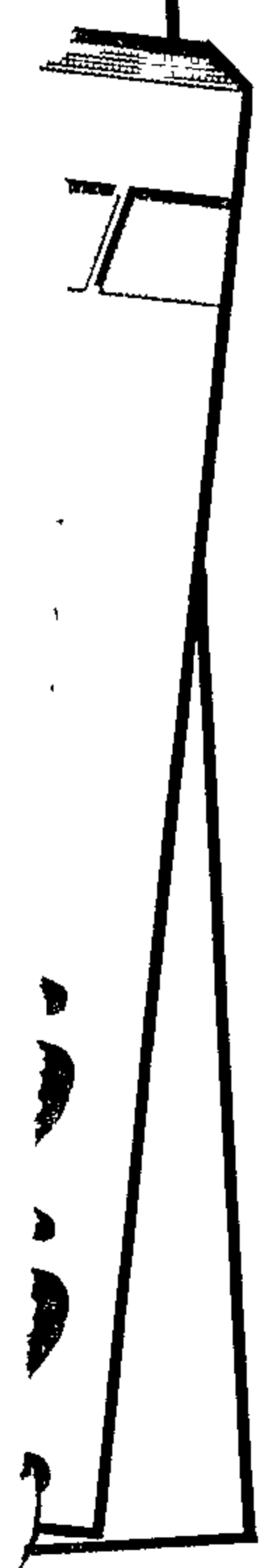
A report said lawyers were expected to serve papers on the parties this week after demands for a retraction and an apology were not met.

2100
Care Post
20/10/81

THE driver
Crime
By JOH

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Perfect Circle



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SABC gets tough on removals ad

THE SABC put pressure on a removals firm to take the word overseas out of its radio advertisement because it was felt it encouraged emigration.

This was confirmed yesterday by Frasers International chairman Denis Kaye, whose company ran a month-long series of radio ads appealing to those moving overseas.

"After the ads were running, the SABC approached us and told us they weren't going to run them any more. They asked us to take out the word overseas. We had no alternative, as they would not have run the ad if we did not comply."

Escom wants to raise R100m in SA

ESCOM will raise R100m from the SA capital market starting with a market test this week.

It hopes to come to the market on October 29 when the issue is open to investors. Possibly, the loan will be structured into a new medium-term bond and a re-issue of a long-term bond.

The money, co-managed by Senbank and Volkskas Merchant Bank, will be raised by a straight loan without option conversions.

This is the second of Escom's two scheduled R100m issues this year on the

22/10/86 BUS DAY
ALAN SENDZUL

Treasury's official borrowing list. The Electricity Act dictates the utility must raise new money in the primary capital market

It is understood that this could be the last year of the Act — which might then give Escom greater investment flexibility by not forcing it to generate funds through a public placement

Funding manager Francois Botha said the utility would decide whether to accept more or less than the R100m de-

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pending on market response and the level of interest rates.

Essentially, Escom is financially comfortable having already raised R1bn of this year's R1,3bn target from secondary capital.

Sources said use of alternate funding forms meant Escom may not have to borrow more money this year

Escom's previous issue in May was extremely popular and it decided to accept R161m largely raised through the 11% 1994 Bond which carried a conversion option

FIN MAIL 24/10/86
 ESCOM EXPANSION 260
Closing collieries
 Much has been made of the positive effects of Escom's decision to go ahead with the construction of five new super power stations (*Business* October 3) But what of the negative effect on collieries of phasing out older,

less efficient stations?

As it stands, two Amcoal collieries are due for closure, while Goldfields is trying to keep its affected mine open. All the mines are in the northern Free State and near Vereeniging.

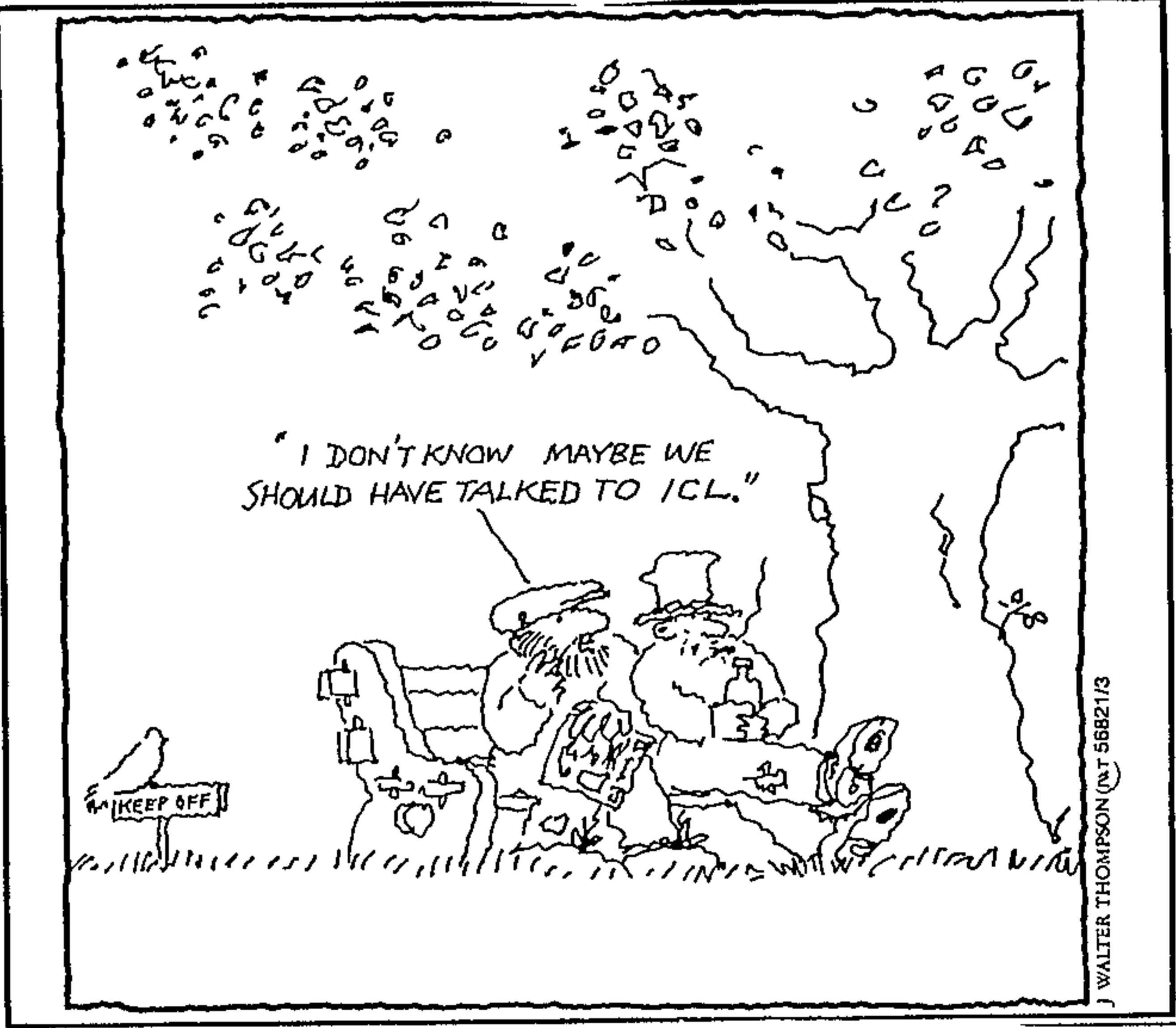
The Amcoal collieries facing the chop are Vierfontein, whose contract to supply Escom ends in March 1988, and Cornelia, which currently feeds the Vaal power station. Cornelia's contract ends in March 1989.

Some hope

Goldfield Coal's Coalbrook colliery will cease supplying the Taaibos and Highveld power stations in October 1989. But for Coalbrook, at least, this will hopefully not be the end.

An Escom spokesman tells the *FM* the need for large coal supplies will fall heavily once the old power stations move onto reserve capacity. Amcoal has decided the reduced coal demand does not justify the continued operation of its collieries and Escom has found alternative supplies.

Vierfontein's annual report says Escom has requested a reduction in output from the colliery to 25 000 t until production ceases.



Amcoal MD Dave Rankin says the mine was coming to the end of its economic life — production in the 1986 financial year fell by 33,1% from 1,23 Mt to 822 000 t. But most of the 642 employees should be relocated, as part of group policy.

Similarly, output at the Cornelia colliery has dropped by 32%, from 2,8 Mt to 1,9 Mt last year, after the closure of the Klp power station. Cornelia also has a limited working life. On the other hand, Coalbrook colliery still

has considerable reserves, according to a Gold Fields spokesman, and new markets for the coal are being sought. At this stage, he says, the company has ruled out retrenchment of the 800-strong labour force.



SOUTH AFRICA produces nearly 60 percent of Africa's total electricity supply

Yet 22-million South Africans, out of a population of 31,4-million, have no access to electricity

For their energy requirements, the vast majority of the country's population is forced to use fuels like paraffin, gas, coal and wood, which are considerably more expensive than electricity

A survey by Anton Eberhard, director of the Energy Research Institute at the University of Cape Town, showed that township families without electricity paid up to three times as much for domestic energy than those households with access to electricity

"This data clearly dispels the popular myth that most black households cannot afford electricity. The truth is they can no longer afford not to have electricity," Eberhard writes in the latest study to come out of the second Carnegie Inquiry into Poverty and Development in Southern Africa.

In his study he calls for more urgent investigation into alternative energy

The highest electricity bills go to those without electricity

sources for the rural areas

"Until now, only trivial amounts have been invested in energy supply for the underdeveloped areas, while it is clear that it is in this sector that the most serious shortages and problems occur" Eberhard warns against the "misallocation of research and development funds which have focused mainly on non-renewable" types of energy, in particular nuclear energy, with little regard to the environmental consequences of depleting resources

In underdeveloped rural areas, wood is the most common fuel, accounting for 80 percent of energy used. The result has been "enormous and severe scarcities" of natural woodlands and a new reliance on purchased wood which, although relatively cheap, needs to be transported — at approximately 80

A new study dispels the popular myth that many black households cannot afford electricity and shows that those with no electricity pay three times as much for their energy needs, reports MOIRA LEVY

percent of the price of the load
"The social costs of dependence on fuelwood are high. The average woman spends most of the working day labouring over the provision of basic services which are simply taken for granted in most urban areas. Fuelwood and water collection trips are arduous and time-consuming," Eberhard writes

"Wood scarcities have meant that more and more households are having to switch to alternative fuels, particularly in peri-urban and urban

areas. With many of these households denied access to electricity, they are forced to use inferior and expensive fossil fuels"

It is the families in the peri-urban areas, "sandwiched between the metropolitan and rural areas", who are denied access to agricultural land and woodland and who are forced to rely on these "most costly, and perhaps least reliable fuels"

Eberhard found in his survey that most householders consider paraffin, gas, coal and batteries to be too expensive, and fear that gas and candles constitute a fire hazard. Many families "complained that paraffin and candles are messy to use, that they provide poor light, and that smoke from wood and coal fires permeate clothes"

Eberhard argues that in spite of the initial costs involved, electrification in

the urban and peri-urban areas would be the best solution to energy shortages

He estimates that supplying electricity to the households in and around the metropolitan cities and towns would require less than 8 000-million kwh each year, or seven percent of the total electricity produced by Eskom in 1984

"Unfortunately, it seems that the provision of services such as electricity is still being regarded as of secondary importance in the planning of townships and the up-grading of peri-urban and informal settlements," Eberhard writes

The massive housing project at Khayelitsha in the Cape is another example where the electrification of houses has been ignored. "There is no doubt that by denying electricity to these areas, communities are further impoverished by having to meet the higher costs of fuels such as coal, gas, paraffin, candles and batteries, and quality of life expectations are frustrated by being denied the opportunities and benefits of electrification"

The installation of electricity is expensive, Eberhard concedes — the World Bank lent \$60-billion (in 1982) to Third World countries for developing electric power sources — and he proposes that solar heating and a more energy-efficient design for low-cost housing also be considered in remote rural areas far from the electricity grid

"The creation of energy-efficient building requires a greater appreciation of the way climate, orientation, design and building materials can be used to increase comfort levels."

Eberhard also calls for state or community-initiated afforestation projects, especially in the homelands. He says South Africa's fuelwood production is about 420 000 tonnes, way below the country's basic requirement of 5.3-million tonnes. To meet this demand, he estimates, nearly 750 000 ha of woodlot needs to be cultivated.

This is "clearly a huge task when it is recognised that the total area under commercial plantations in South Africa is 1.2-million ha and that the total area in the homelands currently under woodlots is only about 26 000 ha"

Besides increasing the availability of wood, energy supply could be improved if wood were used more efficiently. An experiment by UCT's Institute for Energy Research has produced a stove that uses woodfuel 50 percent more efficiently than the usual model, Eberhard reports

UCT's Institute for Energy Research has produced a stove that uses woodfuel 50 percent more efficiently than the usual model, Eberhard reports

Ban on SAA could benefit passengers

By Winnie Graham

The United States withdrawal of landing rights from South African Airways will not greatly affect the 90 000-a-year US-bound travellers from this country, according to the Association of South African Travel Agents (Asata).

Asata general secretary Mr John Bing said this week that there was little need for pessimism. The "boycott" could be overcome easily by rerouting passengers via Europe.

"The landing ban will hardly affect business travel, which in today's economic climate is more a necessity than a luxury.

"Businessmen should actually welcome the extra European break to get them over their jet lag, and thus improve their negotiating skills at the other end.

No one can function with a razor-sharp wit after the excruciating back-breaking 18-hour haul from Johannesburg to New York."

He was supported by Asata's new president, Mr Hendrick Conradie, who claimed that businessmen could spend an extra few days in Europe drumming up new export orders.

The chairman of the executive air committee, Mr Karl Platou, added: "The leisure traveller can enjoy the added bonus of a stopover in Europe at no extra cost now that SAA has decided not to increase fares to the US via Europe."

A travel agent in Johannesburg said the US banning of SAA landing rights was playing into the hands of both the US and European carriers, who were now profiting at SAA's expense.

"Like hungry sharks they are positioning themselves for an

extra bite at the market," he added. "Cash-strapped deregulated US carriers are ravenous for extra income."

Meanwhile, Lufthansa has started its South African advertising campaign, offering 100 flights a week out of Frankfurt to a multitude of US destinations, while British Airways is promoting 18 flights a day out of Heathrow to the US.

Fortunately, say travel agents, South Africans can expect to benefit from the discount warfare so much favoured by US airlines.

The other advantages for South African travellers are that the US carriers can fly passengers closer to their destination, be it Chicago, Detroit, Los Angeles, San Francisco, Miami, or elsewhere.

It also gives passengers a more flexible flight plan, a wider choice of arrival times, and a choice of destinations.

"Only masochists enjoy the 18-hour flight from South Africa to the US, arriving at 6.50 am in New York and kicking their heels till midday when they can check into their hotels," said a travel agent. "Or worse, changing airports and waiting a connecting flight to another city."

25/10/68 STM
260

Argus 27/10/86

R185-m Iscor profit: First dividend in 14 years

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The Argus Correspondent

PRETORIA. — Iscor has made R185-million profit this year — probably the best in the corporation's history — and is to pay a dividend for the first time in 14 years

Although a profit was expected, its magnitude — R185,3-million for Iscor Limited and R163,3-million after tax for the Iscor Group — will come as a surprise to many

For Iscor Limited, the major component of the Group, the profit is about 2½ times greater than the R77,4-million made in 1980 — previously the best performance in the last 10 years

It also dwarfs last year's R8,9-million profit

Details of the profit surge were spelt out in the chairman's report by Mr Floors Kotzee and incorporated in the annual report released today

7½ percent dividend

He said higher profits could be attributed to an increase of 401 000 tons in steel products sales, higher income from iron-ore exports, higher steel export earnings because of the low value of the rand and greater productivity and cost savings at all centres and subsidiaries

The group paid R9-million in tax and Mr Kotzee announced a 7½ percent dividend on all classes of issued shares

He said "This dividend, which will amount to some R65-million, takes into account Iscor's dividend cover objective and is the first that Iscor has been able to pay to the State since 1972"

But in spite of the huge profit, Mr Kotzee was cautious

He warned that the negative effects of sanctions on Iscor exports and the group's profitability made the future payments of dividends uncertain

Trade restrictions

Mr Kotzee said the world steel surplus continued, with demand increasing by only one percent in 1985. At the same time a number of developing industrial countries had entered the market

The surplus has led a number of countries to impose trade restrictions, including import-export quotas, voluntary restraint agreements and concealed subsidies

He said domestic steel product sales had been affected by the weakening of the economy and a three percent drop in demand

While certain measures announced by the authorities, and import replacement, should have a positive effect on domestic steel sales, a recovery in the South African economy would largely depend on political stability and the restoration of business confidence

Langley thumbs his nose at SABC



DURBAN — The Director General of the South African Broadcasting Corporation, Mr Riaan Eksteen, was trying to "denationalise" South Africa's people

260

So said the Conservative Party MP for Soutpansberg, Mr Tom Langley, at the CP's general congress at the weekend

27/10/86

The reason so many American crime films were being shown in South Africa was because they all featured black people.

27

"The Afrikaner never was what he is being shown as nowadays," Mr Langley said

"I hope the SABC are (sic) going to provide us with a parallel of Shaka Zulu for Afrikaners so that Afrikaner children can also become proud of our history

"The SABC is Americanising us," he said

"The Director General of the SABC, Mr Riaan Eksteen is calculatingly trying to denationalise South Africa

"Nowadays you only find American film material where there used to French and German productions in the past and it is for one very obvious reason — they all have at least one black in them and it is aimed at conditioning us and our children

"If we allow our children to watch these programmes uncensored, they are going to lose their identity in the end" — Sapa

Mossel Bay hails gas site

27/10/86

BUS. DAY

MOSSEL BAY residents and business leaders have welcomed the announcement of the site for a gas refinery in the town.

Mineral and Energy Affairs director-general Dr Louw Alberts announced the site — which is 14km west of Mossel Bay near the Bartelsfontein railway siding — at a meeting in the town last week.

He said the acquisition of the land had already been negotiated with the owners, and the site was big enough to double the size of the intended refinery.

Assocom Southern Cape vice-president John Michler said the announcement had been favourably received in the town.

He said: "We have lived with this for 15 years. There has been speculation and uncertainty and now

Own Correspondent

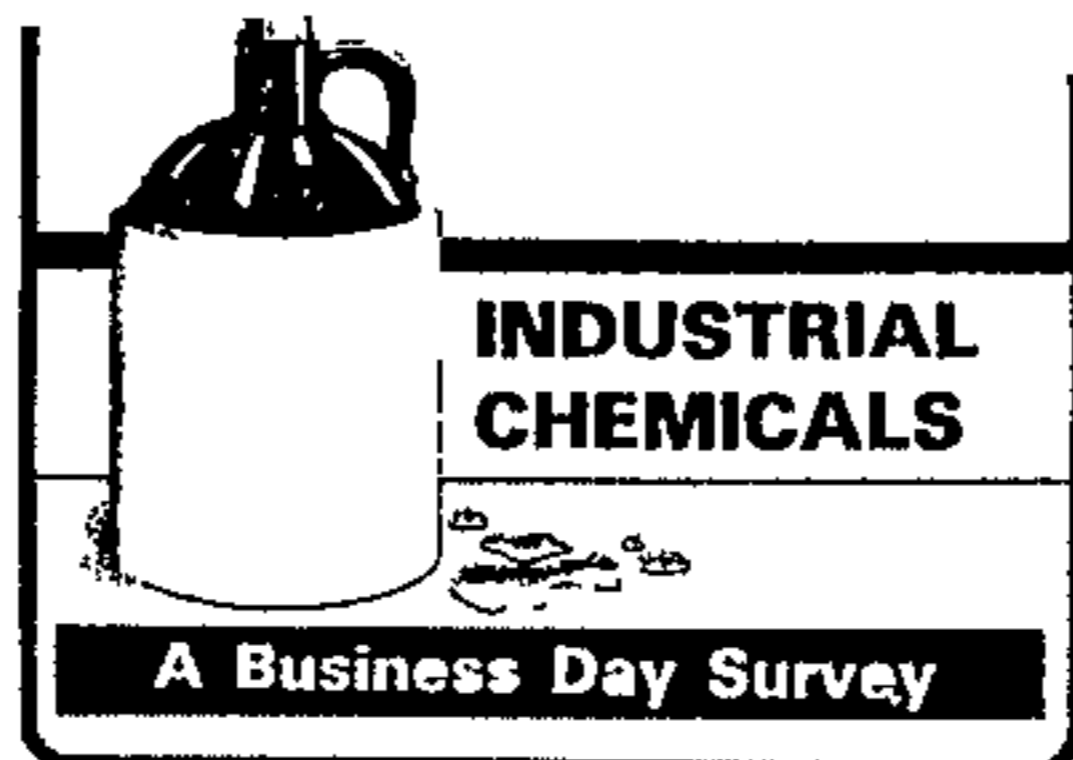
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that business people know, they can settle down to planning their strategies."

He said the announcement came after viability and environmental impact studies. The planning stage for the project would take about 15 months and building would probably begin only in 1988.

Mossel Bay town clerk Willem van Heerden said people were happy about the decision, as there had been speculation that government would not continue with the project or would move it somewhere else.

He said the refinery, which would probably be called "Mosgas", would convert gas into petrol and diesel.



Sasol finds rewards in exports ¹⁹⁸³ ₂₆₀

A MAJOR export drive enabled Sasol to increase chemical sales by 19% during the 1986 financial year to a record R473m.

Exports rose 40% to R140m, to make up nearly one-third of total sales

Sasol, with its coal-based technology, has exported chemicals since 1954, when it sold tar acids. Two years later it began exporting high-melting-point paraffin waxes, still the mainstay of its export business.

The company is presently expanding production to meet growing international demand for hard waxes. A sixth fixed-bed Fischer-Tropsch reactor being built at Sasol 1 will increase production of speciality waxes by 30%. However, it faces growing competition on export markets from such products as polyethylene, other waxes and microcrystalline waxes derived from crude oil.

Sasol's oxidised waxes compete with natural waxes like carnauba — from palm tree leaves — and waxes from East German lignite.

Sasolchem MD Andre Bedeker says the advent of Sasol 2 and 3 has boosted export volumes over several years and enabled the company to enter international markets with other products like acetone and MEK (methyl ethyl ketone). Acetone is used overseas as feedstock in the manufacture of methyl methacrylate, which is then polymerised to form perspex. The weak rand has helped make these exports more competitive.

Sasolchem's main product — in terms of both volume and turnover — is ethylene. The chief building-block of the petrochemical industry, it is used mainly in production of polyethylenes, PVC and chlorocarbons like aerosol propellants and dry cleaning solvent.

Another product group, tar acids, includes creosote. Coal tar is used to impregnate cellulose fibre pipes.

First dividend in 14 years

Iscor produces bumper profits

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27/10/85 STAR

Pretoria Correspondent
Iscor has produced a bumper R185 million profit this year — probably the best in the corporation's history — and is to pay out a dividend for the first time in 14 years.

Although a profit was expected, its magnitude — R185,3 million for Iscor Limited and R163,3 million after tax for the Iscor Group — will come as a surprise to many.

For Iscor Limited, the major component of the Group, the profit is about 250 percent greater than its best performance in the last ten years when it totalled R77,4-million in 1980.

It also totally dwarfs last year's R8,9 million profit.

Without taking the diminishing value of the rand into consideration, this year's performance is arguably the best in the corporation's history.

Details of the massive profit surge were spelt out by chairman's Mr Floors Kotzee in the annual report, released today.

He said the profitability could

be attributed to an increase of 401 000 tons in steel products sales, higher income from iron ore exports, higher steel export earnings because of the low value of the rand and greater productivity and cost savings at all centres and subsidiaries.

R9-m tax

The group paid R9 million in tax, and Mr Kotzee said "it is therefore a pleasure to be in a position to announce that the Iscor Board has declared a 7,5 percent dividend on all classes of issued shares.

"This dividend, which will amount to some R65 million, takes into account Iscor's dividend cover objective and is the first that Iscor has been able to pay to the State since 1972," he said.

But in spite of the massive profit Mr Kotzee issued a number of cautions in his report.

He warned that the negative effects of sanctions on Iscor exports, and the Group's profitability, made the future payments of dividends uncertain.

Mr Kotzee said the oversupply of steel in the world market's continued, with demand increasing by only one percent in 1985. At the same time a number of developing industrial countries had entered the market, aggravating the world-wide problem of surplus capacity and low prices.

The oversupply has led to a number of countries imposing trade restrictions, including import-export quotas, voluntary restraint agreements and concealed subsidies.

He said domestic steel product sales had been affected by the weakening of the economic situation, and a three percent drop in local demand.

While certain measures announced by the authorities, and import replacement, should have a positive affect on local steel sales, a recovery in the South African economic condition would largely depend on the degree to which the internal political stability could be ensured and business confidence regained.

Iscor pays out R65m dividend

ISCOR has boosted group profits by 600% and paid its first dividend — amounting to R65m — to government in fourteen years. 28/10/87 (24/11)

But loss through sanctions of two key steel markets since September means Iscor is unlikely to maintain this pace of earnings in its current financial year.

In the year to June, pre-tax profits leapt to R172m from R24m.

Turnover increased by 25% to R3,9m when steel sales rose by 400 00 tons to 5,7-million tons and the iron ore division had higher export earnings.

Describing the outlook for Iscor's bottom line in 1987 as uncertain, chairman Floors Kotzee told *Business Day* yesterday: "The objective is to run our plants at full capacity — as we are doing now."

He said no detailed breakdown of Iscor's earnings would be disclosed in the wake of sanctions.

But he re-affirmed Iscor's aim of routing steel tonnages, lost through European Community (EC), Japanese and US sanctions, to other markets.

High costs keep movies off the SABC's screens

Mercury Reporter

HIGH prices, and a ban on screening movies less than 12 years old, are the reasons behind the SABC being unable to show recent box office hits

Instead the corporation has to rely on average oldies — but even the top box office hits of 20 years ago are too expensive

Two years ago the SABC negotiated to buy a top musical and with much reluctance the distributors finally settled on a fee of nearly R2 250 000

'Obviously we declined their offer,' a spokesman said. He did not want to

name the movie as the SABC might still be interested in showing it.

In contrast M-Net, which is regarded as being similar to cable television, can show movies as recent as those on circuit two years ago

The spokesman said distributors are reluctant to allow the SABC to screen more popular recent movies as it would kill the highly lucrative video market

'Our viewership is much higher than that of M-Net and as such showing a box office hit on M-Net would not seriously affect video viewership,' he said

US orders SAA flights to stop on Monday

The Staff/Bureau

WASHINGTON — South African Airways flights to and from the United States will end on Monday, the first of a list of economic sanctions imposed by Congress to take effect

The US Department of Transportation yesterday issued an order terminating the service, some days after it should have been stopped in terms of the "comprehensive Anti-Apartheid Act of 1986".

Other sanctions are now expected to be implemented quickly after President Ronald Reagan signed an executive order on Monday night

It is understood that officials are nearing completion of a list identifying South African "parastatal" organisations.

OBJECTIONS

Products manufactured or imported by parastatals are prohibited in the US by the Act.

The Department of Transportation yesterday set a deadline of 5 pm on Thursday for lodging of objections to the termination of the flights. Failing that, Monday will be the last day in the US for SAA.

The sanctions specified that landing rights should be revoked within 10 days of the law passing. Congress finally approved it on October 2 but the twice-weekly SAA flights between Johannesburg and New York continued.

It is believed that both US and South African Government officials have encountered problems in sorting through the law which contained ambiguous and contradictory passages

● Asked if SAA was considering legal action, a spokesman in Johannesburg said: "When the situation becomes clear, we will issue a statement"

STAT 29/10/86

Escom plays it safe with its two loans

• BULLDAY
29/10/86
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ESCOM shrugged off adverse market conditions ahead of its R100m issue today by structuring its two loans with a touch of conservatism.

It will offer Loan No 166, a new 11% 1993 stock at a 14,3% yield to maturity (YTM) priced at 85,89% and a reissue of Loan No 160, an 11% 2009 stock at a yield of 16,1% and a price of 69,37%.

Pitching Loan 160 has been a slight problem for Escom since the long end of the capital market is subject to sharp rate moves and it therefore decided to play it safe.

Three weeks ago the 160s were trading at a yield of 16,44% compared with 16,21 a week ago. Yesterday, jobbers tried to short the 160s ahead of the offering by pushing its yield up to 16,3%.

After today's R100m issue, loan 160 will be the biggest stock in issue at close to R4bn. The medium-term 1993 stock will ultimately have R1bn in circulation assuring inves-

ALAN SENDZUL

tors of adequate marketability.

Funding manager Francois Botha believes that this injection into the capital market will give a lift to Escom's secondary market operation where these stocks will later be traded.

Escom has decided to play it safe by offering the 160s at a YTM of 16,1%.

The utility said that even though it did not expect the bulk of the money to be raised through the long-term Loan 160 stock, its drawing power should not be underestimated.

The buildup in liquidity in the system is bullish for long-term rates and as the gap between the return on long- and short-dated stock has widened markedly, it is uneconomic at present to hold short-term paper.

Iscor steels itself for sanctions

CASTING a pall over Iscor's record profits posted this week is the prospect of a wrenching bottom-line drop in the current term.

The local steel market is not an arena for growth, and a run of steel sanctions from key trading partners since last month threatens Iscor's foreign earnings.

If this is not headache enough, the world steel market is set to reach a plateau over the next two years after a demand rise of a mere 1% in 1985.

And the oversupply in the world steel industry has led to a barrage of anti-import measures — quotas, voluntary restraint agreements and subsidies. The net effect for Iscor in fiscal 1987 would appear

to be an earnings drop, and the chance of government receiving a share dividend hanging in the balance — R65m was ploughed into State coffers by Iscor last year.

Iscor's group profits climbed to R172m from R24m on a 25% turnover increase to R3,9bn in its fiscal year to June 31.

The pathfinder for this remarkable performance was a sharp rise in steel sales and higher income from iron ore exports, coupled with good house-keeping and productivity improvements, the chairman's review says.

Post-sanctions Iscor will not publish detailed breakdowns of its operations, but it is thought about 60% — more than 3-million tons — of its steel sales are consumed locally.

Despite Pretoria's attempt to re-activate the economy, Iscor chair-

HAMISH McINDOE

man Floors Kotzee has noted with concern a 25% slump in motor sales, a declining property market, and expenditure curbs by Sats, Escom and Water Affairs.

Generally low economic activity caused a 3% drop in local steel demand after a 13% fall in Iscor's 1985 fiscal year.

On the flip side, Iscor expects to clinch a "substantial share" in the construction of Soekor's off-shore fuel rig at Mossel Bay and is developing new speciality steels for the project, says MD Willem van Wyk

Kotzee adds that Middelburg Steel & Alloys and Highveld Steel & Vanadium could not make the steels need for the rig.

Iscor will not raise its steel prices again this year. Despite heavy sniping from steel converters, Iscor insists that hikes have been pegged well below the inflation rate — and without a sacrifice to profitability.

SA ranks about 14th in the world steel-making league, with Iscor exporting to about 80 countries.

Foreign exchange earnings on Iscor's steel exports in fiscal 1985 amounted to R923m, against R488m previously. Last year's foreign earnings may have passed the R1bn mark, because most of Iscor's 400 000-ton increase in steel product sales to 5,7-million tons was probably landed overseas.

This year's loss of 582 000 tons of steel to the US under Washington's import-restraint agreement with Pretoria, and an import quota of

about 350 000 tons to the European Community (EC), will hit Iscor — and others — hard.

As the review quietly puts it: "Economic sanctions by traditional trading partners will affect Iscor detrimentally. However, alternative markets have been developed and will be utilised to best advantage."

On the iron ore front, Iscor increased marginally its Sishen exports by 3,4% to 9-million tons — again on undisclosed earnings (1985 revenue R246m).

As matters stand, the iron mandate on sanctions does not cover iron ore. But heavy oversupply and pricing pressures from EC and Japanese steelmakers are expected to adversely affect producers' bargaining stance when talks start early next year for the key 1987 delivery, says Iscor GM (mining) Ben Alberts.

Iscor increased sharply its pig iron sales to 501 000 tons from 181 000 tons in fiscal 1985 — it is not clear, however, what percentage of this will be lost through sanctions this year.

The corporation's capex bill rose by R125m to R355m, but all projects are to be limited to the modernisation and rationalisation of facilities.

"We're not increasing capacity," Van Wyk says.

No major steel-related capital projects were completed last year. Van Wyk discloses, however, that the hot-strip mill at the Vanderbijlpark works will be modernised at a cost of R300m over the next four years.



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New look CSIR vows to take the initiative

JOHANNESBURG — The Council for Scientific and Industrial Research (CSIR) is restructuring itself to become what it describes as "an important technology partner of South African industry"

The president of the CSIR, Dr Chris Garbers, said yesterday that major changes in the new look CSIR were planned so that the organisation could "take the initiative in promoting technology development and transfer"

The bulk of the CSIR's activities would now be directed to industrially-oriented projects

"This will establish the CSIR as a more effective provider of solutions which meet industry's current and future problems," Dr Garbers said

The move arises partly from last year's government white paper on industrial development which charged the CSIR with specific duties to develop its ability to transfer technologies

overseas to South Africa

"It was necessary to recognise, particularly in the current political climate, the need to strengthen sources and procedures for the direct scanning of, and access to technology"

Dr Garbers said many organisations had the capacity to contribute to technology transfer and the CSIR would not at-

tempt to coordinate all these activities nationwide

"The CSIR does not see itself as responsible for maintaining technological infrastructure at other organisations. However, the CSIR will draw upon sources of technological expertise on a national basis"

He said technology transfer often involved a high level of risk, and

government needed to play a leading role through Parliament's annual grant to the CSIR

Dr Garbers said the Department of Trade and Industry had established a Technology Transfer Fund. Details were being worked out for the use of these funds to support "specific technology transfer into specific companies" — Sapa

SAA keeps mum on possible landing-rights litigation

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A FOREIGN Affairs legal adviser is abroad at present while SAA officials remain silent on whether SA is to contest the early termination of the bilateral air agreement with the US, which requires one year's notice of cancellation.

The ban comes into effect on Monday. SAA spokesman Francois Louw could not comment on the possibility of legal action against the US for compensation for loss of earnings as a result of breach of contract.

Sources believe SAA stands to pocket at least R35m in lieu of its New York landing rights for a 12-month period.

Louw referred the matter to Foreign Affairs advocate J D Viall whom, he said, was "handling the matter". Another Foreign Affairs lawyer said Viall was overseas, and his department had not been consulted.

DOMINIQUE GILBERT

He referred the matter back to SAA

In reply, Louw said landing-rights arrangements were made between two countries and not airlines.

He said: "I don't know how Foreign Affairs can say they are not involved in it. If Viall is overseas, he's probably handling the whole thing there. This matter has

always been referred to him directly."

SA Transport Services GM Bart Grové hinted SAA did not wish to become involved in a "long drawn-out court case".

Meanwhile Karl Platau of the Association of Southern Africa Travel Agents said yesterday travel agents and SAA had been selling US flight tickets on a "provisional basis". Cancelled flights would be re-

routed via Europe.

The US Department of Transportation yesterday issued an order, in terms of anti-apartheid sanctions legislation, terminating direct air links with SA.

While the SAA had not officially been notified of the order, Louw said it would come into effect from Monday.

Two SAA flights scheduled to the US before then would not be cancelled.

NEWS

Corporation 'no worse than others'

Buddy

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SABC has good reason for bias, says TV editor

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Business Day Reporter

THE SABC admittedly presents a biased view of world events — but no more so than any other news media and with good reason, says editor-in-chief of its TV News and Public Affairs, Johan Pretorius.

Unlike private news organisations, the SABC was required by law to operate under the regulations of its policy code.

Pretorius was responding to allegations about the SABC at a panel discussion yesterday sponsored by the Sandton Chamber of Commerce on the responsibilities of the media.

He said the SABC was trying to promote the interests of the country not of government. The SABC's code of conduct required it to promote:

- The interests and security of SA and its inhabitants;
- The maintenance of public order;
- Obedience to the laws of the country;
- Sound relations between population groups.

This code left many decisions about what news should appear open to interpretation. Often lawyers had warned that airing certain interviews would be against the law.

Contrary to popular opinion, the SABC was financed by advertising revenue, not taxes, he added.

The editor of *Sowetan*, Joe Latakomo, said he worried about the SABC holding a monopoly on TV news in SA.

Sunday Times editor Tertius Myburgh said limitations of time and space dictated there would always be a bias in the selection of news.

US Information Service director Harvey Leifert said American correspondents reporting on SA were doing the best they could in a complicated country under difficult restrictions.

He defended the foreign media's preoccupation with violence and unrest, saying these topics, and not daily SA life, were news.



BUSINESS DAY, Thursday, October 30 1986

Soweto power scheme complete

Business Day Reporter

THE privately-funded Soweto electrification project has been completed in a record four-and-a-half years at a cost of R206m.

The scheme has been officially handed over to the councils involved — Soweto, Dobsonville and Diepena-

project totalled 690mc³ or the equivalent of 10 000 average-sized swimming pools. And 1 178km of low voltage cable was used.

Speaking at the hand-over at the West Rand Administration Board offices in New Canada, Guill Marais, chairman of consortium leaders Marais & Partners, said 105 000 houses were wired, along with many businesses and clinics.

"At the peak of the project, about 1 500 skilled and unskilled workers were on site. It is estimated that a further 3 000 workers were employed by the supplying manufacturers. The project stimulated many allied industries and all the large manufacturing companies participated."

The project is one of historical significance and serves as a basis to improve the quality of life for the 1,4-million people of Soweto."

Marais said 8 140 street-lighting poles of all types were installed in the complex.

The volume of excavations for the

"There was already high-mast

lighting in the area and further high-mast installations were designed and installed by the Johannesburg City Council."

He said the project was one of the greatest ever undertaken in SA, and probably in the world.

"In 1978, the chairman of the then Soweto Urban Bantu Council David Thebehali approached the private sector for assistance in improving the quality of life in Soweto. In those days Soweto had minimum infrastructure and electricity, water and sewerage systems were inadequate."

All this had now changed, he said. Finance for the project was arranged through a consortium of banks and financial institutions.

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SAA to file protest today on halting of US flights

By Zenaide Vendeira
Transport Reporter

South African Airways is expected to lodge an objection today against the termination of its US flights from Monday, according to official sources.

SAA's chief executive, Mr Gert van der Veer, who flew to America earlier this week, is likely to object on the ground that the move contravenes the agreement between the two countries which says that notice of one year be given for the termination of services.

The landing rights ban is the first of the economic sanctions contained in the Anti-Apartheid Act, passed despite President Ronald Reagan's veto.

President Reagan signed an executive order on Monday night authorising government departments to act on the law.

And on Tuesday, the US Department of Transportation issued a "show cause" order, setting a deadline of 5 pm today for lodging objections to the termination of flights from Monday.

While SAA is expected to object, the airline is still undecided about whether it will launch legal action for compensation, estimated by the Association of South African Travel Agents (Asata) to be R30 million.

FM
31/10/86

ISCOR

A spell of health

It was smiles all around in the Iscor boardroom when the iron and steel giant announced this week that pre-tax profits have soared to R172m in 1986, following a modest R33m in 1985.

For the first time since 1972 Iscor has declared a 7,5% dividend on all classes of issued shares, putting a welcome R65m in government's pocket

But, admits Iscor chairman Floors Kotzee, this success could be short-lived "There is no doubt that sanctions could affect us negatively," he tells the *FM*, "and we don't expect more than a slight improvement in the domestic economy next year"

Sanctions already imposed by the US and European Economic Community will affect next year's results

It is no secret that exports have kept Iscor above water and the low rand has been a significant contributor to profits. Although detailed figures on exports are not available, it is widely assumed that about 40% of Iscor production is exported

But, says Kotzee, sanctions are not the only unpredictable element "As we offer secure employment, we have enjoyed good labour relations till now, but it is difficult to maintain relations with politicised unions who have little interest in the welfare of the company"

Improved productivity

Nevertheless, continued efforts to improve productivity, through new technology and market-orientated management policies was also an important ingredient of Iscor's improved returns. Labour productivity, measured against a base of 100 in 1980, improved from 117,8 in 1985 to 131,2 this year and management expects it to improve to 140 next year

Sales of finished steel products went up from 5,28 Mt to 5,67 Mt. The Vanderbijlpark plant now accounts for 62% of sales, while Newcastle, Dunswart and Cisco (the Cape Town Iron and Steel Works) also contributed. Only at the old Pretoria plant production declined last year, but liquid steel production increased at all five centres.

Kotzee is non-committal on privatisation, but is convinced that Iscor can stand on its own feet in the private sector. "We are run like a private company, so if the shareholders (Iscor is almost wholly owned by government) want to sell some shares, that's no problem," he tells the *FM*

Although Iscor is in principle committed to free market policies, it still wishes to enjoy a measure of protection against dumping.

Kotzee believes the low rand and the 10% import surcharge, together with the tariff system, have kept out imports. The situation will have to be reviewed, particularly in the possible event of the removal of the import surcharge, he adds

In the meantime Iscor will carry on with

its capital expenditure policy. This should increase from last year's R335m to R400m — with work on the Kohle Reduktion Plant in Pretoria, a continuous slab casting machine at Vanderbijlpark, and the provision of electromagnetic stirring facilities at Newcastle. ■

Sudden ban on US flights is challenged

By Alan Dunn,
The Star Bureau

WASHINGTON — South African Airways has formally objected to the US Government over the sudden termination of its services to the United States.

SAA attorneys lodged a lengthy challenge with the US Department of Transportation on Wednesday, arguing that landing rights could only be revoked in a year's time.

SAA's objections also noted the possibility of legal action.

SAA was joined in its protest by Southern Air Transport Inc, a cargo carrier with reported links to the Central Intelligence Agency. Southern Air requested exemption from the order, which also prohibits US aircraft landing in SA, asserting that its only African repair facilities were in the Republic.

SAA lawyers said in their objections that the Comprehensive Anti-Apartheid Act of 1986, the law which orders an end to air links and contains other economic sanctions against South Africa, did not require immediate revocation of SAA's air permit.

Neither did President Reagan's executive order instructing the US Government to implement the Anti-Apartheid Act passed on October 2.

A Department of Transportation spokesman said a senior official would consider the two objections.

A recommendation to issue a final termination order may then be submitted to the White House, which had 60 days to approve or disapprove the order.

Asked if SAA could continue twice-weekly Johannesburg to New York flights during this procedure, he said "I would assume so. I don't see any reason to the contrary."

Sanctions speed Mossel Bay

SUNTIMES
2/11/88 BUSINESS

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By David Southey

THE growing threat of tighter sanctions appears to be the Government's chief reason for going ahead with the multi-billion-rand Mossel Bay gas project.

In spite of indications that oil is likely to remain cheap for some time to come, conceptual engineering work for the project is going according to plan.

The contract for the offshore work has been signed in Cape Town between Moss-gas, a wholly owned subsidiary of the Central Energy Fund (CEF) and the Cape-based Engineering Management Services (EMS).

Secret

This phase of the project is expected to be completed in March next year. Physical implementation is expected to start at the beginning of 1988.

CEF director of projects Bob St Leger says each phase of the project will be assessed at completion and the results analysed before a decision is made on whether to go ahead with the next. This implies that the Government would then at least have the option of ditching or delaying work should circumstances demand.

CEF (Pty) has acquired land near Mossel Bay — although at what price remains a secret.

Mr Leger tells Business Times: "In terms of the feasibility study things are looking good. The conceptual work now involves firming up the ideas presented, determining costs more precisely, discussing and ironing out technical problems, drawing up basic designs for the project and determining the method of execution."

Mr St Leger says the Gov-

ernment is determined to maximise South African content of the project, which will give a significant boost to the heavy-engineering and construction industries. Wherever possible, imported components will be financed by supplier credits.

Confident

Mr St Leger says the project is likely to be completed in spite of projected falls of \$5 a barrel or more in world oil prices.

"A study of oil over the long term shows that if the price stays low for long enough, more and more users will convert to oil and vice versa if the price rises over a long period."

Mr St Leger is confident that the gas reserves off Mossel Bay will last long enough to maintain the project.

"We are very comfortable with the known reserves," he says.

MICK COLLINS

THE success enjoyed by the steel sector is largely the result of the dedication and pioneering spirit of its founder members, who combined to form the Construction Engineering Association (CEA), which is celebrating its golden jubilee this year.

In his annual review chairman R G Schmetz said it was unfortunate that the jubilee should be celebrated at a time of depressed business conditions and social unrest.

"However, it is clear when reviewing our achievements of the past 50 years that our industry is versatile and innovative, and has

CEA founder members' drive has led to success

successfully overcome its problems in the past, and has always been equal to the challenge of the times."

The industry relied, he said, on continuing capital investment particularly in the fields of industrial expansion, transport equipment and energy production.

"Being relatively labour-intensive we have a strong potential for job creation which is so essential for the ongoing welfare of our

country at this particular time.

"All we need is the opportunity to play our part in the development of infrastructure and in industrial expansion."

This might entail a government-sponsored programme of import replacement and appropriate incentives such as those which existed during the Second World War and the period of reconstruction which followed.

"Our industry has a long history

of diversification

"The association started as a group of firms which fabricated simple steel structures. Their capability developed over the years into the fields of armament production, ship-building and into a wide field of heavy engineering construction including boilers and power stations, petrochemical and steelwork plants."

Schmetz said a classic example of how steelwork fabricators moved into the field of import re-

placement was the transport equipment industry which was established.

"This now covers the complete range of locomotive, coaching stock and goods wagon manufacture. All this equipment was previously imported."

"Against this background there can be no doubt that members of our association still possess the enterprise and skill to meet the needs of the country for years to come."

Sanctions may hit Iscor profits

MICK COLLINS

WITH sanctions no longer a threat but a firm reality, a repetition of Iscor's profit performance of the past year could be in grave jeopardy.

Pundits have long forecast the local market is not an ideal arena for growth and with the advent of sanctions the steel giant's overseas excursions look likely to be curtailed.

If this is not bad enough, world steel markets are set to peak in about two years after experiencing a dismal 1% growth in demand last year.

Oversupply has led to a panic situation in many countries with voluntary restraint agreements, anti-import measures, subsidies and quotas being the order of the day.

Iscor's group profits climbed to R172m this year from R24m last year on a 25% turnover increase to R3,9bn in its fiscal year to June 31.

The criteria for this remarkable turnaround were sharp rises in steel sales and higher income from iron ore exports.

Since the introduction of sanctions Iscor will no longer publish detailed breakdowns of its operations but it is thought

around were sharp rises in steel sales and higher income from iron ore exports.

Since the introduction of sanctions Iscor will no longer publish detailed breakdowns of its operations but it is thought

around were sharp rises in steel sales and higher income from iron ore exports.

Improvement for Middleburg Steel

Capital expenditure, apart from replacement items, related to the integration of computerised information systems and the pollution control programme.

Cash flow generated during the year was sufficient to finance increases in current and fixed assets, and a significant surplus enabled borrowings to be reduced.

Prospects for 1987 indicate growth in earnings. This prediction, made against the background of a business and political environment which makes forecasting difficult in the extreme.

In the short term sanctions will have little impact on the company. In the longer term however customer fears of increasing political turbulence could encourage alternatives to SA as a source of raw materials.

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STEEL INDUSTRY

A Business Day Survey

Edited by MELANIE SERGEANT

Sophisticated and valuable SA asset

THE SA steel construction industry has developed into a valuable national asset well able to cater for the country's varied and sophisticated requirements.

The sector has experienced phenomenal growth since companies undertook the erection of the first light structures at the turn of the century.

Today, using the latest technical expertise, companies involved in steel construction compare favourably with their counterparts overseas while some local projects are among the largest in the world.

In a jubilee report on the past 50 years, the Construction Engineering Association (CEA) says the success of the sector owes much to the dedication and pioneering spirit of its founder members.

Although steel structures had been fabricated in SA since the start of the 20th century, virtually all unworked steel used in fabrication had to be imported.

"This is why first fabrication shops opened at the coast. Development on the Witwatersrand rapidly increased demand for steel construction and by the 1920's well known firms such as Alpheus Williams & Dowse and Wade and Dorman were fully operative in Johannesburg."

The decision to establish a steel plant in SA, Iscor, in the early 1930's gave the budding steel construction industry its first chance to fabricate really heavy structures.

the contract to design build and erect the steelwork. A heavy fabrication shop was especially established in Germiston by the Union Construction Company and substantial portions of the Iscor plant were fabricated there.

Since then the plant has been greatly expanded and the plant is now part of the Dordoyl group.

Rapid industrial expansion in the years between 1930 and 1940 saw companies expand their capacity to supply the buoyant market with steel-work.

The CEA jubilee report says groups of skilled structural draughtsmen and artisans had to be recruited from overseas to fulfil the need for skilled labour. A number of these stayed on to make substantial contributions to the development of the engineering industry in SA.

The CEA lists among the great industrial pioneers names such as J M Osborne, regarded as the founder of the Dordoyl group and A Gardner Williams, whose family was notable for its connection with the De Beers diamond industry in Kimberley.

"Mention must also be made of Ben Caddy, secretary of the SA Boiler-makers' Union, who was a towering figure among trade union leaders of the day.

"Were it not for the vision and enterprise of men such as these, and the spirit of teamwork they generated between employers and employees, the industry could not have diversified and developed as it has to meet the country's needs."

LTA fingers burnt, but it's not put off

By David Carte

LTA will consider tendering for other township electrification projects even though it thinks it was short-changed to the tune of more than R25-million on the Soweto scheme, says managing director Colin Wood.

"You can't say you won't ever tender on a certain type of contract again," said Mr Wood, "but in future we shall be very cautious about the conditions of this type of contract."

Mr Wood said negotiations between LTA and other parties were at a delicate stage. He declined to elaborate on the arguments involved.

A contractor outside LTA said the matter was deadlocked because of the long chain of command involved in the contract.

Expensive

Apparently the client was the Soweto councils, which were advised by the West Rand Administration Board, which no longer exists. The main contractor was Tesacon, a consortium of electrical contractors, whose equipment was to be installed. LTA was a sub-contractor.

The job turned out more difficult and expensive than anyone had foreseen.

"There was fault on every side," said a contractor who was not involved in the argument. "The engineering was too rushed. The documents were not sound. Banks arranged funding for only a certain amount. Once that money was used up, that was the end of the story."

"In addition, as the job developed, it became more complicated. There was five times more rock than anyone

THE privately funded R206-million scheme to provide electricity for 105 000 houses and businesses was officially handed over to the Soweto, Dobsonville and Diepmeadow councils this week. The project, financed by a consortium of banks and financial institutions, also provides street lighting. Guill Marais, chairman of consortium leaders Marais & Partners, says it was one of the largest electrification schemes to be undertaken in the world.

expected. The contractors believed there was a lot of additional work, the bill for which amounted to perhaps five or six times more than the contract amount.

"Another problem was that a whole lot of other contracts for roads, drainage and services were signed at the same time. Contractors were treading on one another's toes and sometimes freshly laid cable was dug up in error."

Court case

As a result of the complications, LTA is claiming far more than the original contract amount. It has a problem in discovering from whom to claim — the Soweto councils, non-existent WRAB or Tesacon.

All parties hope to avoid going to law, but if no compromise is reached the matter will end up in the Supreme Court.

Mr Wood says there is no question of further losses. LTA has provided in full and this year it will return modestly to the black in spite of a heavy interest bill. He hopes

that maturing contracts will bring in the cash to liquidate debt and keep LTA in profit even though the order book is down and still falling.

Now that Soweto, Diepmeadow and Dobsonville have been provided with electricity, many are asking which township will be next. Much depends on the Soweto experience.

If electrification makes not only for a better quality of life but for more peaceable living, it seems likely that it will spread across the country and that the economics will be a secondary consideration.

High cost

The economics of electrification remain problematical. A high proportion of black consumers have found they cannot afford to use the electricity delivered so expensively to their doorsteps.

One advantage about electricity is that it can be turned off on non-payment.

Escom has raised its prices by 10% twice this year and is about to hit consumers again

in January with an increase of about 14%. It claims it has to charge more to fund power stations now that it can no longer borrow abroad.

Escom says increases after January will be less than the inflation rate, but there is little doubt the next will cause more Soweto households to switch off.

Everyone knows that unless Third World standards are adopted, the next township electrification scheme will be even more expensive.

Escom is looking at ways to get electricity to Third World consumers. An obvious implication is that cabling in future will have to go overhead. This brings safety and security problems.

Alexandra, already partly electrified, is the favourite candidate for the next scheme.

A world first

THE mammoth project began six years ago. The electrification process took 4½ years — the first contractors went on site in August 1980 and the project was completed in February 1985.

It was a world first — nowhere else has a city of 1,4-million people been provided with electricity from scratch.

Planning began in 1978 when David Thebehali, then chairman of the Soweto Council, approached the private sector for assistance to improve the quality of life in the satellite city.

Houses have one light to a room, two outdoor lights and one plug outlet a room. Provision is made at the distribution board for a future geyser and stove.

A two-wire and neutral earth leakage device was developed for Soweto.

Excavations would have provided 10 000 pools

THE statistics involved in electrifying an existing city of 1,4-million people are staggering.

Here are some of the figures:

● The volume of excavations for the project totalled 690 000m³ — the equivalent of digging sites for 10 000 average domestic swimming pools.

● A total of 1 178km of low-voltage cable was used — the distance from Johannesburg to Durban and back again.

● Altogether 8 140 street-lighting poles of all types were installed. There was already high-mast lighting in the Soweto council area. Additional high-mast lighting was designed and installed by the Johannesburg Municipality's Electricity Department.

● A total of 4 252km of house service cables was used — a distance equivalent to three road trips between Johannesburg and Cape Town.

Iranians' R76m suit against Iscor fails

15/7
2/10
3/11/76

LINDA ENSOR

THE \$76m claim brought against Iscor by two Iranian businessmen was dismissed with costs in the Pretoria Supreme Court on Friday.

Mr Justice Curlewis found that Iscor had not unlawfully breached an agreement as alleged and that there were no grounds for claiming damages

He found that Iscor was entitled to terminate the agreement.

The trial proceeded without evidence being presented by the Iranians, Sami Abdulnabi (alias Shamoon) and Ahmed Zangueneh, because they failed to put up the required security of R296 000 plus R7 750 for every day of the trial, except the first one

Iscor's counter-claim for the Iranians to deliver accounts of the business conducted in partnership with Iscor, and for these accounts to be debated, was granted as the judge found their accounting had been inadequate

The Iranians claimed they entered into an agreement with Iscor in May 1979 to extend — for a further five years — a joint venture to sell Iscor products in Iran and other Middle Eastern countries

The judge said the fact that Shamoon had failed to find buyers for the steel products and to keep stock moving, as agreed, would alone have been sufficient for Iscor to renounce the agreement

He said Iscor had, in addition, "ample ground to have lost confidence due to the behaviour of the plaintiff".

There were no terms of the agreement binding Iscor to supply a specific tonnage of steel for five years as alleged

"It has been absolutely established by the defendant that the provisions relied on by the plaintiff do not exist and so there was no breach as alleged or at all" Judge Curlewis said



Mr van der Veer: "Buy what is best for SAA."

SAA to buy the best even US aircraft

By Neil Lurssen,
The Star Bureau

WASHINGTON — South African Airways will not respond vindictively to US sanctions by refusing to buy American aircraft, said the airline's chief, Mr Gert van der Veer

"We are a business organisation. We will buy what is to the best overall benefit of SAA.

"We see no need to be vindictive. We don't think that will be constructive in the present circumstances," he told a group of South African newsmen here.

SAA was looking at aircraft to replace its domestic fleet in about 1991, Mr van der Veer said. American and European planes were being considered.

"We need now to build bridges (between the US and South Africa) because we do not consider the present situation to be a permanent one," he said.

Mr Van der Veer came to Washington last week to lodge an objection with the Department of Transportation against immediate termination of SAA flights to the US in terms of the Sanctions Bill passed by Congress.

AIRLINE'S RIGHT

SAA was asking that its

AIRLINE'S RIGHT

SAA was asking that its flights be allowed to continue for a 12-month period until October 27 1987, arguing this was the airline's right in terms of the Air Transport Services Agreement between the US and South Africa in 1947.

"The fact that they want to terminate us immediately is against the spirit of the agreement, against US law and, we believe, against the (Sanctions) Act itself," Mr van der Veer said.

The SAA chief executive said he could not quarrel with a US decision to terminate the service next October because that was what the agreement allowed. But the airline needed a year to wind down its operations in the US in an orderly way. That was the reason for the agreement.

Australia had given SAA a year to end its operations. This was sad, but it could not be challenged because it was covered by the agreement with Australia, he said.

FINANCIAL IMPACT

If the decision went against the airline, there could be further legal action.

Mr van der Veer said the end of the US link would have a financial impact on SAA. About 90 000 passengers were carried annually on the route, which had shown a profit.

If the ban resulted in an excess of aircraft in the fleet, SAA would consider leasing the aircraft to foreign operators, a course it had pursued for the past 18 months because of the decline of the economy.

There was also a possibility that the Boeing 747 Jumbo aircraft used on the US route could be employed on domestic routes.

Whatever happened, SAA had no intention of firing its staff.

"What we have done for the last 18 months is to follow a policy of attrition by not replacing people going on pension, those retiring, those boarded out through ill-health. We will essentially follow the same process. We will not sack anybody."

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SAA 41176

Visiting Zimbabwe MP clashes with Pik at Rosebank meeting

By Colleen Ryan, Political Reporter

In an extraordinary clash at a National Party meeting last night, a visiting MP from Zimbabwe disputed a claim made by the Minister of Foreign Affairs that there was no freedom in Zimbabwe

Mr Charles Duke, a member of the ruling Zanu-PF party who is visiting South Africa, stood up at Mr Pik Botha's public meeting, attended by 700 people in Rosebank, and said he disagreed that Zimbabwe was not free.



Zimbabwe MP Mr Charles Duke: disagreed that his country was not free.



Mr Pik Botha: would visit Zimbabwe if assured he could "cross the border alive".

Speaking during question time, Mr Duke asked the Minister how the South African Government could claim to have a multi-party system and still pass "extremist legislation".

He said the South African Government had no new proposals for solving problems in the region.

In his reply, Mr Botha attacked Mr Duke "for criticising my Government". He questioned whether any South African politician would be allowed to do the same in Zimbabwe. He said he would take up Mr

Duke's offer to visit Zimbabwe to see conditions for himself, providing Mr Duke could provide the assurance he would be able to "cross the border alive".

Mr Botha criticised the Prime Minister of Zimbabwe, Mr Robert Mugabe, warning that his "totalitarian and Marxist" plans would mean the end of freedom in that country.

He said the Government would not allow South Africa to be taken over by the forces now in control of many countries to

the north of it.

Earlier in his address, Mr Botha said apartheid had not been the problem in Zimbabwe but now the country had independence "there is hardly a person who can say it has freedom".

Mr Botha also criticised the African National Congress, saying it was dominated by the South African Communist Party and was not interested in peaceful negotiation.

He said the country's enemies had realised many years ago

that South Africa's "pluralist" policies made it an easy target of criticism and outside pressure had steadily increased over the years.

Sanctions were inevitable but "the people of South Africa cannot be boycotted in respect of their capacity to adapt and change and negotiate", he said.

Referring to a possible general election, Mr Botha said support for his meeting showed the National Party would seriously challenge the Progressive Federal Party in Johannesburg.

SAA will continue US flights

Transport Reporter

South African Airways will continue to operate its scheduled flights to the United States until further notice, an SAA spokesman said yesterday.

He said the twice-weekly New York flights would be resumed from Friday "until we are told to stop".

The airline lodged an objection with the US Department of Transportation last week against immediate termination of SAA flights to the US following the Anti-Apartheid Act passed recently by the US Congress.

LEGAL RIGHT

SAA wanted its flights to continue for a 12-month period until October 27 1987, arguing that it was the airline's right under the 1947 Air Transport Services Agreement between the US and South Africa to receive one year's notice.

The Department of Transportation was expected to decide on SAA's objection this week. The spokesman said SAA had not decided whether legal action would be taken if the decision went against the airline.

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SA's diminishing air link options

By Zenaida Vendeiro,
Transport Reporter

South Africa lost its direct air links with two continents this month (although one of these bans only comes into effect in a year's time and the other is being contested). The country is likely to be isolated even further in the next few months as the sanctions campaign reaches its climax.

PRESSURE

The impending loss of the North American and Australian routes — among South African Airways' most profitable services — came as the biggest blow to the airline since it was banned from flying over Africa in 1963.

SAA was then able to overcome the ban by flying around the bulge of West Africa. It did so without missing a single flight, but at a cost of tens of millions of rands.

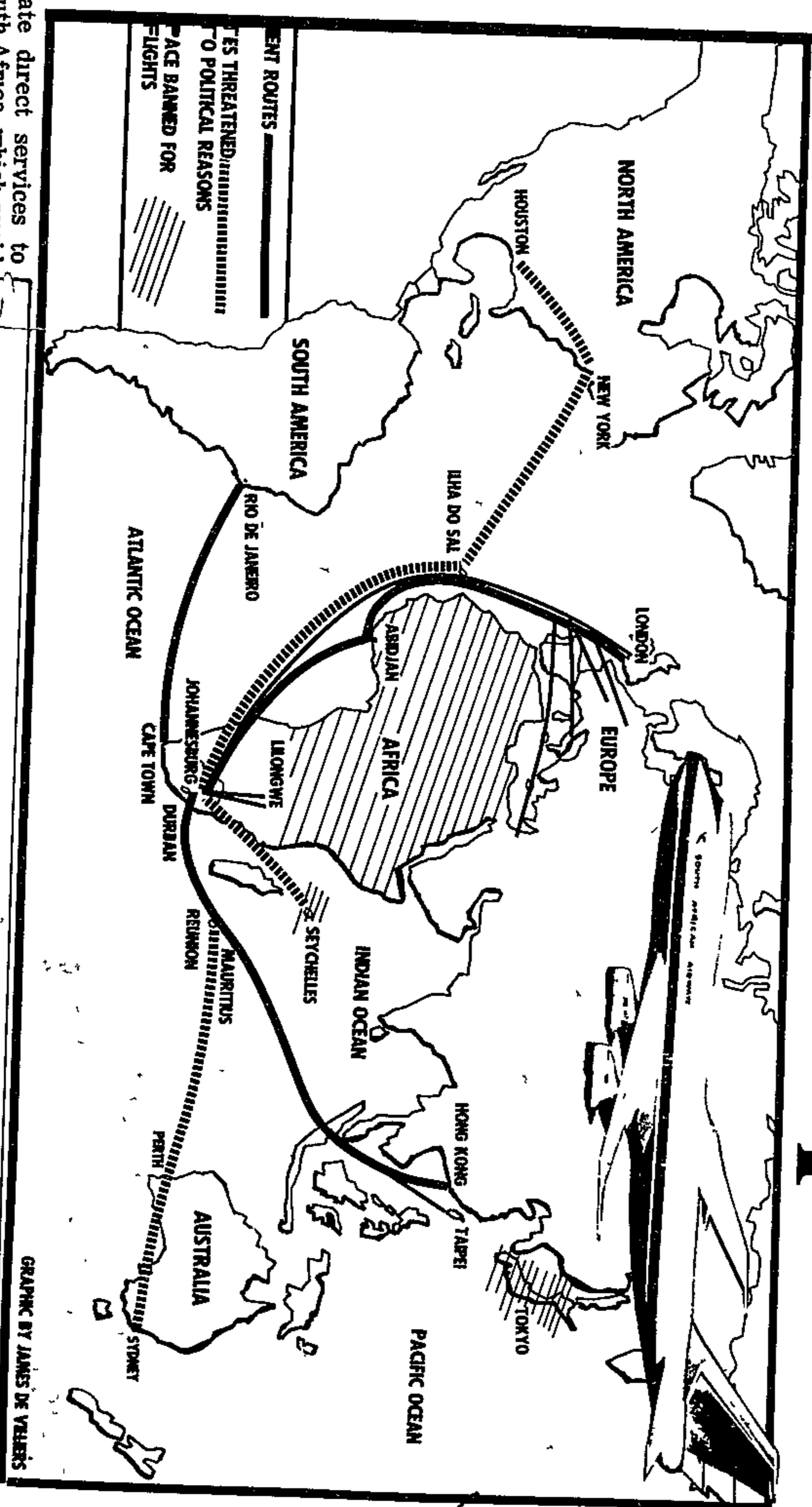
However, SAA had the foresight to formulate plans to circumvent future overflying or landing restrictions. These included the exploration of new routes and destinations, the operation of "undercover" services and the use of airports in neighbouring states.

However, the options are shrinking. Apart from the bans on flights to the United States and Australia SAA has already been banned from flying over Africa.

International airlines operating to and from South Africa are also under pressure. Five national carriers have stopped flying to South Africa. The Australian airline, Qantas, was ordered to withdraw in 1977. Pan American, Iberia, Scandinavian Airlines Systems and Aerolineas Argentinas, cited low profitability for their retreat, but this was caused by the political situation in South Africa (which discouraged incoming travellers) and the ensuing drop in the value of the rand (which put overseas travel out of the reach of many South Africans).

Now more airlines could withdraw for the same reasons. International carriers also face threats by Zambia and Zimbabwe to impose an overflying and landing ban on services bound for South Africa.

If they materialise, airlines will have two options. They can either operate direct services to South Africa, which avoid overflying those states — at the risk of losing traffic in other African countries — or they can reroute their flights to neighbouring states. British Caledonian has managed to wrest the Botswana route from British Airways and will begin services next year. Whatever happens, the incentive to travel to or out of South Africa will diminish, involving more expensive routes and



GRAPHIC BY JAMES DE VILLERS

SAA keeps up its US flights

Airline ban could be delayed for 60 days by Reagan review

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WASHINGTON — The Reagan Administration said today that a Congressional ban on airline services between the United States and South Africa might be delayed for as long as 60 days while President Reagan reviews it.

The possibility of such a lengthy delay is a development that Congressional sources said had not been foreseen by Congress when it passed — over the President's veto — legislation imposing sanctions on South Africa.

In apparent anticipation of the delay, South African Airways has scheduled another two weeks of flights between New York and Johannesburg.

An SAA reservation clerk said additional flights had been sche-

duled for November 8, 12 and 15. Last week SAA said its last flight on the New York-Johannesburg route would take place on November 3.

An end to air service between the two countries was ordered in the Comprehensive Anti-Apartheid Act, which became law in early October.

The law, adopted by Congress to protest against apartheid, gave Mr Reagan 10 days to order the government to carry out the airline service ban.

But a spokesman for the US Department of Transportation (DOT), the agency which regulates international air routes, said a proposed order it drafted banning South Africa flights must now go through the same procedure, set out in Federal aviation law, as any other order affecting international air ser-

vice.

Under the aviation law, the President has 60 days to review an order and can veto it on foreign policy or national security grounds.

DOT spokesman, Mr Robert Marx stopped short of saying the aviation law could override the sanctions legislation, in effect giving the President the legal right to prevent the Congressionally ordered ban from taking effect.

"In order to assure that this revocation sticks, in the event it's challenged, we have to go through all the steps, or it could be grounds for a suit," Mr Marx said. "It's an academic question whether the President has the right to block the ban, but I don't think there's any expectation that that could happen."

Sapa-Reuter

can President Samora Machel, November 18 is suggested as the date of a formal announcement

SAA says it is not aware of anything in the wind, and officials will not comment on reports of a hush-hush visit by its executives to Harare recently. However, it has cancelled all advertising in the country.

Not everyone, however, believes SAA is moving wisely. Criticising the time and money being wasted and the secrecy of its plans, PFP transport spokesman John Malcomess tells the *FM* that he will raise the issue in the next parliamentary session.

"SAA is in a no-win position. If they go for compensation, which has been estimated at R30m, they will have to prove they would have made that amount on the route. I just don't believe the US service is that profitable, and I don't believe a US court would award more than a fraction of that amount. All SAA can do is buy some months' extra flying time — at great cost."

The Association of South African Travel Agents (ASATA) also believes it could help with sanction-busting plans if only SAA were less secretive.

Meanwhile, passengers, and especially businessmen,

will welcome SAA's decision to fight to retain its US service for as long as possible.

Even with the best connecting flights, alternative European routes are five to eight hours longer on average than the 18-hour direct flight. The most popular links are

through London, Paris, Zurich, Frankfurt and Amsterdam.

Passengers do not have to pay extra for the added destination, but TFC Travel deputy chairman Robert Foggitt believes prices could be increased as early as January.

The weekly service to Australia is one of SAA's most profitable routes, and the Qantas service to Harare is likely to pick up some of the traffic. Other likely routes are through Hong Kong, Taipei and through Mauritius to Singapore. These routes are not only long-

er but, based on this year's prices, will cost about R300 more.

The loss of direct flights also means a boost for travel agents as confused travellers need more guidance on the best routes.

Says travel agent Hilton Ross "We're coming into our own. With the alternatives being forced on travellers, we've got more to sell."

At the end of it all, the good news for SAA is that the headwind seems to be easing — for a while.

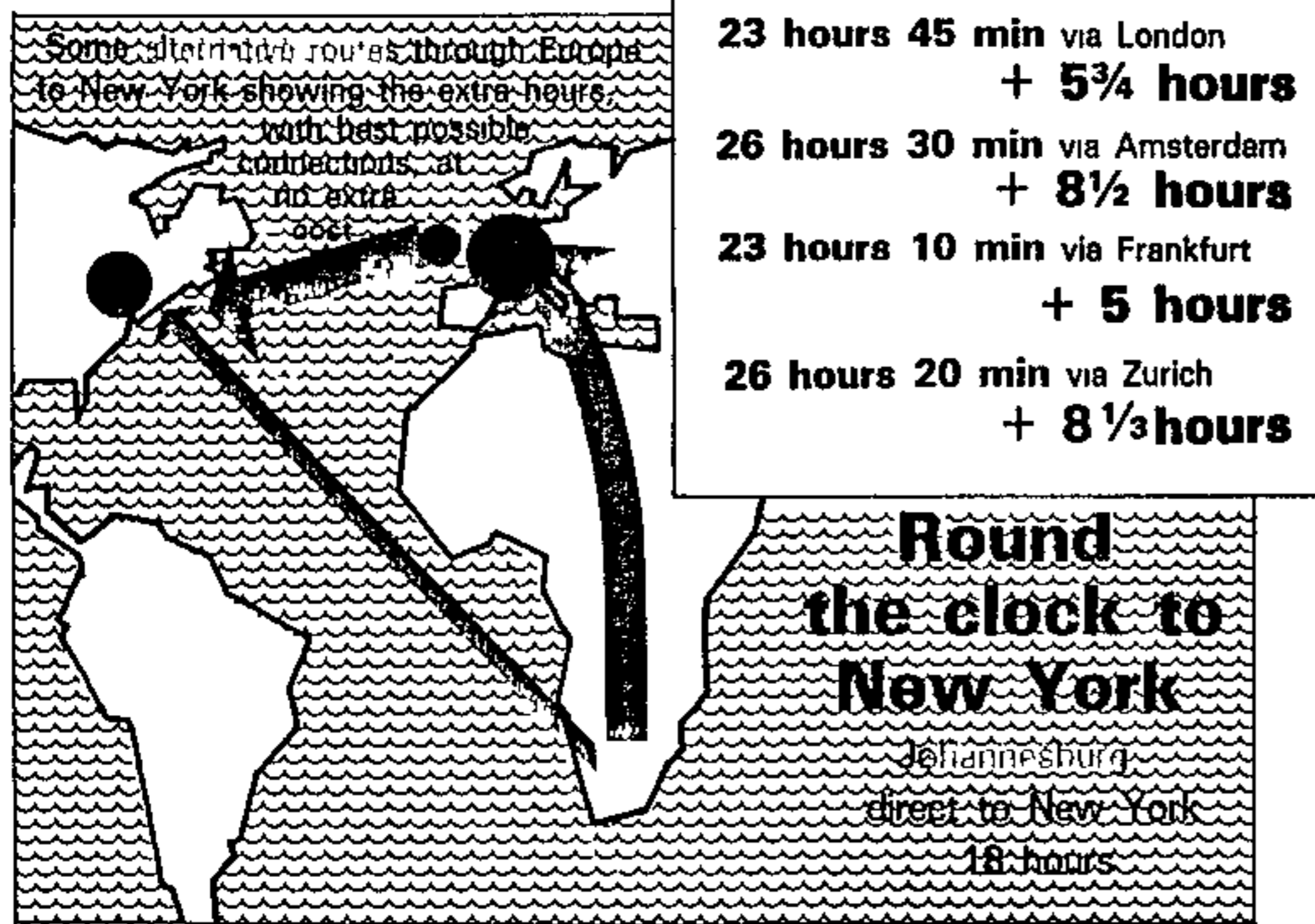
There is a certain relief in the end to uncertainty, and plans are well advanced for the switch-over to well-mapped alternative routes. Airline and travel sources say that despite earlier fears, there is no new talk of further restrictions, particularly to European destinations.

AIR LINKS

SAA gloves up

SAA has ended speculation about its intentions by announcing that it is to go to court over the summary termination of its US landing rights. The message is clear: the national carrier will not easily give up any of its hard-won routes.

Whether SAA gets its court injunction or not, its twice-weekly direct flights to New



York continue in the interim. If it loses this round, it can still sue for compensation. Either way it will have bought time for an orderly wind-up of its US operation.

Australia's decision to observe the 12-month notice clause for ending its bilateral landing agreement strengthens the airline's case in the US, as industry sources point out.

The next routes under threat appear to be links with Zimbabwe. In Harare, where SAA's offices were ruined by student arsonists who struck after the death of Mozambi-

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Row as SABC axes news women

By JEREMY BROOKS

THE airwaves were sizzling yesterday after the SABC revealed it was dropping women news readers from its early morning bulletins.

OUT go honey-voiced Stella Heyer, Shirley Veal and Elwyn Morris.

IN come plummy John Bishop — adding to his TV Network role — and freelance Christopher Bennett.

The new ruling in the studios of news-and-views programme Radio Today is because listeners prefer mature male voices to give reassurance and credibility to the news.

So, at least, claim SABC researchers.

"There seems to be a liking for a stronger, more direct approach to news, at that time of the day," said Radio SA's Patrick Kohler.

Experiment

"Then again, the gentler approach of women news-readers seems to be favoured around noontime."

He described it as "an experiment to brighten up radio broadcasting."

But the move provoked incredulity among women.

"What utter rubbish!" exclaimed Johannesburg councillor and PFP organiser Molly Kopel, who says SA women outnumber men 53:47.

"It's just another example of a minority imposing its will on the majority."

Mr. Kohler denied being anti-women. "Listeners have been asking us what happened to the golden voices of broadcasting."

"It would be a tragedy not to use Christopher Bennett just because he has chosen to go freelance. He and others like him represent the best voices in the country."

● Irony note: Radio Today's chief presenter is a woman — Bea Reed.

MINING / FINANCE

Colliery passes milestone

RAND MINES' new R440m Khutala colliery passed a significant milestone this week by dispatching its first coal to Escorn's Kendal power station.

This delivery marks the first of a 1,5-million ton stockpile which Escorn will establish at the power station between now and June 1988, when the first of its power-generating sets will be commissioned.

Although Khutala has only planned to reach full production of 1,1-million tons in 1998, it already has two underground sec-

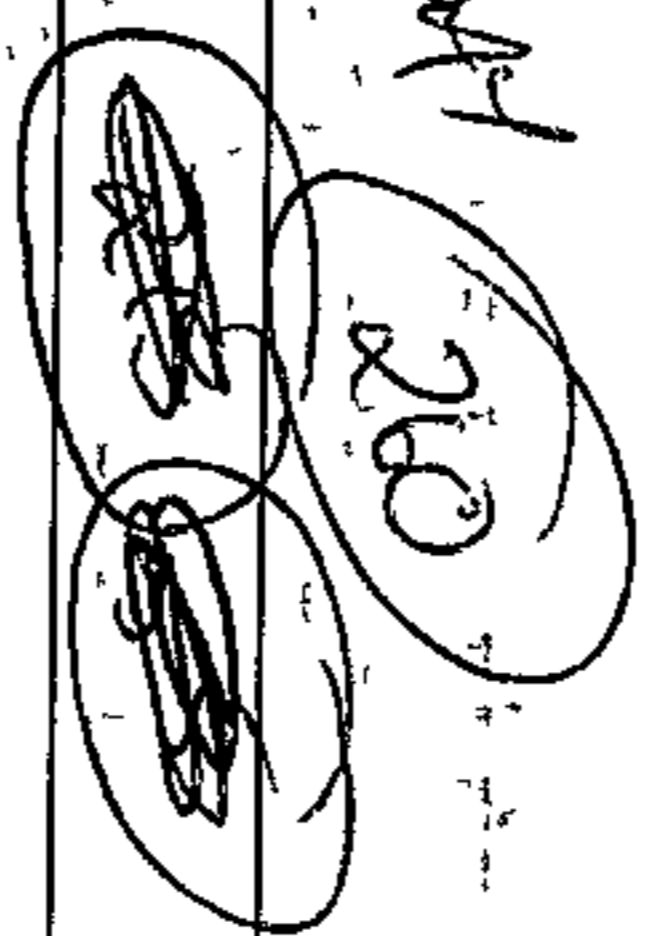
tions in operation, producing around 25 000t of coal a month.

The first coal delivered to Kendal yesterday was brought into the coal stockyard by means of an overland conveyor belt. It was mined from the No 2 and 4 seams, which lie no more than 100m below surface. The mine also boasts a rich No 5 seam, about 2,2m wide, which will be available for the export market should conditions in that market im-

CHERILYN IRETON

prove. Escorn's new station, scheduled for completion in September 1993, is expected to save SA almost 55-million cubic metres of water each year by means of its sophisticated, indirect dry-cooling design. Costing in the region of R3,5bn, Kendal will limit water loss through evaporation by cooling the water in a closed system inside its cooling towers. This system uses 0,8l of water a kilowatt-hour compared with a wet system's 2,5l a kilowatt-hour.

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BUSDAH
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We're in a dilemma ^{SOM} Sasol chief ²⁰

Jaap Boekkooi

South Africa will have to build new liquid fuel plants sooner or later but with current low oil prices it is difficult to predict whether such plants should be of the oil-from-coal or imported crude oil type, says Sasol's general manager.

Mr T Van der Pas told the second resources conference in Johannesburg yesterday that the consumption of both petrol and diesel was growing, the self-sufficiency attained in the early '80s dropping and the use of the Sasol

plants increasing, making extra plants a necessity. At the same time world oil prices could stay below \$20 a barrel until the next century.

Planners of future plants have a difficult task because they face the question of which type of plant to build. "The answer depends to a large extent on economics," Mr van der Pas said.

One aspect to be considered by planners is the large savings in foreign exchange achieved by Sasol plants. These amounted to almost R4 000 million last year alone, or nearly two-thirds of all

capital invested in them

The Sasol plants have made these savings by reduced crude oil purchases and the export of valuable chemical by-products.

South Africa has large reserves of coal to build more Sasol plants and the only other raw material that plays a part in planning is availability of water.

Experience had shown that South Africa had the know-how, experience and workforce to undertake mega projects in the synfuel field with 65 percent local content, said Mr van der Pas.

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Escom power plan for town and country

By Don Robertson

ESCOM is about to embark on a programme to bring electricity to black townships and rural communities.

All that is needed is the go-ahead from the Department of Community Development.

At the same time, Escom hopes to start negotiations for setting up a Southern African electricity grid consisting of at least six neighbouring states.

Senior general manager Ian McRae says the plan for the upgrading and electrification of Alexandra, Sandton, costing an estimated R60-million, has been accepted and awaits Government approval.

These plans, he says, can be adapted for townships elsewhere, also at minimal cost.

Prime mover

Escom, which has acted as the prime mover in the Alexandra project, believes the upgrading could be achieved in three years. It would involve the repair of roofs, windows and gutters and the painting and plastering of houses. Electricity would be added to all houses during the reconstruction phase, and additional recreational facilities, shops and schools could be built.

Mr. McRae says "It is vitally important to do something speedily in an effort to improve the quality of life in the townships. It will also allow the creation of home industries in these areas. But to achieve this, we must deregulate quickly."

Escom's study of the Alexandra project shows that a house can be upgraded and provided with electricity for only R4 000.

"I am making Escom's expertise available to all the relevant local authorities in an effort to find schemes suitable for all townships. Suppliers can co-operate and in this way we might be able to get prices down further."

"The Government must give this effort high priority. Although it has helped in the past, we must get into higher gear. When the quality of life improves, the population growth rate declines. This is important."

Escom is also providing electricity for rural areas. It is connecting an estimated 10 000 consumers a year — many of whom would normally use wood for cooking and heating. Mr. McRae believes it is South Africa's interest from an environmental point of view that progress continues.

"Although it is not always economic to bring electricity to these areas, there is more at stake than the bottom line."

Mr. McRae is also encouraged about the possibility of establishing a Southern African electricity grid and believes that early next year he may be able to sit down with utility directors from Namibia, Botswana, Mozambique, Swaziland, Lesotho and Malawi to discuss the best and most economic ways of linking the electricity systems.

Zimbabwe, Zambia and Angola would fit in well with the scheme, but political problems might prevent this, he says.

Spending

Escom is already assisting Mozambique and Botswana with their electricity developments in the form of contract negotiations, training, specifications and maintenance. It is also advising both countries on new power station and hydro-electric projects.

Escom supplies 100% of Lesotho's power, 80% of Swaziland's, 60% of Mozambique's and about 35% of Botswana's.

Such a combined scheme would be beneficial to all and allow Escom to buy and sell power. Buying power would help Escom to reduce its capital spending and preserve SA's natural resources.

SAA won't be shot down in US landing rights battle

File RUSOBY 260

SA AIRWAYS (SAA) is to resume its legal battle to get SA's landing rights ban overturned after two US courts rejected appeals at the weekend to stop President Ronald Reagan's final order to sever air links.

SAA is to ask the US Columbia District Court today to speed up the hearing over the early termination of the 1947 bilateral air agreement after a lawsuit was filed late last week.

SAA CEO Gert van der Veer said yesterday the move was independent of last Friday's emergency appeal to the court. He said "Our legal avenues are not blocked. The main thrust of this action is to keep flying to the US rather than claim damages at this stage."

And the airline will ask Pretoria today to request the US State Department to agree to arbitration talks in terms of the air pact. It was learned that the department informed Pretoria in a diplomatic note on

October 10 that the pact would end on October 8 next year. "It is not Congress' intention to breach the international agreement, which requires one year's notice of cancellation," Van der Veer said. The US Supreme Court rejected last Saturday SAA's appeal to have an interdict placed on the presidential order barring the airline from flying to the US

HAMISH MCINDOE

from one minute past midnight yesterday. In a similar move, a panel of three judges voted two-to-one against SAA's appeal in the Columbia District Court. SAA flight SA 204 from New York was scheduled to land at Jan Smuts at 6:45pm last night. The airline has nominated Frankfurt as its "preferred point" for the dog-leg service to the US - and then Zurich, London and Amsterdam.

Passengers booked on flights to the US up to December 1 have already been re-scheduled on the flights of European flag carriers. SAA expects by Wednesday to have re-booked passengers with tickets up to January 1. Said Van der Veer: "Cutting air links means the US does not want to know what is going on in SA."

Ironically, the SA Board of Tourism last week launched a month-long \$1m advertising campaign urging Americans to visit the country and "Get a whole new perspective" on SA.

2/11/86

BUSDAY

(260)



Iscor keeps a constant watch on price policy

MICK COLLINS

DESPITE claims from the independent secondary steel producers of unwarranted price hikes, Iscor is sticking to its guns

The steel giant says pricing policy is constantly monitored and the corporation aims to stay in a profit-making position

Dealing with the subject extensively in its annual report, Iscor says "Up to the abolition of price control on primary steel products on July 26, 1985, Iscor's steel prices had remained unchanged for 13 months. On that date a differentiated price increase of a weighted average of 8% on all steel products, excluding tinplate, was applied"

It says a further increase, which came to a weighted average of 9.8%, was applied over a period of three months, from January to March 1986

Iscor's tinplate prices on a delivered basis were increased by 9.5% on April 1, 1986, which the organisation says was the first increase in two years

"Price increases since the last one announced by government in July 1984, up to March 1986 came to a weighted average of approximately 11.5% per annum

"This shows that Iscor has made a positive contribution towards combating inflation by maintaining the prices of steel products on a reasonable level, without forfeiting profitability"

Backlog position worsened

The corporation gives some other examples of its pricing, saying since 1980 the steel price index has been lower than the consumer price index throughout

"Even directly after a steel price increase the backlog persisted, and the position worsened because of the steady rise in input costs resulting from general inflation until the next steel price increase came into effect.

"However, Iscor has largely counteracted this continuous backlog situation in respect of income by deliberate management actions to increase internal operational efficiency and improve productivity"

The report says from around 1982, Iscor's domestic prices have been lower than published overseas domestic prices in most cases, especially compared to those of the US

Investments in new and replacement projects amounted to R335m for the year

"Capital expenditure was once again limited to those projects which will increase efficiency, effect cost savings and improve product quality

"All the capital required for these projects was met from internally-generated funds, and it was consequently not necessary to make use of any new external financing sources"

It says the standstill arrangements in respect of SA's foreign debt and no direct effect on Iscor

SA STEEL exporters, already hard-hit by a prolonged industrial downturn, are facing a tough challenge with recent announcements of American sanctions against SA

The problem is compounded by the fluctuating rand/dollar exchange rate and general uncertainty about SA's political future and economic fate as perceived by the international community

John van Reenen, MD of one of SA's largest specialised steel merchants, Van Reenen and Nicholls, said a third factor had come on the scene of late - that of the emergent steel-producing nations such as Korea and Brazil

He said "Americans can turn to alternate suppliers, such as these countries, because they are considered 'safer' and more reliable. This comes as a major disappointment to SA producers and merchants because local steel is said to be comparable to the best produced anywhere in the First World"

He said his company's foothold in the US market was being eroded and would slow down next year's growth

Van Reenen said "Americans have distorted impressions of the SA scenario which have seriously affected local exporters

"There certainly are sympathetic Americans who are prepared to forge constructive relations with

Demand for special steels creeping up

SPECIAL steels distributors have had an increase in demand this year despite major price increases in the steel industry, says Steels MD Bruce Fairlie

"There is an ongoing demand for special steels as these provide certain properties that structural and commercial steels do not," he says

"At the same time, the face of local manufacture is shifting and many manufacturers are gearing up to produce goods locally now more than ever, particularly as a result of sanctions"

Manufacturers are also exercising tighter control over raw materials they use "For example, specifications for pumps used in the mines are now be-

Exporters will face a tougher challenge in the future

SA but they have been precluded from pursuing these because of sanctions legislation"

Van Reenen said the onus for not buying SA steel was being placed on the importer. He said "If a US firm knowingly buys SA steel products it is liable to a fine of \$1m, therefore we cannot even contemplate selling in the US because the risk factor is too high"

As a result of US developments, Van Reenen estimated his company would lose about 30% of its potential export base from next January. That negative trend was likely to become more severe in the future

He said his company was turning to new export markets but competition was tough, especially from East and West European suppliers, many of whom were still resorting to dumping

The company had also established a foreign export base to ensure it could retain a large portion

STEEL INDUSTRY

A Business Day Survey

of its US market share

The US relied on imports for 25% of its annual steel consumption or about 25-million tons a year, five times greater than Iscor's annual production

Van Reenen said while that was a positive trend for his company's export market, it came as a disappointment to the local labour scene

He said, "Instead of being able to employ 75 South Africans, our new venture overseas has created 75 jobs for foreigners"

Aside from the sanctions issue, exporters had to deal with a widely fluctuating rand. Van Reenen said "It is difficult to give firm quotes to hold for prolonged contract periods

"One doesn't really know from one day to the next what the rand/dollar exchange rate will be

"Our competitors with stronger currencies have an immediate advantage over us."



FAIRLIE

Right technology at the right price

THE right technology at the right price is the core of Swiss-based Applied Research Laboratories (ARL) success with its 3360 and 3460 optical emission (OE) spectrometers on the SA market.

With more than 125 OE instruments installed to date, ARL claim it is the leading supplier in its field to the Southern African steel and foundry industry

The company says the ARL 3360 Foundry's analyser is the most compact and low-cost OE spectrometer on the market, and, says Glyn Allcock, MD of Arlabs, the local ARL subsidiary, any foundry can afford the 3360.

The 3360 determines quantitatively the concentrations of up to 24 elements in iron, steel, aluminium and copper bases. The elements are determined simultaneously, and a full analysis - comprising two runs and printout of the averages - takes one minute

The 3360 and 3460 were introduced in 1985

Allcock says "You don't need a sledgehammer to drive a tack. But if you're a metals producer, you're faced with a similar problem: you need accurate metals analysis but the available systems are too expensive, too complex and offer capabilities far beyond what's needed, it's overkill, and it drives overheads sky high.

Govt to get Mossel Bay plan next year

GERALD REILLY

21/11/86
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THE entire "package" for the phasing-in of the giant Mossel Bay fuel-from-gas project would be laid before the Cabinet next year, Mineral and Energy Affairs Director-General Louw Alberts said in Pretoria yesterday.

He told *Business Day* it would include infrastructural studies of the chosen site. The Cabinet would decide whether or not to give the green light for the launching of the project against a background of the total situation in SA.

Alberts said he hoped this would be done as soon as possible, probably in the course of 1987. The report would contain recommendations for the phasing-in of two other possible synfuel installations — the installation planned by AECI and a torbanite installation which involved the processing of oil-bearing shale.

He said overseas expertise would be used as far as possible. But with the current international climate, care would have to be taken that this would not be withdrawn for political reasons half-way through the project.

It was hoped to get the entire project "together", including plans for temporary housing for thousands of construction workers as well as housing for permanent workers and adequate school accommodation.

The phasing-in stage would depend on available technology and on the funds available, Alberts added. He roughly estimated the cost of the project at R4bn, but said it could easily be 20% more or less.

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Escom cuts back on Usutu coal

Escom has asked the Usutu mine to reduce the supply of coal to Camden Power Station with immediate effect.

Lower electricity demand resulting from the unfavourable economic situation in the country is blamed.

The reduction in coal supply will lead to a cutback in the Usutu workforce of about 100 people, both black and white, but management has promised to try and find alternative employment opportunities in the Gencor group for those employees affected directly by the situation. "The availability of alternative employment opportunities, however, cannot be guaranteed by management" a spokesman said.

Usutu currently employs about 1 900 people. Production will be reduced by 50 000 tons a month to 300 000 tons as a result, the spokesman added — Sapa

2/11/86
 FINMAIL
 (2/11/86)
 (2/11/86)

COAL TECHNOLOGY

Breakthrough for Escom

South Africa has achieved world leadership in energy technology involving the use of low-grade coal. The development has massive implications for the economy and promises to extend the country's coal reserves substantially, opening up hitherto uneconomic low-grade fields.

Escom's breakthrough, proved over the past year at the Lethabo power station, promises many benefits. It opens prospects for technology sales abroad, while leaving SA's already substantial reserves of high-grade coal free for sale in export markets and for exploitation in the chemical industry. Also, if the technology is sold elsewhere, it could mean major exports of low-grade coal.

Escom senior GM Ian McRae says SA's leadership was confirmed at the recent triennial World Energy Conference in Cannes, which he attended with former Escom chairman Jan Smith.

Lethabo power station near Vereeniging has been successfully burning low-grade coal with an ash content as high as 40% for the past year. Heat values from this fuel are as low as 14 MJ/kg. Although this is well below the world average of 24MJ/kg-25MJ/kg, the energy is produced far more economically from what would otherwise have been waste.

"I believe the success at Lethabo could add anything up to 25% to SA's proven coal reserves, because most of these low-grade reserves were not included in the last reserve assessments," says McRae.

But recently Escom has been busy with far more than low-grade coal. For example, although the new dry-cooled stations are some 5% more costly than water-cooled stations, they will lead to substantial water savings — an important consideration in drought-prone regions.

And Escom is also pursuing its nuclear option. "We are looking for three more coastal sites for eventual use as nuclear power stations," says McRae. "While nuclear stations are still far more expensive than the coal-fired variety, coal is a diminishing resource. And it is strategically important to have a variety of power sources anyway."

At last week's official inauguration of the Koeberg nuclear power station, Mineral and Energy Affairs Minister Danie Steyn disclosed some impressive facts: between start-up in August 1984 and September this year, Koeberg used only 49 t of fuel — the equivalent of nearly 8 Mt of coal. Against an equivalent coal-fired station, it saved 31 620 Ml of water and did away with the need to generate 2 Mt of ash waste and pump 116 m³ of gaseous effluent into the

atmosphere.

McRae says no new nuclear stations appear in Escom's current 10-year projections, but SA "cannot afford not to proceed with its nuclear development programme."

- Reasons he puts forward
- Existing investment in nuclear technology and scientific expertise must be used and expanded or they will be lost,
 - The strategic need to develop alternative generating capacity at the coast,
 - Growing concern over air pollution and environmental damage,
 - The need to save scarce fresh-water resources by using sea water, and
 - The need to reserve valuable high-grade coal for chemical and fuel development.

But what about sanctions? McRae is not overly concerned. Nuclear technology, he reckons, will be available despite foreign pressure. ■

MOSSEL BAY

Ready to roll

One of the major outstanding decisions on the R5 billion Mossel Bay project — which gas-to-fuel conversion process will be used — is imminent.

Even if a version of Sasol's synfuel Fischer-Tropsch process is used, SA is going to need outside help and sanctions-watchers will be fascinated to see which foreign companies are prepared to run the gauntlet for the sake of the massive returns involved.

Mineral and Energy Affairs Director General Louw Alberts tells the *FM* that a final decision will be made "within three or four weeks, certainly by Christmas." The delay has been caused by the inevitable overseas "interaction."

Alberts, however, emphasises that a postponement is not being considered despite the more cautious re-evaluation of the scheme which is currently under way.

As far as technology is concerned, Mobil and Caltex liquid fuel catalysts are strongly in the running. But a likely scenario appears to be the development of a hybrid process. According to the Central Energy Fund, feasibility studies have been completed on the multi-stage process routes.

"There are a number of variants where single steps are replaceable with suitable substitute technologies," a spokesman tells the *FM*. "Those technologies required to reach the production target will be available. The process evaluations and comparisons are now in the final stage and parameters such as economic, financial, state of development,

the end product mix and many more are involved.

"At this stage we do not wish to be more specific. Sanctions are not expected to have an immediate effect on the selection of the preferred process route, but they will receive consideration."

The decision on technology and last month's siting of the R1,7 billion refinery are boosts for the lagging on-shore development.

The site is on the N2 highway 14 km west

MAKING MEMOREX

To raise funds after the Sperry/Burroughs merger to form Unisys, the new company is divesting itself of its controlling interest in former Burroughs subsidiary, Memorex. A \$550m management buy-out, with New York investor Eli Jacobs as the principal financier, should be tied up by the end of the year.

But, for the 42-month-old Memorex operation in SA it is business as usual, says GM Jose Loureiro. And the strong links with Unisys will be retained, he says. "Because it's a management takeover, there will be no practical or cultural changes."

The links with Unisys include manufacturing, sales and servicing of IBM plug-compatible computer peripherals and the computer media products marketed by Memorex. The company will also continue to market Unisys-manufactured storage devices for the plug-compatible environment.

Burroughs, which bought Memorex in 1981 for its technology in high-end storage devices, will also retain some preference shares in the new Memorex company and chairman Michael Blumenthal believes the restructuring will significantly advance the overall strategy of Unisys.

Says Loureiro: "Blumenthal borrowed heavily to buy the Sperry operation. There was a need for repayment of some of that debt. The new deal also allows Unisys to concentrate on systems marketing, which is really its forte."

Chief executive of the acquiring company Giorgio Ronchi says future operations will focus on the "growing IBM plug-compatible and media markets." There are also plans to take advantage of market opportunities by extending product offerings and maintaining a "high level of customer service."

P.T.O

100 laid off by Gencor

22/11/83
A decision by Escom to reduce coal supplies to its Camden power station has resulted in the retrenchment of 100 Gencor mine employees near Ermelo.

5/7/83
In a statement issued yesterday Gencor said Escom had reduced its demand for coal from the Usutu Coal Mines. Usutu, which employs about 1 900 people, will reduce its production from 50 000 tons a month to 30 000 tons.

Escom said the economic recession had led to a reduced demand for electricity.

Every effort would be made to find alternative employment within the Gencor Group for those affected but this could not be guaranteed, Gencor said.

Sasolburg industry says reports on children's lungs 'exaggerated'

STAR 24/11/86

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By James Clarke

Industry in Sasolburg is planning a counter campaign against the Press for recently publishing a medical report saying Sasolburg's air pollution was affecting children's lungs.

In a closed meeting with top government officials at the chemical town's fire station — organised by National Petroleum Refiners (Natref) — the Press was accused of "extracting from the report what they considered a good story irrespective of the bad publicity on the town and its industries".

MINUTES SENT

The minutes of the closed meeting held on October 28 — a month after Press reports appeared — have been sent anonymously to The Star's CARE campaign.

Originally, the facts appeared in the *SA Medical Journal*. The health conclusions were drawn from data collected by the Government's Department of Health.

But at the fire station meeting the department's chief air pollution control officer, Mr Martin Lloyd, apologised to the industrialists for not warning them that he had ordered the survey. He agreed with them that the medical report was "unscientific".

The Star and other newspapers last September reported that Professor A M Coetzee of Pretoria University had written in the *Medical Journal* that Sasol's air was affecting public health "particularly" people's respiratory systems.

The town council immediately said the findings were "exaggerated". But local doctors and mothers, interviewed by The Star, supported the findings. One doctor said there was no doubt that children's upper respiratory tracts were being affected.

According to fire station minutes (received by The Star over the weekend) in apologising to industrialists Mr Lloyd said he considered the *Journal of Medicine's* report "unscientific", but said Professor Coetzee was denying his report "lacked scientific reliability".

Mr Lloyd told the industrialists that he believed the reason Sasolburg's children's lungs functioned differently from those in rural area was "not to be related to air pollution (but) rather to inherited characteristics".

Mr Lloyd said airborne sulphur levels were definitely going down in the area.

Two representatives from the CSIR who attended said they would help industry in its campaign to counteract the bad publicity by providing a "statistical reworking of existing results" (presumably because they consider Professor Coetzee misinterpreted the findings).

SHOULD BE APPLAUDED

Mr Geoff Craig, a spokesman for the Gas Cleaning Association (an association of clean air equipment producers) told me "What a pity they all feel they have to be defensive".

"Those behind the survey should be applauded for at last getting down to surveying and publishing data about air pollution's effects on health. That's what it should all be about in the Department of Health."

"What a pity industry did not immediately react by supporting more searching research among the region's doctors. There is nothing unscientific about surveying doctors."

● Recently the Department of Health startled Escom by insisting on ultra-strict clean air standards for its new Letaba power station. I was told the reason was that the Vereeniging/Vanderbijlpark/Sasolburg region's air pollution had reached a level where "the slightest addition to the pollution load would be critical".

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Escom probe into sites for nuclear plants

CAPE TOWN — A special team of investigators will soon start examining the coastline between Gansbaai and Cape Agulhas as part of an Escom programme to identify possible sites for future nuclear energy stations.

Since 1982, a total of 19 "candidate" areas have been identified.

The project's leader, Mr Otto Graupner, said at a Press conference yesterday that the results of the investigation would probably be made known early next year.

Escom said the studies were purely part of a programme to identify possible sites since more nuclear stations would have to be built.

N-power station an 'economic disaster'

27/11/86 SPARK 260 53

Own Correspondent

CAPE TOWN — The Koeberg nuclear power station had been an "economic disaster" and no new nuclear power stations should be built, claimed Koeberg Alert, the anti-nuclear power lobby.

Instead, money should be spent on researching alternative energy resources to meet the needs of the rural population — "where South Africa's real energy crisis is to be found".

However, Escom has responded by saying that although no decision on new nuclear power stations is likely in the foreseeable future, present investigations will allow sufficient time for "thorough and co-ordinated"

research — including economic viability.

Koeberg Alert said construction of nuclear power stations in sensitive areas would damage the environment and the effects of any major nuclear accident would be "catastrophic".

The organisation has called for a full investigation into the cost of any new nuclear plant and claims this was not done in the case of Koeberg — "with the result that this plant is an economic disaster"

"According to figures released in Parliament in 1984, Koeberg has turned out to be the most expensive option for supplying electricity to Cape Town with electricity costing three

times that from coal power stations in the Transvaal

HAZARDOUS

"Koeberg Alert opposes the development of nuclear power in South Africa because it is expensive, environmentally hazardous and unnecessary with our large coal resources"

Instead the organisation has called for.

- Conserving electricity
- Continuing to use coal in power stations fitted with pollution control equipment.
- Spending money on research into alternative resources of energy such as solar power.
- Addressing the energy needs of the rural population.

In reply, a spokesman said Escom had no plans to build another nuclear power station at present — "and it is not expected that the need for a further nuclear power station will arise before the end of this century".

"The investigations now taking place are comprehensive, multi-disciplinary studies to establish the viability of a number of areas for possible future nuclear power stations," he said.

Present investigations would allow sufficient time to research the areas thoroughly and co-ordinate Escom's activities with other authorities. Areas were being assessed in terms of environmental sensitivity, geological and demographic suitability and economic viability.

GERALD REILLY

ELECTRIFICATION alone will not solve the critical problem of smoke pollution in black urban townships, an air pollution conference at the CSIR in Pretoria was told yesterday.

Management consultant J Heyl said it had been assumed the electrification of black urban houses would have the additional advantage of significantly reducing smoke pollution.

Within the next 10 years, around 80% of black houses would have electricity.

"Research has shown, however, that the electrification of black residential areas will not necessarily lead to a significant reduction in smoke pollution as most of the estimated 260 000 old-type, smokey stoves will continue to be used for space heating."

With the abolition of influx control, urbanisation would accelerate, placing an additional strain on the already overburdened urban infrastructure, said Heyl.

"Conservatively estimated, by the year 2000 70% of the total black population could be urbanised, compared with 40% now."

Smoke pollution in urban black townships would continue to worsen if coal

Electricity won't cure pollution

27/11/86
BUD.DA1
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remained the principal domestic fuel, Heyl warned

At least another 1.5-million houses would have to be built in urban areas over the next 15 years. And a significant number would be in metropolitan areas where pollution was already a critical problem.

Strategies to overcome the current pollution levels would cost between R100m and R200m.

One way of alleviating the problem would be to make the transfer of ownership of houses dependent on the installation of a smokeless stove/heater.

If coal burning was totally replaced by electricity in urban households, the problem of residential smoke pollution would be drastically reduced.

But research indicated that the number of coal stoves would decrease slowly.

AIRLINE MOVEMENTS

US-SA cargoes should be safe

260

Safmarine in bid to find new partner

28/11/86
BUSINESS

SAFMARINE officials have flown to London for talks to safeguard millions of rands worth of sea cargoes between SA and the US.

After the collapse this week of its major Conference consortium partner, US Lines, Safmarine is seeking a new partner for the US leg of its service.

The importance of the discussions is highlighted by the fact that most of SA's trade is seaborne.

Two other foreign shipping companies — Britain's Bank Line and Lykes Lines of the US — remain members of the Confer-

DAVID FURLONGER
Industrial Editor

ence, but Safmarine is eager to find a major partner to replace US Lines, which handled about 20% of SA's trade with the US.

Most cargoes between the two countries use the dog-leg route, through Europe. Cargoes from SA are shipped to Europe on board vessels of the SA-Europe Container Services (Saecs) consortium, of which Safmarine is also a

● To Page 2



Safmarine in bid for partner

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● From Page 1

member. Once in Europe, these cargoes are transferred to US-bound vessels.

Likewise, southbound cargoes are transferred from US to Saecs vessels.

US Lines officials say cargoes already at sea will be taken to their destination. Until a new partner is found, other cargoes will remain port-bound.

Two full Safmarine vessels are on their way to Europe with US-bound cargo on board. The immediate aim of the London talks is to find a new foreign partner in time for these vessels' arrival

in the German port of Bremerhaven

Sources say the line is talking to three possible partners. Safmarine spokesman Jan de Dekker expects an agreement by the middle of next week.

De Dekker admits some cargoes may be delayed.

If no immediate partner is found, Safmarine and Bank Line are ready to step up direct sailings between the two countries.

one fraud and all their counts, and to a R130 000 to Aberdeen

SABC lay-off plan: union acts

THE Media Workers' Association of SA (Mwasa) has asked the SABC for access to its current financial records in its efforts to minimise the effects of the planned lay-offs of 80 people employed at TV2 and TV3.

Mwasa national treasurer Thami Mazwai said problems arose in September when about 80 workers, including 68 Mwasa members, were issued with notices of retrenchment. SABC later with-

28/11/86
ALAN FINE 260
drew the notices pending talks with the association

Last week it was agreed that Mwasa could nominate an auditor to examine the SABC's 1985 financial statement. But still at issue is the amount of information on the SABC's current financial situation which will be made available.

community and women
of all races should be

No 8 of 13% per annum on the issue price, equivalent to 6.50 cents per share

MEMBERS / AFSI AERS 646-5432

SABC being sued for remarks made on popular chat show

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W/E Post
29/11/86

Weekend Post Correspondent

JOHANNESBURG — The SABC is being sued for R450 000 arising out of alleged defamatory material broadcast about legal practitioners in the Radio 5 *Chuckle and Chat* show

A Johannesburg attorney, Mr Allan Levin, has issued summons for R250 000 arising out of material broadcast in the live show. It is presented by David Blood and Tony Sanderson. During the programme, they interviewed a Johannesburg businessman, Mr Lionel Reichenberg, about aspects of the legal profession.

The firm of attorneys for which Mr Levin was working at the time is suing the corporation for R100 000.

Two other legal practitioners, Miss Shirley Levy and Mr Hylton Epstein, are suing the SABC for R50 000 each.

Mr Blood and Mr Sanderson were immediately suspended by the SABC after the show and their *Chuckle and Chat* programme was taken off the air.

But the programme was later re-introduced with the same presenters — till Mr Blood was again suspended for appearing in an advertisement.

In a statement after the May broadcast, the SABC's Director General, Mr Riaan Ecksteen, dissociated the SABC from the views expressed in the programme and apologised to all people and professions who were targets of statements made in the show.

2/12/86 SUNDAY (260)

Nuclear spy released from jail

SA'S first nuclear spy, Dr Renfrew Christie, 36 — jailed for an effective 10 years in 1980 for handing over nuclear plans to the ANC — was released from prison at the weekend

Christie said last night he felt "very happy" about his release, but: "Those I

HAMISH McINDOE

left behind in prison must be thought of." And he warned that unless Nelson Mandela was released "the last chance

● To Page 2 →

2/12/86 (260) BUESDAY

Nuclear spy out of jail

of peace for SA will disappear".

Christie recently filed a Supreme Court application for his release from Pretoria's Central Prison on grounds that the offer by President P W Botha to free Mandela, if he renounced violence, also applied to him.

He said he was undecided whether to live in Johannesburg or Cape Town. He said. "I've also been offered a post by Oxford University as an energy researcher in Europe. But I have not decided whether to accept."

Asked if he had become more radical in his political views, Christie replied: "You don't spend two years under the gallows and not experience anger at the wasting of lives that is going on now.

"One's political views mature over seven years, but my basic conviction that there must be democracy in SA remains unchanged.

"The democratic ideals of the ANC are part of the solution to SA's problems and I'd like to see the ANC legalised. I do think Botha is wrong when he says the ANC lacks majority support. But that

← ● From Page 1

cannot be tested while it is underground"

Christie successfully completed a Bachelor of Commerce and an Honours degree in Economics while in prison.

He was a researcher at Cape Town University's SA Labour and Development Research Unit at the time of his detention in 1979.

Christie pleaded not guilty to seven charges of illegally obtaining information on energy and coal mines in SA and passing it to London-based members of the ANC and the International University Exchange Fund

He was convicted of five counts under the Terrorism Act and sentenced in all to 30 years' imprisonment

At his trial in the Pretoria Supreme Court, Christie would not give evidence after the State closed its case. But two statements given to Security Police while in detention formed the basis of the case against him

Christie claimed unsuccessfully those statements were made under duress

BUS DAY

31/2/86

Escom steps up rural voltage

260

MICK COLLINS

ESCOM plans to spend R300m on rural electrification next year in order to meet growing consumer demand.

An extra R25m will be spent on the scheme by the end of this year. Chairman John Maree says this portion has become available as a result of savings in operating and capital expenditures.

"We are committed to bringing electricity to the whole country and upgrading the quality of life," he said.

He said Escom will have erected more than 13 500km of reticulation lines in 1986, to supply about 8 400 rural customers, at a cost of R230m.

Maree said the corporation was increasing the number of estimated new customers for 1986 from 7 500 to 8 400 as part of a major drive to meet increased customer demand.

He said by next year a total of 78 800 rural customers would be receiving electricity.

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THE Media Workers' Association of SA (Mwasa) has threatened to take the SA Broadcasting Corporation (SABC) to court over the re-trenchment of its members.

In a statement released yesterday, the union accused the corporation of unilaterally selecting workers to be retrenched while negotiations on this issue were still on.

More than 50 Mwasa members employed by SABC were issued with letters this week informing them of their re-trenchment, effective from December 31, according to the union.

Mwasa's regional chairman Mr Sam Mabe has accused the corpora-

Mwasa, SABC clash

By LEN MASEKO

tion of unfair labour practice and of showing "contempt for Mwasa's role in protecting the interests of its members"

days after management had allegedly selected workers to be retrenched.

The clash between Mwasa and SABC started in September when the corporation informed the union of the re-trenchments only two

Letters informing union members of their re-trenchment were withdrawn after Mwasa's intervention, Mr Mabe said.

"We thereafter held meetings with a view to exploring a number of cost-cutting measures because of the reported R60-million losses SABC incurred in the running of TV1 and TV2," the Mwasa official said.

"We proposed sending our auditors to look at their books and, to our surprise, our members told us that the let-

ters that had been withdrawn had been reissued this week," Mr Mabe said.

SABC labour advisor Mr I Tait could not be reached for comment yesterday.

About 500 J G Stridom Hospital workers, who have been on strike since early November, have called their strike off and returned to work yesterday.

A spokesman for the SA Black Municipal and Allied Workers' Union (Sabmawu) said these workers resolved to resume work pending a possible out-of-court settlement between their lawyers and those representing the Johan-

nesburg hospital. By yesterday lawyers representing the two parties were still locked in talks, according to the spokesman.

The latest developments unfolded on Tuesday, the same day the 500 hospital workers were to oppose an order barring them from entering the hospital premises without permission from management.

Meanwhile a Rand Supreme Court case involving 100 Sabmawu members — all members of the Kagiso Town Council police force — has been postponed to February 14.

The case is a sequel to a court interdict which allowed the 100 policemen, evicted by the council after a wage strike, to return to the council-owned barracks. The Kagiso council is expected to oppose the interim order.



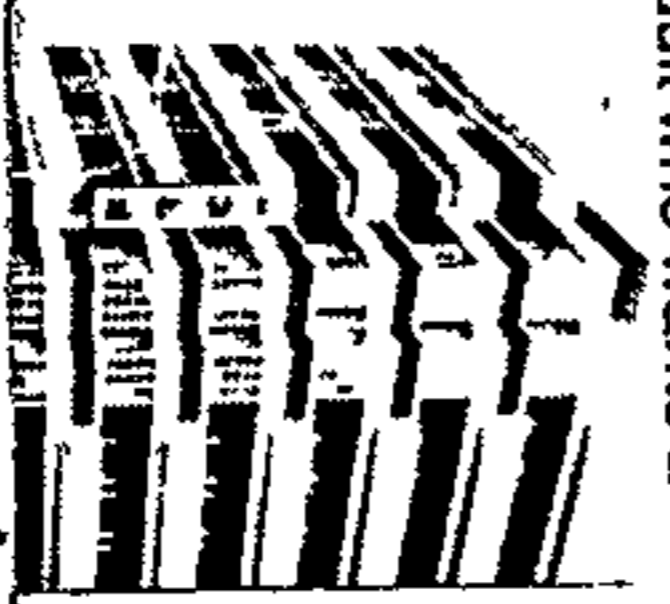
BACK

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Talks held with three shippers

BUDAH

Safmarine still searching for ²⁶⁰ new US partner _{4/12/86}

SAFMARINE has still to finalise a new partner for the US leg of its SA-US sea-cargo service.

Announcement of a new partner had been expected yesterday. Safmarine has been talking to three foreign shipping lines and expects a "positive" result in the next few days.

The search for a new partner started last week when Safmarine's Conference consortium partner US Lines — which carried 20% of sea-trade between the two countries — filed for Chapter 11 bankruptcy (protective bankruptcy) in the US.

At least one US Lines vessel has been attached in Europe but South African cargoes are unaffected.

Safmarine spokesman Jan de Decker said last night "Certain containerised cargoes that were booked with Safmarine in SA are currently being removed from a US Lines vessel which has been attached in Bremerhaven, West Germany. These containers will be placed in the Saf-

DAVID FURLONGER
Industrial Editor

marine holding stock, together with other Safmarine cargoes"

Most of US Lines' SA trade was in conjunction with Safmarine on the dog-leg route through Europe.

Cargoes from SA are shipped to Europe on vessels of the SA-Europe Container Services (Saecs) consortium, of which Safmarine is a member. Once in Europe, these cargoes are transferred to US-bound vessels. Likewise, southbound cargoes are transferred from US to Saecs vessels.

With one Safmarine container vessel already in Bremerhaven with US-bound cargoes on board, and another due next week, officials are keen to finalise a partner for the US leg of the service as quickly as possible.

Shipping sources say some cargoes are being transferred to other US-bound vessels as space becomes available, but the SA line is keen for a more permanent arrangement.

FINAL 5/12/85
SATS LAND SALES

Lacking steam

It was predictable in the current downmarket, perhaps, but there has been no mad rush to take up Sats's offer to sell off its airspace and surplus ground (*Property* November 19 1985)

But even so, Sats is disappointed at the lack of firm offers a year after starting the promotion. It seems that even a series of whistle-stop seminars around the country with Sapo's help has failed to whip up significant interest. In all, Sats owns about 500 ha of prime space in the metropolitan areas that is superfluous to its present needs.

Sats is offering three options — leasing airspace, leasing and selling land. Some of the ground, explains Fuzz Loubser, deputy director business development, will be leased rather than sold because it will be needed in 20-30 years. And in some instances, better returns could be obtained by leasing anyway.

Sats's airspace problem, it transpires, has been more legal than economic. In the first place, it has to lease — rather than sell — its airspace because it needs title to the ground below where its tracks run. Developers, however, insist on title for the airspace since, without it, financing is difficult.

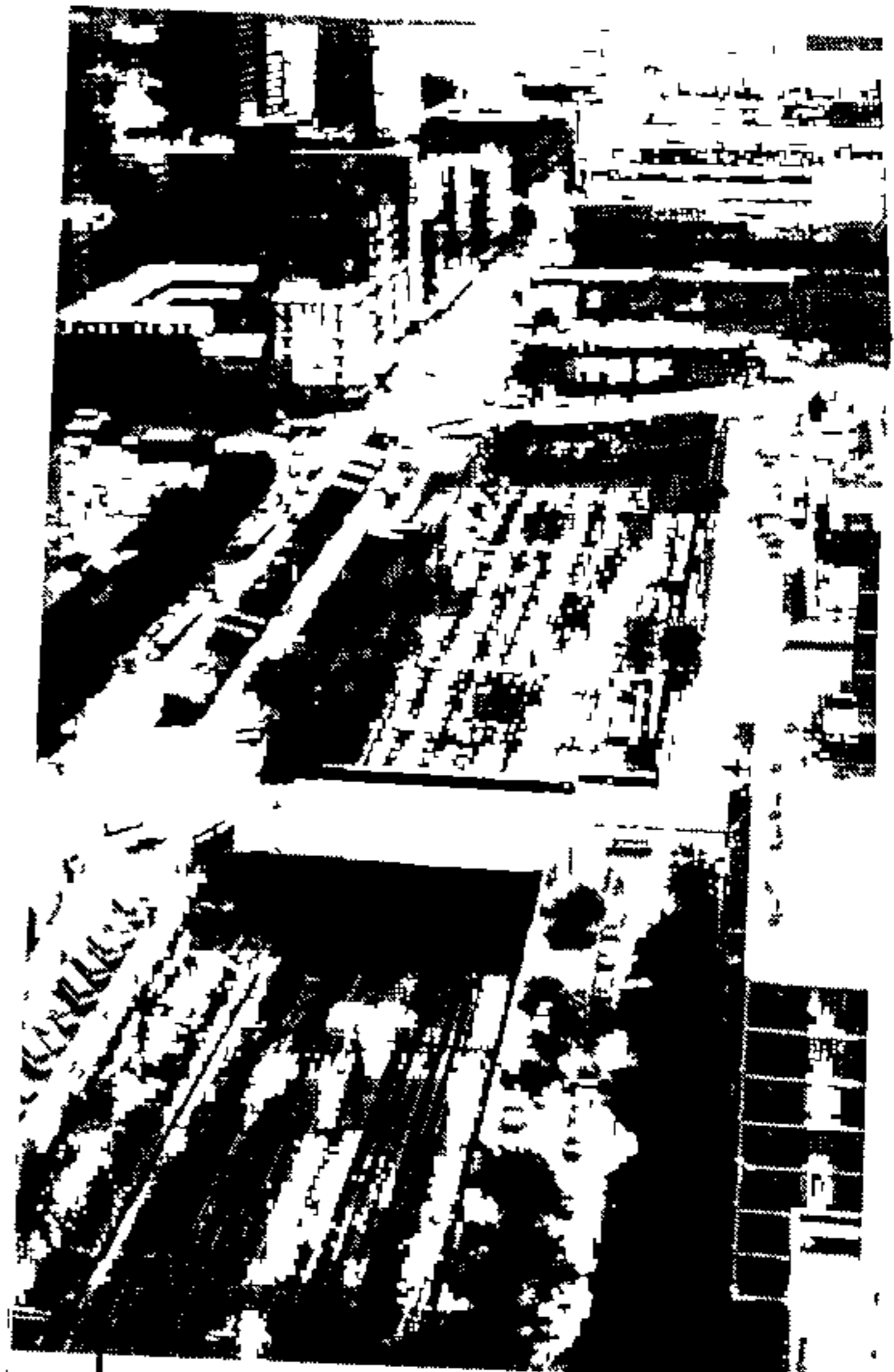
The other problem is that the law does not permit decking over the railway lines. As this is vital to the exercise, Sats is helping the Registrar of Deeds to draw up legislation to permit decking and so help its sales campaign.

Developers would then be able to build on the decks — one famous example is in New York where the Pan Am building is built above the tracks servicing Grand Central Station.

The most likely parallel in SA is the plus-minus three hectares immediately east of the Johannesburg station.

As far as the surplus land is concerned, however, Sats is making better headway. Loubser is working on a privatisation project in Cape Town, for example. And in Durban, he says Sats is looking at a small-craft harbour in the yacht basin. Indeed, "the whole Point area is under discussion."

So far, however, no deals have been struck, although there has been no shortage of suggestions on how to develop the ground. Ideas have come from a cross-section of the property spectrum — property brokers, insti-



Sats airspace ... still up in the air

tutions, banks, mining houses, established developers and even would-be developers — both black and white.

In some cases, negotiations are in hand and, says Loubser, town and city councils are also co-operating because, in some cases, development of the excess Sats ground will assist in upgrading downtown areas.

The most promising site for immediate development is an 8 000 m² spread next to "the third class station" in Germiston. Word is that Sats and the Germiston council have agreed that the land should house a shopping centre — which would compete with the R85m centre now being planned in the same general area (*Property* November 21).

All the same, Sats is expected to call for proposals from the private sector soon.

On the leasing side, however, there are tax problems. In terms of current income tax legislation, developers can no longer write off the capital cost of buildings erected on ground leased from Sats. When section 11 (g) of the Income Tax Act was amended in 1983, the tax benefits were withdrawn in respect of ground leased from bodies which pay no income tax.

Sats is now trying to persuade Inland Revenue to withdraw the amendment in an effort to help its land sale programme.

Nonetheless, says Loubser, it is being choosy about who it sells to and just how the land will be used.

Jobs and Sasol links unaffected

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BUSON

Business as usual despite Fluor's pullout decision

MAINTENANCE of Sasol's syn-fuel plants will not be disrupted by the Fluor Corporation's decision to leave SA.

The California-based petro-chemicals and engineering multinational, which designed and built Sasol 2 and 3, has finalised the sale of its SA assets for an undisclosed amount to a corporate trust company in Europe.

Fluor (SA) MD Ron Dean said yesterday none of the company's 1 850 jobs would be lost in the ownership change.

Heavy shareholder pressure in the US and the recent loss of at least two municipal contracts in Los Angeles because of the corporation's SA links are believed to be the main factors behind the withdrawal.

But Dean said clients and staff had become increasingly worried over Fluor's ability to stay in SA after a run of big US corporate pull-outs.

He dismissed suggestions that Fluor's dealings with government agencies, such as Sasol, had forced the US parent to disinvest.

HAMISH McINDOE

Sasol said it regretted Fluor's decision, but that the move was not expected to affect Fluor's involvement in future Sasol projects.

Formal ties with the US parent would be cut, but "services can still be procured, and there will be support on technical agreements", said operations director Peter Down.

About 100 Fluor staff maintain Sasol 2 and 3 at Secunda, while 150 staff help to man Sasolburg.

The company, rated as SA's biggest contracting house for engineering and construction projects, also has strong ties with Escom and the mining houses.

Adding weight to the company's business-as-usual stance is the disclosure that it will continue operating under the Fluor name.

Down said. "This was a key issue in the negotiations and they agreed we could still use the company's name."

Less than half of one percent of the corporation's total turnover and revenue come from its SA operation.

Kaunda shuts land borders, imposes curfew

LUSAKA — President Kenneth Kaunda has slapped a dusk-to-dawn curfew on Zambia's copper-mining region, 300 km north of the capital, where two days of rioting have left at least three dead.

The Government has closed Zambia's land borders to outgoing travellers and made a veiled accusation that South Africa was helping foment the unrest.

Foreign Minister Mr. Cosmos Chibanda said people could still enter Zambia overland and enter and leave through the country's international airports.

The riots erupted on Monday in Kitwe, largest town in Zambia's copperbelt, after a 120 percent rise in the price of maize meal, a staple food.

Prices had doubled three days earlier, after the

Government lifted subsidies, as part of its International Monetary Fund economic adjustment programme.

The disturbances have spread from Kitwe to Ndola. Police and paramilitary units are fighting pitched battles with rioters in both cities.

A policeman, a shop owner and a rioter have been killed in the clashes.

Residents of Kitwe reached by telephone yesterday said the air was heavy with teargas and there was frequent gunfire.

Security forces seemed to be mostly firing warning shots over the heads of protesters. Several thousand rioters, armed with sticks and

stones, had set up road blocks, burned cars and broken into shops and government buildings, they added.

Business in Kitwe and Ndola was at a standstill and Zana reported considerable looting.

Some Kitwe residents said the nearby copper mines, which account for 80 percent of Zambia's foreign exchange earnings, were still working. But this could not be officially confirmed.

The price of copper on world markets was not immediately affected by news of the Zambian riots.

People in Kitwe said traffic had vanished from the streets after the rioters began stoning moving vehicles and beating up their occupants.

All roads to the city of 460 000 have been sealed off and traffic is being diverted. — Sapa-Reuter

FIN MAIL (260) (12/12/86)

ELECTRICITY 260

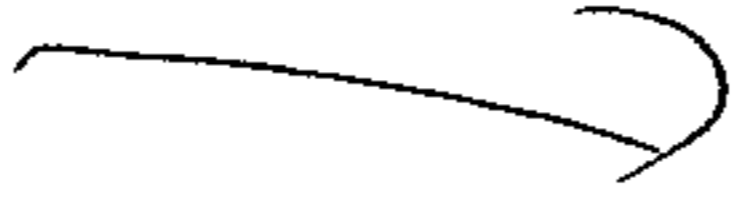
Regional power

Political and economic co-operation in southern Africa could be considerably strengthened if Escom gets a plan to establish a regional power grid off the ground

The idea, being pushed by Escom GM Ian McRae, is to develop existing coal deposits in Botswana and Swaziland for power generation in those countries. And by linking such power units to South African facilities, the beginnings of a regional power grid would be established

Escom already supplies power to all independent homelands, Namibia, Lesotho, Swaziland, Botswana and Mozambique. In theory, at least, it could link up with countries like Zimbabwe and Zambia further north once political problems are removed

Looking further afield — and ahead — the Zimbabwean and Zambian hydro-electric schemes at Kariba, and possibly the hydro units in the Lesotho Highlands scheme, could become part of a regional



grid. And once political problems in Mozambique are resolved, the currently unutilised power generating capacity of the massive Cahora Bassa scheme could also be harnessed regionally

Says McRae: "Such a power base could lay the foundation for a powerful regional economic unit and for co-operation across political boundaries. I am in constant contact with my colleagues in Botswana, Namibia, Swaziland, Lesotho and Mozambique, while countries like Malawi, Zambia and Zim-

babwe could also become involved once the obvious benefits of regional power co-operation begin to overshadow current political differences"

Apart from sharing Escom's proven technology in the use of low-energy coal and dry-cooled station operation (*Business* November 21), SA could also assist by providing its sophisticated material and technical support back-up services, financial and management expertise and additional power in case of electricity breakdowns in any neighbouring

country

"We currently provide some 60% of Mozambique's electricity and despite political differences, I have given my colleagues there an undertaking that power will be available from the South African grid. And, by developing generating capacity in neighbouring states and utilising their resources, the grid will not be a one-way street. There are obvious benefits for all parties"

Escom's recent achievement of scaling down its capex requirements by R1,2 billion

NOVEMBER VEHICLE SALES

CARS

	1985 Jan-Nov	% of Market	1986 Jan-Nov	% of Market	1986 Nov	% of Market
Toyota	44 482	24,03	41 885	25,79	3 302	25,19
Corolla	30 703	16,58	28 237	17,39	2 389	18,22
Cressida	13 602	7,35	13 563	8,35	913	6,97
Other	177	0,10	85	0,05	—	—
Samcor, MMI & Ford	38 093	20,57	34 108	21,01	2 823	21,54
Mazda 323	9 751	5,27	9 190	5,66	785	5,99
Mazda 626	5 263	2,84	5 556	3,42	396	3,02
Escort	8 429	4,55	3 345	2,06	26	0,20
Laser/Meteor	—	—	7 409	4,56	1 052	8,03
Granada	619	0,33	250	0,15	—	—
Sierra	9 600	5,19	7 139	4,39	564	4,30
Peugeot	1 737	0,94	337	0,21	—	—
Tredia	2 646	1,43	882	0,54	—	—
VW	26 652	14,40	28 426	17,51	2 622	20,00
Golf/Jetta	20 035	10,82	24 240	14,93	2 157	16,45
Passat	4 570	2,47	2 678	1,65	316	2,41
Audi	2 047	1,11	1 508	0,93	149	1,14
Mercedes-Benz	19 651	10,61	17 433	10,74	1 491	11,37
Honda	10 312	5,57	8 940	5,51	720	5,49
Mercedes-Benz	9 174	4,96	8 465	5,21	769	5,87
Other	165	0,09	28	0,02	2	0,02
BMW	11 851	6,40	12 466	7,68	1 180	9,00
5 Series	1 809	0,98	2 000	1,23	294	2,24
7 Series	947	0,51	717	0,44	50	0,38
3 Series	9 078	4,90	9 726	5,99	836	6,38
Other	17	0,01	23	0,01	—	—
Nissan	12 584	6,80	12 708	7,83	932	7,11
Skyline	3 702	1,99	4 251	2,62	298	2,27
Langley/Pulsar	8 330	4,50	7 859	4,84	606	4,62
Laurel	464	0,25	560	0,35	22	0,17
280 ZX	5	0,00	12	0,01	—	—
Other	82	0,04	26	0,02	6	0,05
GM	16 753	9,05	12 892	7,94	758	5,78
Opel Rekord / Commodore / Senator	4 975	2,69	3 928	2,42	194	1,48
Opel Ascona	2 841	1,53	441	0,27	5	0,04
Opel Kadett	8 934	4,83	8 388	5,17	424	3,23
Opel Monza	—	—	135	0,08	135	1,03
Other	157	0,09	72	0,04	1	0,01
Jaguar	81	0,04	20	0,01	—	—
Range Rover	27	0,00	12	0,01	—	—
Mini	2	0,00	2	0,00	—	—
Lancia	39	0,02	38	0,02	1	0,01
Renault ..	8 955	4,84	2 387	1,47	—	—
Renault 5	718	0,39	1	0,00	—	—
Renault 9/11	8 189	4,42	2 370	1,46	—	—
Nov total ..	13 109	(25,09% down on *17 501 last year)				
Jan-Nov total ..	*162 377	(12,30% down on *185 152 last year)				
Oct total ..	16 452					

LIGHT COMMERCIALS (Up to 5 000 kg)

	1985 Jan-Nov	% of Market	1986 Jan-Nov	% of Market	1986 Nov	% of Market
Toyota	31 091	39,86	28 420	38,97	2 314	38,75
Nissan	15 542	19,92	15 609	21,41	1 052	17,62
Samcor, MMI & Ford	13 798	17,69	15 104	20,71	1 601	26,81
GM	11 764	15,08	8 094	11,10	499	8,36
VW	4 635	5,94	5 441	7,46	498	8,34
Leyland	635	0,81	247	0,34	7	0,12
Mercedes-Benz ..	80	0,10	7	0,01	—	—

LIGHT COMMERCIALS (Up to 5 000 kg)

	1985 Jan-Nov	% of Market	1986 Jan-Nov	% of Market	1986 Nov	% of Market
Nov total ..	5 971	(15,31% down on *7 050 last year)				
Jan-Nov total ..	72 922	(6,52% down on *78 008 last year)				
Oct total ..	8 015					

MEDIUM COMMERCIALS (5 001 kg to 7 500 kg)

	1985 Jan-Nov	% of Market	1986 Jan-Nov	% of Market	1986 Nov	% of Market
Samcor, MMI & Ford	1 808	37,15	1 372	32,73	109	34,49
Toyota ..	1 076	22,11	1 270	30,30	99	31,33
Mercedes-Benz ..	431	8,86	374	8,92	49	15,51
GM ..	902	18,53	694	16,56	41	12,98
Nissan ..	649	13,34	482	11,50	18	5,70
Nov total ..	316	(31,16% down on *459 last year)				
Jan-Nov total ..	4 192	(13,87% down on *4 867 last year)				
Oct total ..	367					

HEAVY COMMERCIALS (7 501 kg and over)

	1985 Jan-Nov	% of Market	1986 Jan-Nov	% of Market	1986 Nov	% of Market
Mercedes-Benz ..	2 923	30,18	2 258	35,11	232	38,86
Toyota ..	1 215	12,55	1 059	16,47	99	16,58
GM ..	1 255	12,96	706	10,98	71	11,89
Magnis/Nissan ..	1 143	11,80	862	13,40	64	10,72
Leyland ..	641	6,62	464	7,22	47	7,87
MAN ..	570	5,89	403	6,27	40	6,70
Samcor, MMI & Ford	966	9,98	342	5,32	19	3,18
ERF ..	307	3,17	143	2,22	10	1,68
Malcomess-Scania ..	182	1,88	126	1,96	7	1,17
Int Harvester ..	169	1,75	39	0,61	7	1,17
Hastair ..	31	0,32	16	0,25	1	0,17
Foden ..	38	0,39	13	0,20	—	—
Nov total ..	597	(29,10% down on *842 last year)				
Jan-Nov total ..	6 431	(33,59% down on *9 684 last year)				
Oct total ..	670					

TOTAL INDUSTRY SALES

BMW	1 180
ERF	10
GM	1 369
Hastair	1
International Harvester	7
Leyland	54
Malcomess	7
MAN Truck	40
Mercedes-Benz	1 772
Nissan/Magnis	2 066
Samcor	4 552
Toyota	5 814
VW	3 120
Other makes	1
Nov total	19 993 (22,66% down on *25 852 last year)
Jan-Nov total	245 922 (11,45% down on *277 711 last year)
Oct total	25 504

* Includes models withdrawn from the SA market

over the next three years and slashing R1 billion off its projected operating expenditure could also have valuable lessons for others

How was this achieved?

"Operating expenditure was cut by a reduction in staff and improved operation of the inter-connected power system, while coal costs have also been contained," explains McRae

"Capital expenditure was reduced by a heavy reduction in our transmissions expansion plans. We also cut back on modification programmes to power station plant to improve long-term performance."

Escom started by slashing budgeted annual demand growth from the original 8% a year to 6% a year by 1984. This was further reduced to 5,5% a year in 1985, and the commission is now working on a 5% annual



Escom's McRae ... seeing the broad picture

demand growth budget. Efforts to conserve energy also helped, says McRae. These included.

- Favourable off-peak tariffs for electricity sales, with night-time "valley" rates offered more cheaply than peak day-time rates; and
- Encouraging major consumers in industry and mining, as well as households, to save power, thus reducing the output need.

"Notwithstanding SA's low per-capita use of electricity — only about 2m of the black population of 20m effectively utilise electricity — and the resultant high load factor, our electricity costs remain the lowest in the world. And the fact that water shortages force us to move towards more costly dry-cooled stations further reduces our capacity to save," he adds

Nevertheless, says McRae, Escom's management of SA's electricity needs under these sometimes trying conditions holds valuable lessons for other developing nations — lessons which SA is more than willing to share

SUNTIME 786
14/12/86

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Iscor closer to going public

By Don Robertson

THE greatly improved position of Iscor's balance sheet will help it to beat sanctions and finance capital projects internally.

It also brings closer the possible privatisation of the R3.9-billion corporation. Group profits for the year to June last rose to R163.2-million from R14.2-million in the previous year, allowing the payment of a 7.5% dividend on all shares — the first the corporation has been able to pay to the State since 1972.

Reserves

These profits, plus the accumulation of reserves, helped to lift shareholders' equity to R3 126-million at the yearend from R2 810-million in 1985, and long-term loans were reduced to R998-million from R1 227-million.

As a result, new capital projects, amounting to R335-million as well as the net repayment of R274-million in debt was paid from internally generated funds. It was not necessary to use new external financing sources or use any contribution from the State.

Because of the threat of sanctions, future dividend payments are uncertain, says chairman Floors Kotzee in his annual report. But he adds that alternative markets have been found to replace traditional trading partners and these will be used to best advantage.

But the corporation continues to operate in difficult times. World steel demand increased by only 1% in 1985 — considerably lower than the 7% improvement in the previous year.

Mr Kotzee says "Oversupply in the world steel industry has led to a series of trade restrictions, which include import-export quotas, voluntary restraint agreements and concealed subsidies."

"The emphasis in the world steel industry falls strongly on the necessity of technological modernisation and of

Floors Kotzee - brighter balance sheet

rationalising production capacities in an effort to restore the equilibrium between world supply and demand."

Nevertheless, Iscor increased sale of steel products by 401 000 tons to 5 689 000 tons. Iron sales reached 501 500 tons.

Exports to established markets progressed well and the weaker rand played a major role in maintaining earnings.

Price cuts

"In addition to continued steel exports, a start was made during the year with the exporting of pool-iron and pig-iron, which secured further foreign-exchange earnings," says Mr Kotzee.

Iron-ore exports also improved, rising to 9-million tons from 8.7-million tons in the previous year. As a result, it was possible to amortise R167-million of the outstanding debt of R814.3-million for the Sishen-Saldanha railway line and harbour in the 18 months since the debt was taken over from South African Transport Services by the Government.

However, the declining trend in iron-ore prices, halted in 1985, resumed last year with price reductions of about 15% in Europe and 4.5% in Japan.

"This represents the oversupply of iron ore on the world market."

Drastic drop

Looking at the domestic market, Mr Kotzee says the weakening of the economy since the beginning of 1986 caused a drastic decline in private consumer spending.

This was noticed in a 25% fall in the sale of vehicles and considerable difficulties in the construction industry. Aggravating the position was the cutback in spending by various public bodies.

This led to a 3% decline in domestic sales after the 13% fall in sales in the previous year.

However, the selective stimulatory measures announced by the authorities should have a favourable influence on certain sectors and promote steel consumption in 1987. Import replacement should also help, says Mr Kotzee.

CITY PRESS
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14/12/86

Power to the people ... in bundus

ESCOM is to spend an additional R25-million on rural electrification this year to supply about 78 800 customers by 1987.

Escom chairman John Maree says the extra capital has become available as a result of savings made in both operating and capital expenditures.

Maree says the additional amount made available is desirable to meet the rapid

increase in the demand for electricity on the platteland. This demand is a direct result of the changes in the tariff structure from January 1986 which either abolished the payment of extension charges or reduced them significantly.

Escom received over 9 000 applications for power from people in the rural areas in 1985, 10 000 in 1986 to date and expects a similar number in 1987.

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Iscor holds its own in a competitive world

FIERCE international competition has seen to it that SA's steel producer, Iscor, remains competitive.

New countries on the scene are competing effectively and contributing towards aggravating the world problem of surplus capacity.

World steel demand increased by a meagre 1% in 1985 when compared with 7% the previous year.

Locally, negative demand led to a 3% drop for steel products after a 13% decline in the previous year.

The emphasis in the industry is now on technological modernisation, energy conservation and an all-out drive to utilise human resources to the maximum.

Energy management at Iscor was intensified during the year and savings were achieved. Energy utilisation standards were developed for each process step in iron and steel manufacture.

In 1985/86 the five blast furnaces at Vanderbijlpark and Newcastle consumed on average (see graph) 13,75 GJ per ton of crude iron.

Control of the utilisation of industrial, blast-furnace and coke-oven gas, oxygen and electricity at the Vanderbijlpark works was improved by the use of a fully-computerised energy control cen-

Industrial Staff

A new plant at Newcastle to convert coke-oven gas into a gas with low benzole and sulphur values, reduced the demand for liquid petroleum gas saving around R6m a year.

The commissioning of new ultra-high power transformers for the electric arc furnaces at Vanderbijlpark made it possible to reach a 35% sponge iron charge in the furnaces.

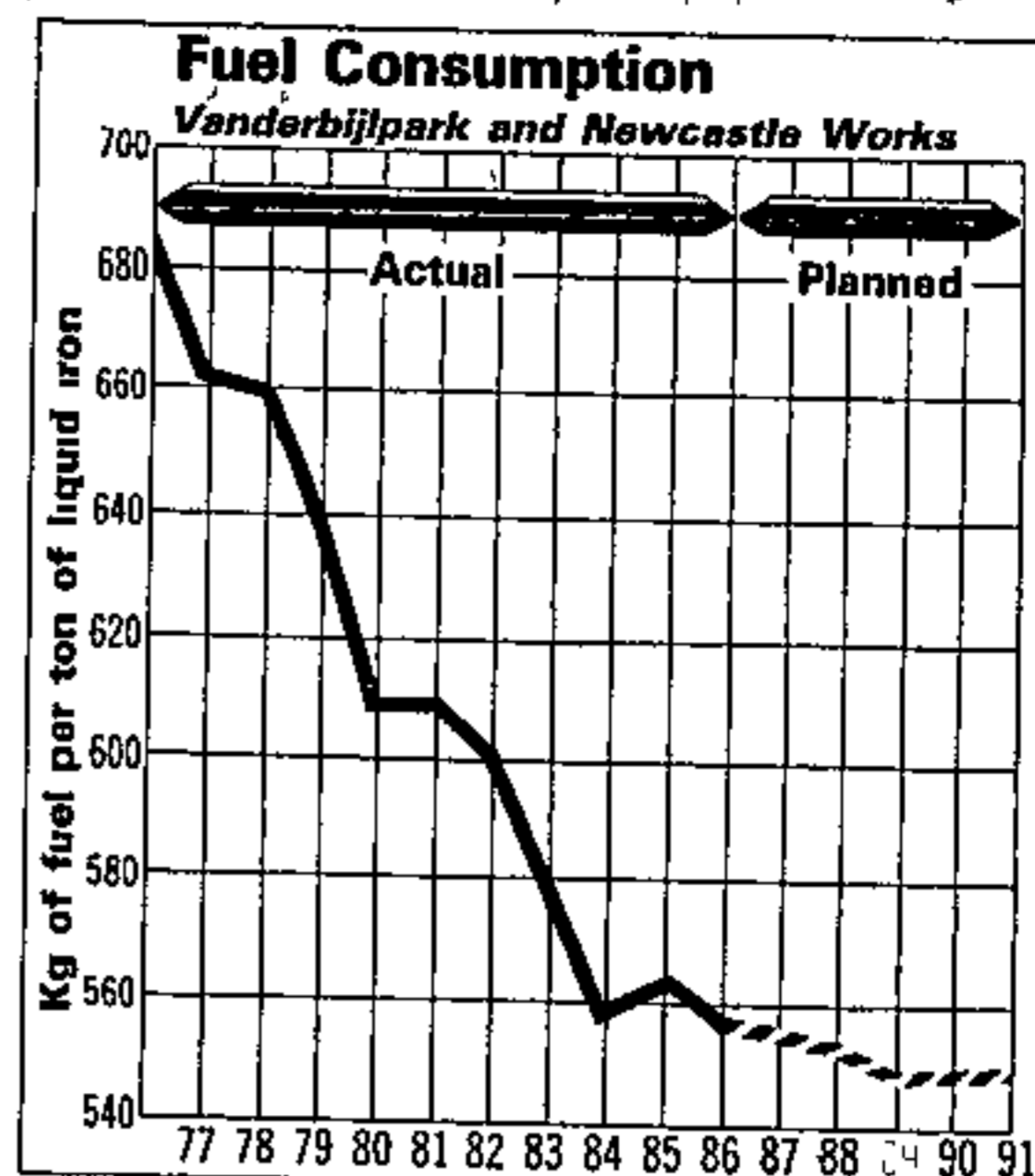
The steel giant's total commitment to its Omega, Activity Accounting and Productivity Improvement Programmes (PIP) is paying handsome dividends.

The Omega action, the corporation's small-group activity programme continues to grow and at present there are 927 member groups.

This is an improvement of nearly 40% over last year's figures. The action is constantly being extended by the training of all interested supervisors and more employees are becoming involved.

The programme won the National Productivity Institute's (NPI) award for 1986.

The Activity Accounting programme, which is intended to effect savings on



overhead costs, was successfully introduced at works centres and has now been extended to Iscor's headquarters and mining centres

After 19 years, the PIP is still going strong with 5 600 new ideas being submitted in the past year. About 2 500 ideas have so far been implemented resulting in substantial savings.

The approach of measuring capital productivity corresponds broadly to that applied by the NPI to sector analyses. Capital productivity has increased over the past decade at an average rate of 7,8% a year.

The levels achieved can be attributed directly to the high levels of capacity utilisation and critical economic evaluation of new capital products

Most urban SA whites rely on TV news — poll

STAMP
18/12/86
210

Staff Reporter

Two out of three white urban South Africans claim television as their main source of news, according to the latest Omnichack poll on primary sources of news.

The face-to-face poll found that, from a sample of 500 urban men and 800 women, 64 percent put television as their main news source, 35 percent relied on a daily newspaper for their news and 30 percent on the radio.

Although most urban whites still rely on television, this number has declined since last year.

A poll in August 1985 showed 72 percent put television as their main source of news, compared with 43 percent relying on newspapers and 33 percent on radio news.

Research Surveys' joint managing director, Mr Butch Rice, said the poll had not been designed in a way that would say exactly why there was a marked difference between the results.

But with a decline in the number of people relying on television, it would be logical to expect a corresponding increase in newspaper readership.

"But this has not happened. So, is it too far-fetched to conclude that in the past year, white South Africans are losing interest, if not trust, in all sources of news?"

The poll was conducted "in the midst of stringent clamps on reporting of unrest and unrest-related matters."

If this were true, there were grave consequences for the Government in maintaining credibility as the primary source of unrest news.

And newspapers, independent of Government, could be placed at a great disadvantage if white

readers turned away because the "print media is no longer capable of doing its job properly".

Mr Rice stressed that giving television as a primary source did not necessarily mean it was the only news source. Nevertheless, the fact that South Africans relied so heavily on television and radio was disquieting and placed great responsibility on authorities using the broadcast media.

The survey showed that women (67 percent) relied more heavily on television than men (60 percent). On the other hand, 41 percent of men gave newspapers as their main news source, compared with 32 percent of women.

More Afrikaans whites depended on television than English-speaking people — 71 percent against 58 percent. Only 28 percent of Afrikaners gave newspapers as their first choice, against 42 percent of English speakers.

First choice

Most people between 18 and 24 (49 percent) gave television as first choice, against 23 percent who relied on newspapers and 29 percent on the radio. People in the age-groups 25 to 34, and 35 to 49 relied most on television (65 and 61 percent). Only 42 percent over 50 relied on television and 24 percent on newspapers.

Eight out of every 100 people said they never read newspapers. A total of 63 percent said they read daily newspapers, 64 percent said they read Sunday newspaper and 73 percent said they read "knock and drops".

Eighteen percent said they read newspapers cover to cover, 35 percent "fairly thoroughly" and 38 percent "casually".

Whites watch TV for news

TELEVISION is still the major source of news for white urban South Africans but the percentage of viewers is falling, a Research Surveys' Omnichek poll says.

The poll finds two out of three whites using television as their main source of news.

But expectations that the drop in television news viewership would be offset by higher newspaper readership have not materialised.

From a sample of 500 urban men and 800 women, 64% put television as their main source of news against a 72% response from an identical poll last August.

Research Surveys' joint MD Butch Rich said it was "too far-fetched" to conclude that white South Africans were losing interest and trust in all sources of news over the last year.

"If so, this has extremely grave consequences for government in maintaining credibility as the primary fount of unrest news."

SABC head of audience research

HAMISH McINDOE

Dirk Pretorius said SABC news viewership figures had remained "fairly constant" over the last 18 months.

Rich said the Press curbs might affect newspaper readership adversely. "The public may feel that newspapers, in drawing so much attention to the restrictions, are no longer a reliable source of news."

SA Associated Newspapers deputy MD Roy Paulson said: "Newspapers are still the best and most reliable source of news. They will continue to provide the most independent news possible under the circumstances."

The poll showed that eight out of every 100 whites never read newspapers. Of multiple responses, 63% read daily newspapers and 64% read Sunday papers.

And 18% of urban whites said they read newspapers from cover to cover, 35% read them fairly thoroughly, 38% casually and 9% not at all.

Crude attempt

Hello Suid-Afrika/Hello South Africa at Windybrow

The evening got off to a bad start. A senior Pact employee burst into the auditorium seconds after the lights went down, and nois-

ily set down two chairs in the middle of the aisle. They were never occupied but Elzabe Zietsman's opening song was effectively ruined.

Described as a satirical cabaret, De Vries's target is white SA, more especially Afrikaans speakers, who are sent up in a variety of roles — on TV, in the Nationalist Party, as wealthy suburban socialists, in the army, gay, and finally in Heaven.

It is generally a disappointing production — not very funny where the political points are made, and all too often pointless where it is funny. The humour is standard student fare, brightened by the odd taste of Uys and the even rarer flash of inspiration. One of the actors, after a skit on P W Botha, held up a placard reading "I'm not Pieter-Dirk Uys". He was right. The attempts at irreverence were all pretty flat and self-conscious. A

PATRICK KOHLER

Airwave affairs

260
FWM 19/12/86

IN MY OPINION



Patrick Kohler is the head of the SABC's Radio South Africa and Radio Allegro. In this article he defends the corporation's programming policy.

Broadcasting in SA entered its 50th year under SABC administration this year. It did so with the industry in a state of flux, caused partly by the recession and the shrinking finances available, and also because there had been a certain amount of stagnation over five decades.

One recalls the remark of a visiting broadcaster, some years ago. "It's so comfortable," he said. "The English Service sounds like the BBC of 1949." Unkind? Perhaps. True? Probably.

When one considers the bursting vitality of Australian radio, the unique blend of Reithian and American traditions of the National Public Broadcasting System in the US, and the strides in diversification made by the BBC, it must be admitted that, while the old English Service provided a great deal of quality, it had settled down into a comfortable formula. So had the listening audience.

It is difficult breaking with the traditions of 50 years. It is also discomfiting to those who had become accustomed to the formats of both Springbok Radio and the English Service. This possibly explains why so much has been written and said, in critical vein, of the new service. Much of this criticism was uninformed and purely emotional — we were all losing dear friends.

Some of the criticism was valid. That's why, before making changes to the schedule (which came into operation on November 3 this year), many hours were invested in detailed studies of market research and in trying to work out a desired audience profile and a niche in the market. It also involved throwing open the *Microphone-In* lines and inviting listeners' written comments. The response was enormous.

The views also audibly stunned some of the listeners. Consider the caller who pleaded for a reduction in serious music, to be followed immediately by a rather shaken

person who had not realised that there was an audience which might be alienated by the concert programmes then being broadcast.

Consider, too, the variety of opinion about repeats of programmes, or re-introducing old stalwarts such as *Men from the Ministry* and *Squad Cars*. Even after all the years that *Radio Today* has been on the air, there are still pleas to drop it. "Surely," one letter reads, "no one listens to it?"

Naturally, realisation that audiences were dwindling set in some years ago, with the introduction of television. Then afternoon TV made things worse, to the degree that the formerly immensely popular *Woman's World* lost half of its listenership. Against tremendous outcry, this programme was shifted (after detailed market research) to follow the news broadcast at 1.35 pm. Listenership was instantly increased, to figures as good, if not better, as in the programme's heyday.

Sound research

This reinforced the importance of sound market research, and of intelligent interpretation and application of the findings. It also stressed the importance, not only of correct programming, but of making the product accessible to as many people as possible.

So a structure is evolving in which there are definite, identifiable peak hours, and others which may be treated as specialist listening times where, rather than compete with TV, Radio South Africa can offer an alternative. This is coupled with a strategy of presenting shorter bursts of programming. Where once we could afford to linger on one topic or type of programme for an hour and a half, there are now far more 15 and 30 minute productions.

Variety of fare, and also competition, must be part of future planning. It is highly likely that the service will opt for shorter runs. In the past, certain programmes have run for years, which meant that competition between creative minds and broadcasting talents was minimal. That must change. As many artists as possible, given budgetary constraints, must be given the opportunity to compete in this "open market."

Radio South Africa is now a service with a mission, one which took many days of deliberation and thrashing out to achieve. It is

now "a national network which entertains and informs all English speakers in SA, through the widest range of quality broadcasting, generating income through commercial advertising."

It is the last two words of that summary which have generated the greatest criticism from traditionalists. Complaints range from having any commercials at all (a necessity) to the advertisements being too loud (they are not — it is simply because production houses compress the signals that they seem to stand out) to the fact that many commercials are repeated across the day (an essential in advertising campaigns).

A great deal has also been written about the rôle which serious music will play in the newly structured schedule. It's a highly emotional subject, but while there may be less of this type of music within peak hours, the music buff is certainly not ill-treated in the present lineup. It is also interesting to note that, while many of those who have written to newspapers (and some of the editorial staff have expressed the same view) saying that they would be willing to pay licence fees again, no one has come up with an alternative solution.

Since Radio South Africa must generate a certain amount of income, sponsorships are an ideal way of ensuring that specialist fare continues to be heard. Yet none of the art lovers seems to have considered for a moment that *they* have a role to play — perhaps in setting up a foundation, or a trust, perhaps in canvassing finances.

Certainly, Radio South Africa is not neglecting its commitment to the arts, to education, to its function in the preservation of the language and culture and of public service broadcasting (these are firmly entrenched in the mission). But equally it cannot and will not abrogate its responsibility to entertain as well.

It must also strive to reach a larger audience and to cater for the needs and desires of those older than 25 who want quality English-language programming.

This will not occur overnight. There will be further changes in the future, and they won't please everybody. Nevertheless, the aim is to provide a vital, interesting and different service, and that, in time, will definitely happen. It has already begun.

most individual artistic voices, hurry round to Gallery 21

I find **Jean Doyle's** sculptures fascinating. Most are modern adaptations of the classics: Michelangelo's *David* with a rifle and soldier's backpack, or Venus's by Botticelli and Boucher reclining on beds of handgrenades.

The approach clearly could have limitations, but these pleasantly rounded yet menacing ladies stand up as works of art in their own right. To show her versatility, there are also a few original pieces, notably a grotesque couple, *Harold* and *Maude* — no resemblance to Ruth Gordon or Bud Cort, for those who remember the cult film



The other artists at the Crake place heavy emphasis on the human body, led by some sensual nudes by **Ryno Swart**, as a relief, there are a few large canvases by **Peter Bonney**, who is rapidly becoming a leader of the hyper-realistic school of landscape artists.

Fensome's recent show was called *California Gals*, and that really says it all: a slickly conceived and executed assembly of everything the Beach Boys sang about, redeemed from banality by an occasional compression or elongation of shape or proportion, rather like a fairground distorting mirror.

Michael Coulson

THEATRE — NATAL

Magic tales

Hans Christian Andersen at the Natal Playhouse Opera.

With an enviable record for Christmas pantomimes and festive family shows, Napac has certainly not rested on its laurels with *Hans Christian Andersen* — the stage adap-

tation of the 1952 Sam Goldwyn movie which starred Danny Kaye. Like last year's *Pirates of Penzance*, it should pack the Playhouse Opera. In doing so, it should also prove to be one of most joyous shows Durban has seen in many a year.

Director/choreographer Geoffrey Sutherland's lavish, fast-moving production follows the original stage show that played the London Palladium so successfully with Tommy Steele. For his version, Sutherland has reinstated a few more of the film sequences. He's found a likeable Andersen in Paul Ditchfield, who is obviously as popular with children onstage as with those watching.

The result is two hours of delight, with the catchy Frank Loesser songs, Dicky Longhurst's stunning sets and costumes, and a spirited young cast backed by the versatile Napac Dance Company. The dancers figure prominently in the plot — a fairy tale in itself, not a biography — which tells of Andersen's unrequited love for Madam Doro, prima ballerina of the Royal Danish Ballet Company.

Andersen meets this temperamental lady when he leaves his native Odense to seek fame and fortune in Copenhagen. Three of his well-known tales are presented as charming dance dramas, which make up much of the show. The tale of "The Ugly Duckling" emerges as gently amusing, "The King's New Clothes" as slightly naughty and "The Little Mermaid" as an eye-catching under-sea spectacular.

This sequence affords a comic gem, with James Irwin as the Sea Witch concocting a potion for the Little Mermaid. He also scores as Otto, the flustered, put-upon ballet impresario. Ashleigh Sendin makes an attractive, tuneful Madam Doro, Drummond Marais is the ballet master, Niels, and young Durban actor Steven Stead pleases as Peter, Andersen's shoemaker apprentice.

The weak points of the show are Sutherland's limp choreography, which never shows the dance company to good advantage, and the Napac Singers, although vocally sound, fail in their acting roles as Danish townfolk.

John Lombard

LIBRARIES

Reading in the Sun

Many guests at the Johannesburg Sun hotel are surprised to find that the establishment has a permanent and substantial library. It's a branch of the city library service, and provides a free service to the general public and to hotel guests and staff. It's claimed to be the first library of its kind in the world.

Residents of the area were formerly served by the Von Brandis library, on the first floor of the old parking garage. The City Council sold the site to Southern Sun in 1983, and a clause in the contract stipulated that a public library, corresponding in size to the old Von Brandis library, had to be included in the new hotel complex. Southern Sun group pro-

vided the accommodation, furniture and fittings, while the Johannesburg Public Library supplied the stock of approximately 8 000 books, and the staff.

Businessmen staying at the hotel have access to an excellent reference section, which has been stocked to serve their particular interests and needs — from specialist works on economics, history and mining, to dictionaries of quotations which might be used in compiling speeches.

The library opened in February 1986. It's the only one in SA which is open seven days a week, excepting Good Friday and Christmas Day. The hours are:

- ☐ Mon to Thurs — 9 30 am to 8 pm
- ☐ Fri — 9 30 am to 5 30 pm
- ☐ Sat — 9 30 am to 5 pm
- ☐ Sundays and holidays — 10 am to 12 noon

THEATRE JHB — 1

His best yet

Making Like America directed by Bobby Heaney, Upstairs at the Market.

Paul Slabolepszy has become something of a specialist at examining the psyche of a certain kind of white South African. His most successful plays — *Saturday Night at the Palace*, *Under the Oaks* and *Over the Hill* — are dissections of ordinary people (often disadvantaged) who are forgotten or regarded as irrelevant in the great debates about the country and its peoples.

This doesn't mean that Slabolepszy is not a political playwright. He may not push a cause, and he's not trapped in any ideology — but his characters are irrevocably South African, in the sense that they are products of this society. His comment on their attitudes may be oblique, but it is clear.

Making Like America is more substantial than the plays about cricket and rugby, and more economical than *Saturday Night at the Palace*, whose length outran its content.

Marius Weyers is brilliant as Cowboy, a hard man in whom criminal instincts, a futile romanticism and a thuggish wit are evident in roughly equal quantities. Wesley, his brother (played by Slabolepszy), is a welder-turned-sculptor, his relative integrity is easily corrupted by Cowboy.

Nicky Rebelo plays Quinton, Cowboy's sidekick, and he invests the part with a stupidity that is both hilarious and terrifying. The three of them end up deciding to rob a security van, each, in his way, is a desperate man. In the end, they are pathetic rather than dangerous — but only just.

Every criminal was once a gurgling baby. As if to emphasize this, the three men are nicely balanced by the mother, played with superb judgment by Lida Meiring.

The play has depth and authenticity, and is layered with violence, humour and sadness. The ending is a little strained, otherwise, I think it's Slabolepszy's best work yet.

US court sets date for SAA ban appeal

2011/1/6
The Star Bureau

WASHINGTON — South African Airways will argue in court on January 12 for the resumption of its flights to the United States.

The date was set by the District of Columbia's Court of Appeals yesterday in a successful effort by SAA to expedite the hearing which would, routinely, probably have been heard some months later next year.

SAA is seeking to be allowed to restart its twice-weekly service between Johannesburg and New York until a year's period of notice terminating South African landing rights in the US lapses in October next year.

The airline was told last Thursday that President Reagan had formally approved an end to its flights on Sunday. SAA is challenging that order, asserting it has a year's grace in terms of an air agreement between the two countries.

The US revoked South Africa's landing rights as an anti-apartheid action stipulated by economic sanctions in the Comprehensive Anti-Apartheid Act of 1986, passed by Congress on October 2.

It is understood the Court of Appeals may deliver judgment on SAA's court action by the end of January. If successful, it will leave about nine months before the SAA passenger and cargo flights must end.

SA exports threatened by a shortage of airfreight space

22/12/88
260

SA EXPORT markets are being threatened by a chronic shortage of airfreight space. Freight agents say they fear particularly for the viability of the perishables export industry which is at peak season. Exporters say they face losing hard-won markets as failure to deliver the goods will cause foreign customers to seek supplies elsewhere. The decision by a number of foreign airlines — including Iberia and Scandinavian Airlines — to terminate services

to SA is aggravating a situation which exporters say is getting worse. The cancellation of SAA's four weekly US flights in the wake of sanctions is also causing huge logjams and exporters are said to be willing to pay a premium on freight rates to get their goods sent out. Affected perishable exports include mangoes, tomatoes, grapes, flowers, peaches, sweetcorn and cherries, all of which contribute to the R40m a year export industry. An SAA spokesman said the airline

was doing all it could to accommodate the surplus. He said, "We have started re-routing certain non-stop flights to Europe via Iba do Sal to meet the demand and will continue to do so until February 5." Rerouting will enable aircraft to carry less fuel and more freight. Two weekly London flights, along with flights to Frankfurt and Zurich, will be affected.

A dearth of foreign tourists due to the unsettled political situation has also caused problems for the industry. Sources say this has caused a reduction in southbound flights by a number of airlines, which in turn has affected the availability of space on northbound flights. Reduction in overall carrying capacity by all airlines is estimated to be 100 tons a week or 30% of capacity. Due to a 20% increase in production,

exporters are looking to send out a total of 5,000 tons in the current season. Analysts say the cost of chartering has also become prohibitive due to a drop-off in cargoes coming south. Agents say they cannot justify the cost of hiring empty aircraft on the southbound leg. Only three charters have been arranged this year, compared with 27 charters last year, between mid-November and mid-January.

ENERGY

Allaying Cape fears

260
 FINAL
 26/12/86

Inevitably perhaps, the threat of sanctions against SA's powerful export coal industry raised fears in a jittery Cape that the coal-to-fuel projects already under investigation would take precedence, or even replace, the Mossel Bay gas-to-petrol project

But the country's custodian corporation of energy projects, the Central Energy Fund (CEF), assures the *FM* that it is not taking an either/or line in its parallel investigation of the three new synthetic fuel proposals.

In fact, the CEF says that all three — Mossel Bay and the Gencor and AECI/Am-coal's coal projects — will probably be needed. It also envisages more projects at a later stage to meet SA's growing fuel demands.

Cape fears were prompted by the knowledge that coal exports earned R3,1 billion in 1985 and that the industry is second only to gold in size. If major export contracts are lost, the strong Transvaal mining interests, including Sanlam's Gencor and Anglo's Am-coal, might push for the coal projects to go ahead to mop up surplus production and maintain employment.

Local confidence has not exactly been boosted either by government's hesitancy since the commercial potential of south coast gas was established four years ago

Also fuelling the prospect of a north-south power play was the fact that the coal exports leap since 1980 — from 29 Mt to 44,3 Mt — had led to a huge accumulation of discard coal. This is estimated by Mineral and Energy Affairs to be about 250 Mt, equivalent to more natural gas energy than official esti-

mates of the south coast gas deposits.

Obviously, ways of better utilising the discard dumps — only partly used by Escom and Sasol — would have to be found, with liquid and electricity fuels the largest likely users.

The problem with coal-based solutions is that the coal is in the wrong place for the Cape, which is pinning considerable hope on long-term investment in Mossel Bay

Bob St Leger, projects director of the CEF, which is financing the feasibility analysis of the three projects, dismisses coal lobbying, and says decisions on the coal projects are not related to Mossel Bay.

"Both gas and coal are under investigation and recommendations will be made on their commercial and technical merits. And it is highly unlikely that export coal would be used for synthetic fuels. We are not talking of an either/or situation"

The feasibility studies will continue until government decides on the staging of the projects. The decisions will encompass financing, total capital requirements, job creation, market demands, infrastructural capacities, and the social and environmental costs of going ahead or killing the project. The answers are likely to be known in the second half of 1987

Asked about the likelihood of another Sasol refinery, St Leger says. "Present gas reserves are inadequate for our fuel needs. Consequently, there will have to be new coal-based fuel plants unless we strike a major oil find"

Meanwhile, fears of the immediate effects of coal sanctions are receding in the face of strong demand for SA's cheap coal. So far this year, only Denmark, France, and the US have joined other Scandinavian countries in banning coal from SA. The European Economic Community threw out an embargo proposal.

The South African coal mining industry's aggressive sales drive is continuing to depress international prices and undercut Australian, US and Canadian producers.

Statistics show that although coal exports fell 18% in September, anti-South African policies have hardly affected annual sales. Phil Rogers, head of research at shipbroker Simpson, Spence and Young, estimates that total exports this year will fall to only 42,4 Mt from last year's 44 Mt.

With other analysts predicting a surge in the volume of world coal trade, and a likely end to the market depression in the next few years, the *Financial Times's* International Coal Report believes that SA's best defence lies in supply reliability, consistent quality and aggressive marketing. ■

Curbing pollution

WHILE Escom has focused on a more businesslike approach to power generation, it faces mounting public awareness to pollutants — especially where power stations are close to urban areas.

This has complicated cost-saving equations and, over time, could also add to expenses. But it is an element which Escom has not been prepared to overlook and one in which it could probably be considered an industry leader.

To the uninitiated the plumes swirling in the air above Tituka power station look like an environmentalist's nightmare. But to power station manager Ben Steyn they are quite the opposite. "When I see vapour spewing out, I know there are megawatts pumping into the power grid."

Misconception

Although notorious for a smoke-like appearance, the clouds are nothing more than water vapour from the cooling towers. But the misconception illustrates confusion surrounding natural resource violation.

The corporation is involved with on-going research to conserve the environment and to minimise the inevitable effects of generating electricity. It handles a programme with 22 monitoring stations around the country to analyse acidity in the rain and the sulphur content of the air.

Not only are ground levels measured, but light aircraft take aerial

ALAN SENDZUL

readings of gases emitted from the stacks. This research is co-ordinated with the CSIR, which tests gaseous emissions around power stations or at its air sampling stations.

But even though the coal stations are heavily monitored for sulphur emission, there are difficulties in getting accurate readings without the most sophisticated apparatus.

Also, as the quality of the coal intake varies, so too does the chemical composition of gas coming out of the stacks. Nevertheless, Escom prides itself as being "well within permissible emission levels at all times".

If there is a problem, then the pollution regulator — the chief pollution officer of the Department of Health, who is responsible for providing power station licences — is notified with an explanation of the difficulty.

In SA, coal-fired stations are in a favourable enough position at the moment to distance hot issues, such as acid rain. Unlike most of Europe — particularly Germany, which has a sulphur content in its coal of 3% to 4,5% — SA coal contains a lowly 0,5% sulphur, the element which combines with oxygen to form dangerous acid rain. As a result, Germany has been forced to switch to "cleaner" nuclear power to avoid repercussions from emissions in a narrow geographical area, and this has accelerated electricity costs.

The SA asbestos mining industry has no regulation of emissions other than an internal directive from the government Mining Engineer, which arguably falls short of being an effective deterrent. However, the Department of Manpower is aiming to issue asbestos regulations early next year, based on those applied in Europe.

Water conservation has always been an important issue in SA, a country prone to severe drought cycles. The new generation power stations use half the water compared with those built 10 years ago. When refinements, such as dry cooling, are added to the improved design then the water saving becomes considerable.

Improvement

Escom switched to dry cooling stations at Duvha and Matla, where water supplies were scarce. The efficiency over a wet-cooled station is estimated at close to a one-third improvement.

Another technological breakthrough is the installation of electrostatic precipitators to deal with the problem of fly ash. Inferior coal, with a large ash content, releases a lot of dust into the stacks apart and deposits at the bottom of boilers. Ash is collected by electrically charging the particles in the smoke, causing them to cling to the precipitator's plates. The plates are then struck by large hammers, releasing the dust, which is then collected by filters.

PUBLIC SECTOR-GOVT.-STATE ENTERPRISE

1987

JAN. — JUNE

Media curbs for TV radio?

16/1/87
Dispatch Correspondent

DURBAN — The Department of Home Affairs is investigating the possible inclusion of television, radio, and other media in the curbs against promoting or improving the image of the ANC and other banned organisations.

This was confirmed yesterday by a spokesman for the department in Pretoria.

The restrictions apply at present only to newspapers, magazines, and periodicals. Television, radio and telex services are not mentioned in the regulations published in the Government Gazette on January 8.

Journalists have complained about the anomaly of the situation and have noted the extensive coverage of the activities of the ANC on SABC radio and TV in the past week.

hout — but the players are not likely to question Procter. Former players might solve the problem, but for the wrong reasons.

What is clear, and the action by our umpires has emphasised it very neatly, is that

the game cannot do without them. They will make mistakes, and their actions will be defended, attacked and discussed — which is only fair. It is also entirely fair if they are pilloried mercilessly by spectators, reporters

and commentators, and they must endure it. But it is not fair if they are subjected to unsporting pressure on the field, and publicly attacked by the players after the match.

David Williams

MICHAEL COULSON

Servants and masters

IN MY OPINION



FM senior assistant editor Michael Coulson used to chair *Encounter*, probably the SABC's most controversial radio discussion programme ever, and has made numerous other radio and TV appearances on the SABC and BBC.

One word epitomises the changes in our radio services so eloquently defended by Patrick Kohler (*FM* December 19). Trivialisation. It springs out time and time again. "Where once we could afford to linger on one topic or type of programme for an hour and a half, there are now far more 15 and 30 minute programmes", "there may be less (serious) music in peak hours", and so on.

Apologists for the destruction of the old English service over the past year try to present what has happened as a commendable instance of moving with the times away from a tradition that had become stale, with slighting references to sounding "like the BBC of 1949," and introducing a new commercial spirit.

On the one hand there is no evidence that the tradition had become stale, even if the execution had, on the other, the switch to advertising as the source of revenue is not just a minor adaptation to changing circumstances but a rejection of the entire concept on which the SABC operated so well (apart from horrors like *Current Affairs*) for so long.

Kohler cites the "bursting vitality of Australian radio, the unique blend of Reithian and American traditions in the National Public Broadcasting System in the US, and the strides in diversification made by the BBC." Quite right, trouble is, what the SABC has done runs counter to every one of these models.

The vigour of radio in the UK, for instance, is based on four BBC national channels running the gamut from pop to high-brow, plus a plethora of local stations split between BBC and commercial. In Australia, the public-service ABC complements a wide variety of commercial stations.

Radio has regained vitality internationally because of the diversity of choice it offers. The SABC, on the other hand, has sharply reduced the diversity of choice.

As a former long-serving chairman of the SA Theatre Union (the actors' trade union), I can only muster a wry grin at Kohler's

assertion that "As many artists as possible, given budgetary constraints, must be given the opportunity to compete in this 'open market'." It used to be said that in terms of employment opportunities and hours of output, SA produced more radio drama than virtually anywhere in the world. As the result of last year's changes, once flourishing communities of radio artists (and not just actors — writers, producers and production houses, too) in Durban and Cape Town have had their livelihoods virtually destroyed.

One must guard against change for the sake of change. The broadcasting service that sounds today most like the BBC of 1949 is the BBC's own World Service. Largely for that very reason, it retains an unmatched credibility and influence throughout the world. And while my anecdotal evidence may not be as scientific as all the SABC's market research, what I hear of sales of short-wave radios and from acquaintances who listen to the BBC increasingly, that appeal is just as strong here as elsewhere.

Of course no information medium can stick rigidly to its original formula, however successful. The history of the *FM* itself is proof of this. Look at an *FM* of 10 — even five — years ago.

But it is a mistake to think that market research is the sole key to publishing success. While the SABC has been taking itself deliberately down-market, two new daily newspapers have been started in the UK. One, *Today*, was a straight business venture, the result of intensive and detailed market research, the other, *The Independent*, was promoted by professional journalists who believed that the vulgarisation of the so-called quality Fleet Street titles created a gap for a serious daily whose prime concern (like the *FM*'s!) would be editorial excellence.

Today has been a major flop, *The Independent* an immediate success. Market research aimed at establishing the lowest common denominator failed, market research aimed at identifying a positive opportunity succeeded. Trouble is, the SABC's research (and subsequent action) seems to have been of the first kind. Market research is a good servant but a bad master.

The line seems to be taken that all these changes were forced on SABC Radio by the need to generate advertising revenue. Indeed, Kohler refers to a "mission" that includes "generating income through commercial advertising" (some mission!). But that confuses two issues. One is what sort of public radio service we want, the other is how

it is to be paid for.

He goes on to contradict himself by saying that while many have called for a re-introduction of licence fees, "no one has come up with an alternative solution."

There are two retorts to this. The first is that licence fees are an alternative solution, and are in any event absurdly low in SA by international standards. The second is the implicit assumption that commercial radio is in some way "free."

This is nonsense. Listeners pay for commercial radio just as much as if there is a licence fee. The only difference is that while a licence fee is a direct impost on users, the cost of radio spots — like other advertising — is met at the supermarket cash tills.

And advertising is particularly pernicious on radio. We couldn't survive without them, but nobody is forced to read the ads in the *FM*. It's not too difficult to zap TV spots.

On radio you can't escape them, without risking missing real information. And the lack of visual sensation makes it more difficult to distinguish between the ads and what in print is called editorial. The SABC would have only itself to blame if unsophisticated listeners thought it endorsed a so-called investment adviser whose ads for months preceded the stock market report, and who then went bang with losses to innocent investors that could run into millions. The problem is compounded by the cheeseparating expedient of having adverts read by station announcers.

In the early days of SATV there were severe restrictions on staff members and freelance actors appearing to give credibility to adverts. Actors resented this, but it was surely a wise policy.

It is always possible for special interests to argue that there is too much or too little of any type of coverage on radio, or any other medium. Even though I might like one channel of non-stop cricket commentaries and another of classical music, that's not what concerns me at the moment.

Rather, the issue is the philosophy underlying our radio service. It is impossible to escape the view that there has been a basic shift in emphasis away from programme quality (admittedly, an elusive if not indefinable concept) towards "safe" undemanding listening.

Some may consider this an improvement. It reminds me of one of the laws of modern life laid down by a well-known British financial journalist, Patrick Hutber that, in three words, "improvement means deterioration."

260 FINAL 16/1/87

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28/1/87

SABC to continue breaks

JOHANNESBURG —
The SABC will continue with its new system of interrupting some television programmes for advertisement breaks

A spokesman for the corporation, Mr Willie Visagie, said here yesterday this would be done because numerous short breaks were more acceptable to both viewers and advertisers

However, viewers have complained that the constant interruption of programmes and films at inappropriate moments was irritating

"The breaks are so short it's not even worth while to switch off the sound anymore," said one

Mr Visagie said the SABC had not received many complaints —
Sapa

Police get wider powers on media

18/1/86
AD

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AK

AK

PRETORIA — Wide-ranging powers were given to the Commissioner of Police last night to prohibit the publication of "any matter."

The powers are afforded by amendments to emergency regulations gazetted in Pretoria last night

"The Commissioner may, for the purpose of the safety of the public, the maintenance of public order or the termination of the state of emergency, and without prior notice to any person and without hearing any person, issue an order not inconsistent with a provision of these regulations, prohibiting any publication, television recording, film recording or sound recording containing any news, comment, or advertisement on or in connection with any matter specified in the order, to be published"

The definition of subversive statement has also been broadened to include the taking part in "any activities of or to join or to support an organisation which is an unlawful organisation in terms of the Internal Security Act, 1982, or to take part in, or to support, any of any such organisations' campaigns, projects, programmes or actions of violence or resistance against, or subversion of, the authority of the state or any local authorities, or of violence against, or intimidation of, any persons or persons belonging to any particular category of person"

The Minister of Law and Order, Mr Adriaan Vlok, said earlier last night the government would promulgate new "enabling" regulations on reports by the media and "amend" other regulations following a decision by the Rand Supreme Court yesterday

"This is being done because the government is determined that there will be no supportive statements and/or advertisements for terrorist organisations in any way whatsoever," he said in a statement from Pretoria, released by the Department of Information.

In yesterday's court case a country-wide order imposed after several English language newspapers published advertisements commemorating the 75th anniversary of the African National Congress was declared invalid in the Rand Supreme Court

Two English language newspaper groups, South African Associated Newspapers and Argus, challenged the order issued by the Commissioner of Police on January 8 which prevented newspaper editors from publishing almost anything about the ANC

But an application to invalidate a notice prohibiting the encourage-

ment of support for an unlawful organisation was rejected

Mr Justice H Daniels said the Commissioner had exceeded his authority by issuing the blanket order which included a prohibition on any advert calculated to improve the public image of an unlawful organisation.

Mr Justice Daniels said Regulation 7 (B) gave the Commissioner, General Johan Coetzee jurisdiction to prohibit actions in a "particular area" — and he imposed the prohibition on the whole of South Africa

● Early this morning the Commissioner of Police prohibited the publication of advertisements which defended, praised or endeavoured to justify unlawful organisations' campaigns, projects, programmes or actions

The order was issued in terms of Proclamation R224 of 1986 as amended in the Government Gazette earlier last night

The order contained in Gazette number 10605 reads

"No publisher of a periodical shall publish any periodical containing an advertisement on or in connection with an organisation which is an unlawful organisation in terms of the Internal Security Act, 1982 (Act 74 of 1982), defending, praising, or endeavouring to justify any of such organisation's campaigns, projects, programmes, actions or policies of violence or resistance against, or of subversion of, the authority of the state or any local authorities; or of violence against, or of intimidation of, any persons or persons belonging to any particular category of persons."

The commissioner also repealed Notice 101 of January 8 which made it subversive to "support" an unlawful organisation.

He furthermore "withdrew" Notice 102 of January 8, the provisions of which were invalidated by the Rand Supreme Court yesterday.

— Sapa.

Sasol is 'pardoned' from American sanctions

SASOL has been removed from the list of parastatal organisations subject to US sanctions regulations.

This means that Sasol has succeeded in its protest against being classified as

a state-controlled body.

The US Department of Foreign Affairs has accepted representations that the degree of involvement by Sasol in the Industrial Development Corporation of South Africa was not to

such an extent that it fell within the policy outlined for parastatal organisations.

Mr Jan Krynauw, Sasol's public-relations officer in Johannesburg, said the

company was "obviously delighted with the news".

He said that Sasol had been a private company and listed on the Johannesburg Stock Exchange since 1979. — Sapa

[Handwritten signature]

ST 1/2 187

(260)

mentary seat of Johannesburg
tions on May 6, the PFP said in a statement
yesterday.

copy, Trip 2/2/87 260
Sasol 'delight' at US move

JOHANNESBURG. — South Africa's petrol-from-coal company Sasol "is delighted" at being removed from the list of South African parastatal organizations subject to sanctions by the United States, a company spokesman said last night.

B1 Day 2/2/87

Sasol sales to US continue as it comes off blacklist

HAMISH McINDOE

SASOL LTD'S removal at the weekend from Washington's trade blacklist of SA parastatals will ensure the petro-chemical producer continues to be a major supplier to US companies of its petroleum by-products.

But Secunda-based Sasol 3 remains on the sanctions list on the grounds it is still paying off loans to government.

Sale of Sasol products to the US was banned in November when the US State Department put both producers on its list of 166 companies that — in its view — were owned or subsidised by Pretoria.

Sasol, however, was considered to be an early candidate for review because it is a private company and was listed on the JSE eight years ago.

A company spokesman would not disclose yesterday Sasol's earnings from its US sales.

About five SA companies had been removed from the blacklist on the strength of their appeals to the State Department, a US Information Service spokesman said in Johannesburg yesterday.

We'll challenge SABC over bias, says Dalling

CAPE TOWN — The PFP would challenge the SABC in the Supreme Court if the corporation continued to favour the National Party during the election campaign, PFP media spokesman Mr Dave Dalling said in a statement today.

He said it was no mistake that Mr Alwyn Schlebusch had been appointed to take responsibility for the SABC.

"He is President Botha's personal representative watchdog at Auckland Park and will no doubt deliver whatever degree of bias Mr P W Botha requires.

"The PFP does not intend to take this lying down."

PACIFYING

Mr Dalling's statement accompanied the release of a survey of SATV news broadcasts by the Department of Journalism at Rhodes University.

He said the survey showed that the SABC could be seen "more as a pacifying agent than an instrument to bring information to the attention of the public".

It revealed a consistent "over-accessing" of government sources, with little or no attempt being made to obtain differing views of events.

The SABC made little attempt to gather news from any political parties other than the NP or the government, and was a "willingly party to the government's strategy to polarise and isolate all opposition outside the current power structure."

The public was being lulled into a state of "soporific ignorance" by the SABC's non-reporting of any unrest except in the blandest terms and by its ignoring opposition parties and in particular extra-parliamentary organisations.

"An important point to make is that now an election has been announced, the trend to one-sided and partial reporting is being confirmed. The last few weeks' viewing has been pro-Nationalist and one-sided in the extreme."

The PFP did not ask any special favours. It required only that the SABC stick to its conditions of licence, which stated among other things that it was the duty of the corporation to report news "clearly, unambiguously, factually, impartially and without distortion".

Before resorting to law, however, the PFP was more than willing to negotiate with the SABC over fair broadcasting, and to that end he, PFP leader Mr Colin Eglin and the party's chief executive officer, Mr Robin Carlisle were trying to arrange a discussion with SABC chairman Mr Brand Fourie and director general Mr Riaan Eksteen. — Sapa.

Eksteen: SABC plans for future

JOHANNESBURG —The South African Broadcasting Corporation had a mandate regarding the electronic media and was planning for the future "in the best way possible", SABC Director General Mr Riaan Eksteen said yesterday.

Opening an audio-visual exhibition in Johannesburg, he said the SABC had "definite responsibilities" toward South Africans and faced many challenges, the most important being adequate financing.

He said the corporation was giving priority to the replacement of outdated equipment and that the SABC would concentrate on providing FM reception to those areas which had been deprived of this facility up to now. The balance of the funds would be used for the further extension of the corporation's television networks. Limited capital would be used to replace worn-out transmitters.

Mr Eksteen said traditional methods of financing broadcasting were no longer adequate, and even old-established broadcasting corporations were looking for alternative means of financing their operations.

He said that despite its limited sources of finance, the SABC still viewed its responsibilities toward the public seriously. — Sapa

SABC in bid to resolve TV row

Feb. 1987

Dispatch Correspondent
PORT ELIZABETH

The furore over interrupting television programmes to screen commercials has prompted one company to suspend all future bookings for its advertisements until the issue is resolved.

Norton Abrasives product manager, Mr Keith Groves, said yesterday the "sensitivity around the advertisement times has led to the decision to reconsider future bookings".

Meanwhile, the SABC is holding talks with its major TV advertisers this week to try and reach a compromise.

The SABC's general manager in charge of advertising, Mr Jack Hobbs, said he had met the managing director of Checker's, Mr Clive Weill, on Monday and would meet Mr Raymond Ackerman of Pick 'n Pay tomorrow.

Meetings have also been arranged with top advertising agency executives and representatives from OK Bazaars,

Lever Brothers, Colgate and the South African Society of Marketers during the next 48 hours.

Advertisers have expressed concern over public opposition to commercial interruptions during programmes and have threatened to withdraw their advertising unless the SABC reverts to placing adverts between programmes.

However, the SABC says mid-programme advertising is international practice and the demand from advertisers for prime time commercial spots makes it unavoidable.

● A campaign to get half a million signatories to a petition calling for an end to the interruptions is proceeding.

Dr Georg Gruber, of Grahamstown, said last night his anti-ad petition was gaining momentum, with 70 to 80 petition forms already sent to people around the country. Each form contains space for 25 signatures.



Mrs Audrey Percy (64) embraces her brother Henry O'Leary (70), left. Mr and Mrs Percy arrived in Johannesburg from the Cape. Mrs Percy has not seen her brother since 1946 when she left South Africa with her husband, then a seaman in the British Navy.

police: claims

confirmed they are allegations of assault on Boksburg traffic

have been laid by Mrs Pherson and Mr

Mr (70), a diabetic, became dizzy before his car. A traffic officer apparently pulled him off the road.

came round on the traffic department Rand Bureau.

'No intimidation'

CAPE TOWN — Railway ticket inspectors may not carry sjamboks and "intimidate" passengers, a senior South African Transport Services official has confirmed.

This follows a complaint by a passenger that a ticket inspector standing at the entrance to Observatory station last week carried a sjambok.

When the passenger queried this with a senior inspector, he was told it was "for protection" as they had been stoned the previous week.

However, the ticket inspector was acting illegally, according to SATS.

"This is contrary to our regulations and it is definitely not our policy to intimidate passengers," the passenger services manager, Mr Piet Lotz, said yesterday — Sapa

Escom tries to get rid of R3,5-m complex

4/2/87 Star 260

Escom is trying to get rid of its R3,5 million Middelburg "white elephant".

The huge complex of carpeted offices, workshops and carpark — once intended to be Escom's Eastern Highveld headquarters — is fast disappearing beneath a jungle of weeds.

The complex, which has never been occupied, has been standing vacant for more than a year.

The only sign of life at the Escom property, built for a workforce of 150, is a solitary Escom guard.

Yesterday Escom communication manager Mr Ewald Thal admitted that Escom's Middelburg "headquarters" are "a problem we'd like to get rid of".

Escom has been looking for a buyer or lessee for six months.

Privately, a senior Escom official called the complex "an embarrassment".

Mr Thal said "This anomaly has arisen out of last year's major restructuring of Escom. Events overtook this building before staff could move in. Escom reorganisation was under way and it was decided to decentralise even further. These buildings became redundant."

Mr Thal said planning for the offices began in 1983.

The complex consisted of prefabricated buildings no longer in use at Megawatt Park which were bricked over once erected in Middelburg.

He said the cost of transporting buildings, establishing gardens and paving roads came to R3,5 million.

Middelburg's town clerk, Mr Peter Colin, said the town would welcome a buyer for the vacant complex.

"It's just standing there deteriorating, he said."

EX-UPE

man gives

evidence

in fraud

'spy' trial

260

4/2/87
E. Post

PRETORIA — Three men, including a former vice president of the CSIR, pleaded not guilty to charges of fraud relating to alleged misrepresentations made about a formula, concerning the detection of submarines in 1968

Dr Geoffrey Brunditt, of the University of Cape Town, 46, Dr Raymond Vice, Director of the National Telecommunications Department of the CSIR, 61, and Dr Francis Huwitt, a former vice-president of the CSIR, 67, allegedly misrepresented to the Armaments Board and/or the Defence Force and/or the Council of the CSIR and/or the University of Port Elizabeth that a formula was not valid to determine the variation in the magnetic field immediately below the surface of the sea

A letter from the Minister Defence, Mr Magnus Malan, was read to the court asking that the names of a certain military project, the foreign companies and countries involved not be named as it could affect future dealings with these countries

Dr Johannes Lochner, formally of the CSIR and UPE said that he was relieved of his position at the CSIR and a post was created at UPE

He said he had previously uncovered corruption in a CSIR department, concerning the purchase of useless equipment from a foreign country. He approached General Hendrik van den Bergh, then head of the Security Police, and a probe was begun

He was later contracted to the university to work on a project that

was to be funded by the CSIR

He developed a system for the detection of submarines through the magnetic field created by a cable. He said the system worked and complied with the pre-requisites in his instructions

He said there was a difference of opinion between him, the president of the CSIR, Dr Meiring Naude, Dr Vice and Dr Huwitt about whether the formula would work

It was decided that Dr Brunditt would be shown the options so that he could give an independent opinion

Dr Lochner said his formula applied to an insulated cable that was not in contact with the sea water while the other people applied it to a cable that had contact with the water

Dr Brunditt found that the formula would not work and the funding for the project was terminated a year early

Dr Lochner said he repeatedly pointed out to the people involved that they were using the wrong type of cable to judge whether the formula would work — Sapa (Proceeding)

TV ads under fire

CAPE TOWN — The Pick 'n Pay supermarket chain is to meet SABC officials next week to discuss the growing controversy over the screening of advertisements during television programmes.

The chain's chairman and joint managing director, Mr Raymond Ackerman, said Pick 'n Pay might consider withdrawing all advertisements from television if

the SABC did not revert to the old "before and after" system of screening ads.

"I'm not waving a big stick at them. Television is a very powerful medium and it would hurt us to stop advertising, but we're prepared to lose out rather than alienate. The current system, instead of attracting the public, is alienating. I cannot spend fortunes of money to alienate." — DDC

260 DD 5/2/87

260 5/2/87 w/m.

The Nat

Fraud case takes 20 years to reach court

PRETORIA—A fraud case involving senior members of the CSIR and a project for the development of weaponry took nearly 20 years to reach court because the complainant, a leading South African scientist, was waiting for the president of the CSIR to die

Dr J Lochner said that the case would never have reached court while Dr Meiring Naude, the president of the CSIR, was alive because he was a very influential man, who was also a friend of a former prime minister, Mr John Vorster

Dr Lochner was testifying against Dr Geoffrey Brunditt, 46, a professor in applied mathematics at the University of Cape Town, Dr Raymond Vice, 61, Director of the National Telecommunications Department of the CSIR, and Dr

Francis Huwitt, 67, a former vice-president of the CSIR, who allegedly misrepresented to the Armaments Board and/or the Defence Force and/or the Council of the CSIR and/or the University of Port Elizabeth that a formula was not valid to determine the variation in the magnetic field immediately below the surface of the sea

A letter from the Minister of Defence, Gen Magnus Malan, was read to the Court asking that the names of a certain military project and the foreign countries and companies involved not be named as this could affect future dealings with these countries

Dr Lochner said that he was relieved of his post at the CSIR after he uncovered corruption in the department. He said he approached his friend Gen

Hendrik van den Bergh, who was then the head of the Security Police, and he instituted an investigation into the matter

At the instructions of Mr H F Verwoerd a post at the University of Port Elizabeth was created for him

He said there was a dispute between him and the CSIR about whether a system for the detection of submarines through the magnetic field created by a cable worked

After Dr Brunditt gave his independent opinion that it would not work, funds for the project were terminated — (Sapa)

Rotary

MASERU—The 18th annual Rotary District Conference will be held in Maseru from April 26 to 29 — (Sapa)

Stan

Wed

Escom sells its ash wastes for use in industry, building

5287 B/Day
260

ESCOM is getting rid of mountains of ash from its coal-fired stations by selling it to private enterprise for use in industry and construction.

Escom's ash marketing drive was highlighted at an international symposium which began in Pretoria yesterday.

A host of local and overseas scientists are attending the CSIR's five-day think-tank on handling and possible further usage of coal ash, which is otherwise just a waste product.

Escom said in 1986 its power stations produced 16-million tons of ash.

Restricting

The Escom programme to use and market coal ash will be linked closely with the requirements of local industry and aimed at restricting the impact of Escom's activities on the environment.

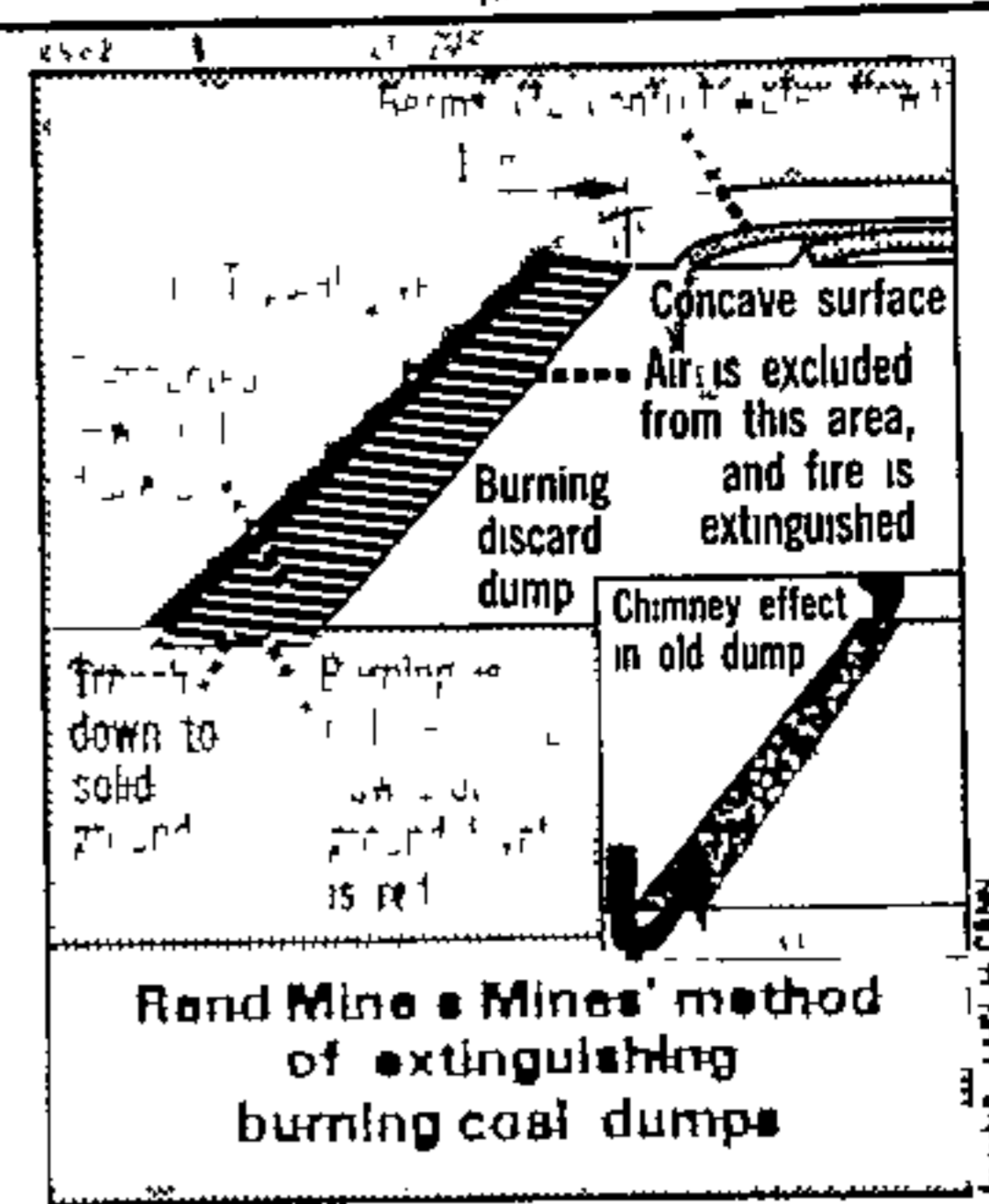
Business Day Reporter

A spokesman said. "Escom is a world leader in the burning of low-grade coal at its power stations. It does this in order to release high quality coal for export and use in the metal and chemical industries.

"The disadvantage of burning low-grade coal is that an enormous amount of pulverised fuel ash is produced as an end product — at some stations as much as 20 000 tons a day.

"We welcome the initiative of private enterprise in collecting and utilising coal ash which can be a valuable material with many uses in industry, construction and even agriculture."

Potential uses of coal ash include making concrete, mineral extraction, grouting, fertiliser, tile and ceramic production, and as an ingredient of mineral wool, paint and toothpaste filler.



In SA, ash is already being used in road building, concrete structures and also in brick-making — chiefly for stock and experimental face bricks.

At power stations it is used for building roads and tracks, reservoir walls and for mud and dust control.

During the past 23 years, Escom, in co-operation with the coal mining industry, has gained considerable experience in disposing of ash in underground mine workings.

Environment

Ash from Escom's new Lethabo power station will be put into the open cast mine at New Vaal Colliery.

An investigation was made into the possible impact of the ash on the environment and into dust, noise and water pollution before it was decided to dispose of the ash there.

Giants join TV ad switch-off

260 5/2/87 Euphost

By KIN BENTLEY

CHECKERS and the OK today supported the call by Pick 'n Pay boss Mr Raymond Ackerman for SATV to halt the screening of advertisements during television programmes.

And, while the ad storm raged, Mr Riaan Eksteen, Director-Gen-

A CAMPAIGN to get one million signatures opposing advertising interruptions on television was launched in Grahamstown yesterday. The organiser, Dr Georg M Gruber, of Rhodes University, has sent letters to the editors of all major newspapers appealing for support

eral of the SABC, insisted the SABC was not insensitive to public reaction and said the issue was receiving attention

Mr Ackerman, who said yesterday his company would meet SABC offi-

cials next week to discuss the increasingly controversial issue, has made it clear he might withdraw his ads from TV if the present method is not changed

While supporting his call for a return to the old

system of placing ads before and after programmes, neither Checkers nor OK are thinking of withdrawing ads

Mr Clive Weil, of Checkers, said his company had asked the SABC "to see that our advertising is inserted before or after a particular programme."

"We have not had any reaction and will now attempt to meet SABC officials to make our views clear"

Said the OK's Mr Gordon Hood "We have had some customer complaints in that regard and are discussing the matter with the SABC

You need not say I'm considering not advertising on TV"

Yesterday Mr Ackerman said that, by not advertising on TV, Pick 'n Pay would be hurt — "but we're prepared to lose out rather than alienate"

Mr Eksteen said most viewers had accepted that advertising was the SABC's main source of revenue and that the alternative would be an extraordinarily sharp increase in licence fees

• See Page 6

Groom took fatal plunge

AKARTA — A bridegroom-to-be and his parents were among 12 people drowned when an overloaded boat taking them to the marriage ceremony sank in a West Java reservoir, police said

The boat, only capable of carrying 15 passengers in safety sank as it ferried 30 people across Saguling reservoir to attend the wedding — Sapa-Reuter

PE's baby Riaan dies



RIAAAN VAN VUUREN, the one year old Port Elizabeth child who underwent heart surgery in Bloemfontein yesterday, has died

A relative said today Riaan (left) did not come round after the operation, which was performed at 4 15pm. He died at 10.30pm

Riaan left PE with his parents, Mr Chris and Mrs Rentia van Vuuren, on January 26. He was first admitted to Universitas Hospital, but was later transferred to the National Hospital

on the classic Test farewell of Graeme



Pollock

★ Make sure you get your copy of the EVENING POST tomorrow — and every weekday! ★



The heartsore Pather couple today.

Picture by MIKE HOLMES

Callous crooks make off with memories

By MICHEL DESMIDT

BURGLARS with scant regard for sentiment have stolen a three-hour video tape recording of a Port Elizabeth couple's wedding

A heartsore Mrs Ranju Pather of Malabar said today the video also contained film of her late mother-in-law and was of great sentimental value to her husband, Huges, who had yet to show the film of the "big day" in 1984 to his father

Mrs Pather said she was offering a small reward for the tape, stolen yesterday along with two suitcases containing clothing

This is the second time thieves have struck in the past two months. In January, electrical appliances, video and television equipment worth R6 800 were stolen

The video, said Mrs Pather, showed the wedding ceremony in the SS Aulayam Hall and the Hindu

ceremony in an adjoining temple

There were also shots of the reception and the happy couple entering their new home

"My great concern is for the video — it's of no value to anybody but ourselves and is a treasured memory of my mother-in-law I appeal for its return," Mrs Pather said

Mrs Pather can be telephoned at 47 5492

SAVE THOUSANDS

AT YOUR ALL MAKES USED AUTO MART

	DISTANCE	NOW PRICED AT	SAVING ON NEW PRICE
1986 SIERRA 2,0 GL Station Wagon, radio/tape, air-conditioned, c/lock, tow-bar, s/control, t/windows	21 000km	R19 650	7 616
1986 HUSKY Panel Van	6 000km	R17 950	6 300
1986 METEOR GL	15 000km	R18 750	5 800
1986 SIERRA XR6	9 000km	R22 950	5 600
1986 SIERRA 2,0 GL	7 000km	R18 450	4 760
1986 LASER 1,5 GLS	4 000km	R14 990	4 144
1986 COURIER 1,6	20 000km	R12 750	3 400
1986 LASER SPORT	4 000km	R15 290	2 688
1986 LASER-1,3	5 000km	R13 500	2 240
1986 ESCORT 1,3 GL	8 000km	R10 750	
1986 ESCORT 1,6 GLE	4 000km	R12 650	
1986 ESCORT XR3 i	12 000km	R14 750	
1986 SIERRA 2,3 GLE	15 000km	R18 995	

ALL FITTED WITH RADIO TAPE COMBOS PLUS EXTRAS

PIONEER USED CARS

12 NORTH ROAD
 PHONE 543336
 ELWIN 543336

After hours:
 STEVE 713095; DANIE 30679
 MIKE 22416; PIET 312634

Ex-CSIR ^{B. Day} employee ^{2/2/87} takes ill

A FORMER Council for Scientific and Industrial Research (CSIR) employee, who waited 18 years to bring criminal charges against two of his former colleagues, took ill in the witness box yesterday

Dr Jan Lochner, who alleged earlier this week his colleagues

DIANNA GAMES (260)

turned against him after he reported corruption in the CSIR abroad in the 1960s, told the Pretoria Magistrate's Court he had to wait until a former CSIR president, Dr Meiring Naude, died before he could bring charges

SABC to move on row over TV ads insertions

JOHANNESBURG — The SABC is to "examine" its television advertising following a furore over the insertion of advertisements into the middle of programmes, the SABC's head of advertising said today

General manager of advertising Mr Jack Hobbs said the corporation was "aware of the level of unhappiness expressed by the public and some of the SABC's advertisers"

"It will take a lot to change a policy that has been formulated over a number of years"

Yesterday the heads of three supermarket chains criticised the SABC's policy, introduced last September, of

slotting advertisements into the middle of television programmes, rather than at the beginning or end of them

Pick 'n Pay's chairman, Mr Raymond Ackerman, said his company is considering withdrawing television advertising if the supermarket chain's advertisements are not run at the beginning or end of programmes

He will meet SABC officials on the issue next week

Mr Clive Weil of Checkers says that his company will insist that its advertisements be aired at the beginning or end of programmes

And the OK said it was unhappy with the present advertising system — Sapa

EVE POST 6/2/87 (260)

IN THE face of intense lobbying by major advertisers, the SABC appears ready to back off on its revenue-boosting policy of screening adverts during top TV shows.

Retail giants, worried that consumers will associate their products with programme interruptions, have brought pressure to bear on the corporation.

OK Bazaars director of advertising and public relations Alan Fabig said he had held discussions with SABC deputy director general of finance Wynand Harmse, and as a result "he has agreed to review the policy".

Late yesterday Harmse confirmed the corporation is to review the situation, and said he would make a full and official comment either today or Monday.

"The critical public reaction is unfortunate," he said.

The corporation's practice of screening advert during programmes, which began last September, has provoked many letters and calls to newspapers.

Earlier yesterday, chairman and MD

SABC reviews

TV ad policy

MICK COLLINS

of Pick 'n Pay Raymond Ackerman announced the company would consider withdrawing all TV adverts if Auckland Park did not revert to its old system

"The current system, instead of attracting the public, is alienating it. I cannot spend fortunes to alienate."

Ackerman said the public was under the impression that — in a move to capitalise on prime-time viewing — it was the advertisers who had requested mid-programme screening.

"That is not so. It's become SABC policy so they may increase their advertising revenue. We cannot afford to have people

● To Page 2

SATV backs down on ads

upset, and I believe this is a retrogressive step."

President of the Association of Advertising Agencies (AAA) Hennie Klerck said the AAA had a meeting with the corporation on the matter last week.

Checkers MD Clive Weil said "We have asked the SABC to see to it that our advertising is inserted either prior to or after a particular programme. We have not had any positive reaction and will

now attempt to meet with SABC officials to make our views known"

Meanwhile, *Business Day's* correspondent in Port Elizabeth reports that a campaign to get one million signatures opposing advertising interruptions on SATV was launched in Grahamstown yesterday.

● From Page 1

SABC to back down on TV ads?

260
20
6/2/87
bd.

2 Little Kiwis get away from it all



Two young New Zealanders, Weston and Fletcher Morrison, make their mark on the sand at the Eastern Beach, far from the bustle of the workaday world. Dispatch photographer Frith Webster took this study in sunny concentration.

JOHANNESBURG — In the face of intense lobbying by major advertisers, the SABC appears ready to back off on its revenue-boosting policy of screening advertisements during top TV shows.

Dispatch Correspondent

Retail giants, worried that consumers will associate their products with programme interruptions, have brought great pressure to bear on the corporation.

The director of advertising and public relations at the OK Bazaars, Mr Alan Fabig, said he had had discussions with the SABC's deputy director-general of finance, Mr Wynand Harmse, and as a result "he has agreed to review the policy".

"We have had a lot of complaints but Harmse gave me his personal assurance the policy will be reviewed," Mr Fabig said.

Later, yesterday, Mr Harmse confirmed the corporation is to review the situation.

"We will again look into the matter and I will make a full and official comment either tomorrow or Monday."

"The critical public reaction is unfortunate. We really have tried over the past few months to smooth out presentation problems," he said.

The corporation's practice of screening advertisements during programmes, which began last September, has provoked a flood of letters and calls to newspapers.

Earlier yesterday the chairman and managing director of Pick 'n Pay, Mr Raymond Ackerman, announced the company would consider withdrawing all advertisements from television if Auckland Park did not revert to its old system of screening ads.

"The current system, instead of attracting the public, is alienating it. I cannot spend fortunes to alienate."

Mr Ackerman said the public was under the impression that — in a move to capitalise on prime-time viewing — it was the advertisers who had requested a id-pro-gramme screening.

"That is not so. It's because SABC policy so they may increase their advertising revenue. We cannot afford to have people upset, and I believe this is a retrogressive step."

The president of the Association of Advertising Agencies (AAA), Mr Henne Klerck, said the AAA had a meeting with the corporation on the matter last week.

"In its quest for revenue the SABC is pumping ads into popular programmes, which has created an anti-viewer feeling."

Viewers, he said, were being alienated by the continual interruptions and advertisers feared the resentment could backlash on their products.

The managing director of Checkers, Mr Clive Weil, said "We have asked the SABC to see to it that our advertising is inserted either prior to or after a particular programme. We have not had any positive reaction and will now attempt to meet with SABC officials to make our views known".

Editorial opinion P12
More reports P13

R240m paid to Basotho miners

MASERU — The South African gold mines paid out a total of more than R240 million to Basotho mineworkers employed in the industry in 1986, according to statistics.

The statistics show an increase of 15 per cent in total payments from R208 million the year before — Sapa.

TV ad uproar: SABC rethink

CAPE TIMES 6/2/87
260

Staff Reporters

THE SABC appears ready to back down on the screening of adverts during prime-time television shows.

This follows threats of a major advertising pull-out by leading retail chains

The heads of retail giants worried that consumers would associate their products with programme interruptions, have brought massive pressure to bear on the corporation

The director of advertising and public relations at the OK Bazaars, Mr Alan Fabig, said he had held discussions with the SABC's deputy director general (finance) Mr Wynand Harmse and as a result "he has agreed to review the policy"

"Many complaints"

"We have had a lot of complaints but Mr Harmse gave me his personal assurance the policy will be reviewed," Mr Fabig said

Mr Harmse confirmed yesterday that the corporation was to review the situation

"We will look into the matter again and I will make a full and official comment either tomorrow (Friday) or Monday. The critical public reaction is unfortunate. We really have tried over the past few months to smooth out presentation problems," he said

The corporation's practice of screening advertisements during programmes, which began in September, has provoked a flood of letters and calls to newspapers

Intense irritation

Yesterday the managing director of Checkers, Mr Clive Weill, supported by Pick 'n Pay's Mr Raymond Ackerman, warned the SABC that his company would consider withdrawing its advertisements unless the corporation confined commercials to slots at the beginning and end of programmes.

The public has expressed such widespread and intense irritation at the interruption of programmes by commercial slots that companies fear mid programme advertisements will alienate consumers instead of attracting them.

Mr Weill said he had asked the SABC to ensure that Checkers' advertising was run between programmes and not during them.

"We have not had any positive reaction and will now attempt to meet with SABC officials to make our views known," he said

'Make a pot of tea'

Media directors at local advertising agencies agreed yesterday that there were problems with mid-programme advertising, but said they doubted whether the SABC would be able to abandon the practice altogether.

They pointed out that viewers were unlikely to sit and watch a solid 10-minute block of advertisements at the end of a programme, but "would probably get up and make a pot of tea or let the cat out"

If SABC improved the placing of advertisements by dropping them into "natural breaks" in programmes, it would benefit both advertisers and the viewers, they said

□ Fury over mid-programme TV adverts, page 9



Bomb-disposal experts collect pieces of debris on the scene of the Grootte Schuur Estate blast in which a woman was injured at lunch-time yesterday. The explosion ripped out the bus-shelter's roof

Picture: Richard Bell

Woman injured in Newlands blast

CAPE TIMES 6/2/87

By CHRIS STEYN

A WOMAN was injured in a bomb blast yesterday near the Grootte Schuur Estate in Newlands where several cabinet ministers have their official homes

The bomb, believed to be a limpet mine, went off at 11 50am and ripped out the roof of a bus shelter adjoining a high wall in front of the Main Road section of the estate. A

number of windows in nearby homes were shattered

The woman suffered concussion and was admitted to Grootte Schuur Hospital's trauma unit. Her condition was described as "satisfactory"

There have been 34 bombings, killing nine people and injuring nearly 200, since the government imposed the state of emergency on June 12

Most of the explosions, pre-

dominantly caused by limpet mines and hand-grenades, have occurred in the Transvaal and Natal. There have been only three in the Cape

The bus shelter, which is 30 m from the Klipper Road intersection, is directly in front of the official home of Mr Alwyn Schlebusch, Minister for Administration and Broadcasting Services, Chairman of the Ministers' Council in the

House of Assembly and Minister of the Own Affairs budget

The bus-stop is used mostly by housewives, pensioners and domestic servants. But nobody was waiting there for bus No 93 when the bomb went off

Police bomb-disposal experts spent almost two hours at the scene collecting debris from the blast, while Main Road was cordoned off for city-bound traffic. Tracker-dogs were used to search the surrounding area.

CAPE TIMES 6/2/87

6/2/87 FIM (260)

TV AD RATES

The cost of freedom

It's all very well going for deregulation at any cost. But, in the advertising industry at least, the price can come high.

Massive rate hikes for prime SABC TV commercial spots have thrown the advertising industry into confusion. The corporation has announced rates for April of up to 300% more than January prices for prime advertising slots.

Media buyers claim the increases will have an immediate impact on all advertising vehicles, as clients battle to keep spending within annual budgets already set.

And, they say, there's likely to be a mid-year hiatus in advertising expenditure when clients insist that money in already over-stretched budgets is kept in reserve for the October-November build-up to Christmas.

Last year, the SABC gave notice that it was scrapping its system of allocating advertising time in July for the whole of the following year, which did allow some rates to be set up to 18 months in advance. Instead, it announced its intention to charge for advertising time according to supply and demand.

For the first time, it allowed advertisers to buy "into" programmes, so that audience data available to advertising agencies became meaningful. A scale of rates was set quarterly according to programme popularity, which made it possible for media buyers to fix costs at least at these intervals.

However, huge demand for space in prime-time programmes has led to yet another change. The demand, say the buyers, stems largely from clients' determination to see ads in certain slots, regardless of audience profile or cost. The SABC has reacted by scrapping the audience-linked scale and adjusting rates monthly, according to demand, on a rolling four-month basis. For example, May rates are issued in February.

Jack Hobbs, SABC GM advertising, says the new system is designed to take advantage of rapid changes in programme scheduling and, consequently, shifts in supply and demand for commercial time. The theory is that a time slot, or "channel," is regarded as fully sold when demand reaches 80%. The rate for that channel will go up in the next month if demand increases. It will, he says, also come down if demand falls off.

Thus it would seem that the SABC is letting market forces determine pricing — not a bad thing. But there are problems. First, the corporation is essentially the only supplier in this market and does not negotiate prices.

Second, there is a statutory restriction on the time SABC TV may devote to advertising — 8% of all broadcast time, including special sports broadcasts and Sundays, when

no commercials are allowed. It can allocate this virtually as it pleases, with no guarantees of audience levels. M-Net, in contrast, sets rates according to viewing levels. If these are not achieved, advertisers are compensated.

Brian Butler, media director of Ogilvy & Mather, Rightford Searle-Tripp Makin, says the decision to increase rates is obviously an attempt to discourage agencies from over-subscribing to prime slots and to spread demand.

This may sound like manipulation of the market. But Media Shop MD Dick Reed points out that no one is forced to buy into prime slots. And he says it may be in the interests of viewers that media buyers will be forced to look for cost-effective alternatives.

Nevertheless, as Bates Wells' Dave Kelly says, a good advertising budget increase is 25% this year, while prime time rates for the first four months have increased more than 200%. For example, in January, it cost R5,38 to reach 1 000 viewers in the Thursday 9 pm-10 pm slot, but the cost/1 000 in April will be R12,56.

Where clients demand a high-reach figure quickly, agencies are going to keep buying into prime TV slots at premium rates. Which is bad news for other media, because funds will have to be diverted to cover the TV increases. Print is likely to be the biggest loser.

However, the SABC itself may also lose out. Clients who have already set budgets for the year will probably find themselves running out of money towards mid-year and cut back severely to keep something in hand for pre-Christmas campaigns. ■

TRANSPORT DEREGULATION

Getting nowhere

There were few surprises in this week's White Paper on the road transport industry. Deregulation is thus further off than many expected and the private sector is showing signs of impatience.

The hauliers body, the Public Carriers' Association (PCA), has finally made good its threat to pull out of the National Transport Policy Study (NTPS) in protest at what it sees as government prevarication on competition from Sats.

The NTPS is still discussing issues like the fuel levy and road construction, and PCA input will be sorely missed.

Sats doesn't compete on an equal footing with the private sector and the PCA is keen

6/2/87 FIM (260)

Adverts: SABC DD lays (260) DD blame 7/2/87

CAPE TOWN — The SABC yesterday put the blame squarely on advertisers for the glut of prime time television adverts which have irritated many viewers

The head of the SABC's advertisement section, Mr Jack Hobbs, said the new system of placing adverts had been agreed upon after 18 months of negotiations with advertisers

American soap operas and programmes were produced with natural breaks for adverts and the new system was implemented to the advantage of the advertiser, he said. Now the system had invoked the wrath of viewers

The present system allows for four breaks an hour. During Thursday evening's telecast of Hill Street Blues a total of 18 adverts was screened during the four breaks, an SABC spokesman said.

The director general of the SABC, Mr Riaan Eksteen, said in a statement that the issue was "not a simplistic one" and that the corporation would issue a statement once a decision had been taken —DDC

TV ad battle rages with big guns joining the fray

THE war of the TV ads is not over but advertisers and viewers are ready to carry on the fight until victory is achieved.

The SABC announced on Thursday that it was reviewing its policy of placing irritating ads in the middle of programmes. A day later corporation officials said they would issue a statement as soon as possible.

Though viewers have been complaining for weeks about the new system, it is only since large advertisers entered the fray — such as the big supermarket chains — that the SABC has taken any notice.

Several big advertisers supported Pick 'n Pay's Raymond Ackerman when he said that ads could now be alienating viewers instead of attracting them.

Pressure

Mr Richard Y Ford, advertising manager of the Perm, said he believed it wouldn't be long before his clients would be saying "You're spoiling our fun".

"We support before- and after-programme ads and we'll join in the pressure to have them reinstated," he said.

Tastic Rice's national marketing manager, Mr Andre Naude, said the ads could have a negative effect.

"We should have realised this before," he added.

"We won't storm the SABC ourselves but we definitely support the others."

Mr Clyde ... all ener-

By GWEN GILL

al manager, marketing, of Morkels, confirmed, as did the other advertisers, that he'd never asked for ads to be put in the middle of programmes.

"We were surprised when, after this was offered, all our bookings for mid-programme ads were accepted."

"Now we know why. Just look at 'Magnum' and you realise that the SABC accepted every booking they got."

"We agree with the sentiments of other advertisers such as Pick 'n Pay."

The corporation is allowed to sell eight percent of its total air time.

However, this percentage

is calculated over a year, not during an individual programme, or even during a week's schedule.

One advertising agency official calculated this week that, when advertisement rates go up to R27 000 for a 30-second commercial in the middle of "Magnum", the SABC could be making up to R400 000 from that programme alone.

Discussions

Meanwhile, Mr Bryan Butler, media director of Ogilvy Mather & Rightfords, said that he had held discussions with the SABC this week in his capacity as chairman of the Media Directors' Circle. "Both sides still feel that

the principle of ads in the middle of programmes is right, but neither side wants an army of irate consumers.

"I know the SABC will give the question serious thought."

"If we go back to the previous situation, there's no doubt that the quality of TV programmes will suffer. The SABC won't be able to afford the programmes it is now showing."

Viewers have continued to bombard the Sunday Times with letters and phone calls about the irritating ads.

When TV first started, the SABC promised there would be no ads in the middle of programmes.

● See Richard McNeill Page 19

SABC

STAFF BOYCOTT CANTEEN

260
Sowetan
11/2/87

BLACK workers at the South African Broadcasting Corporation are boycotting their canteen in protest against the "poor quality" of food served there.

The workers from the SABC's headquarters in Auckland Park, Johannesburg, have been boycotting the canteen for the past two weeks.

Black and white employees at the corporation's building have separate canteens.

SABC spokesman Mr Phello Khaile yesterday said: "We have no comment at this stage. The allegations may be true or not but so far, none of our black employees have complained about the service at the canteen."

By **MZIKAYISE
EDOM**

He promised to investigate the allegation and also called on the workers to bring forward their allegations so that they could be investigated.

Workers interviewed by the *Sowetan* yesterday, who asked not to be named for fear of re-

prisals, said they have reported the matter to the SABC authorities on several occasions but nothing has been done to improve the canteen services.

The workers claimed that

- Food at the canteen is of poor quality,
- They are served stale food and at times spoiled food,
- Food served to whites is of a better quality than that served to blacks, and
- Blacks pay more for food than whites.

Cape Times 13/2/87

New SABC ad policy imminent

By ANDREW DONALDSON

260

CHANGES to SABC policy on the screening of advertisements during programmes could be brought into effect by this weekend, Pick 'n Pay chief Mr Raymond Ackerman said yesterday after a "positive" meeting with SABC executives.

Mr Ackerman told the Cape Times he could not release details of his two-hour meeting with the SABC's general manager of advertising, Mr Jack Hobbs, and the SABC's regional advertising manager, Mr Arnold Crouse.

"I was pleasantly surprised," he said, adding that the corporation had put forward strong alternatives to the current screening system.

It was up to the SABC's board of directors to act on recommendations by Mr Hobbs and disgruntled advertisers, Mr Ackerman said.

It is believed the changes could mean most advertisements would be screened in the old "before and after" programme slots — but with a compromise of some advertisements screened during programmes.

Mr Hobbs flew back to Johannesburg for further meetings with advertisers after the meeting at Pick 'n Pay's headquarters in Claremont.

He could not be contacted for comment.

Industry to share in AEC technology

INDUSTRY is to share in the advantages of technology developed by the Atomic Energy Corp of SA (AEC)

AEC corporate planning executive GM Raymond Loubser told the conference that basic technologies have already been developed and paid for

"Much of the (AEC's) manufacturing capability need not be retained in-house and an investigation into privatising these capabilities is well advanced"

Industry would not be required to invest in the development of particular technology, only to share in its advantages on a basis of additional costs incurred

"Until recently technology transfer was largely between the AEC and local industry manufacturing equipment for it

"As (AEC) surplus capacity is now becoming available, the question is how this capability to develop and transfer technology for

other purposes can be made available on a fair basis to industry without a call on taxpayers' money and without competing with industry in an unfair way"

Many fields

He said technology was available in the fields of

Isotopes and radiation (radioactive tracers for studying mixes or tracing fluid flows, leaks and pollutants; medical preparations — e.g., radio-isotopes for diagnosis — sealed radioactive sources for measuring liquid levels or material thicknesses, neutron activation analyses of samples, Cobalt 60 radiation use for sterilising medical products or increasing the shelf-life of agricultural products and foodstuffs),

Chemistry, physics, geotechnology and material sciences (developing waste dispos-

al sites, chemical surface or corrosion treatments),

Engineering (axial flow compressors and similar rotating machinery, leak-free un lubricated piston compressors, non-corrosive valves, vacuum-tight piping and systems, pressure vessels),

Maintenance (vacuum pump and meter maintenance, vibration monitoring of machinery and fluid flow systems);

Manufacturing (chemical cleaning and plating, electroforming of complicated shapes, manufacture of small precision components by cold-forging or machining, precision welding and brazing, welding of high-integrity aluminium or stainless steel pipe spools and pressure vessels to fine tolerances, developing and manufacturing automated manufacturing machines, such as component assembly units, associated precision-tool manufacturing and measuring).

B/Day

260

13/2/67

TV advert row: SABC gives way

Dispatch Correspondent

CAPE TOWN — The SABC yesterday buckled under intense commercial and public pressure over the advertising interruption of programmes and will cut them by half from February 23.

Announcing this late yesterday, an SABC spokesman said the corporation had noted the "reaction of viewers" and would screen the remaining half of spot breaks before and after programmes.

The backdown follows anger at the way advertisements were consistently breaking the flow of entertainment programmes.

After negotiations with major retail advertisers, the SABC board had approved the step and attempts would now continue to "streamline" the pro-

cess, "keeping in mind that the revenue generated is essential for the acquisition of top-rated programmes".

"Between the hours of 7 pm and 8 pm and also 9 pm and 10 pm, the number of in-programme spot breaks will be reduced by 50 per cent.

"The other spot breaks will from now on be accommodated before the start of and immediately after the conclusion of programmes," the SABC said.

The managing director of Pick 'n Pay, Mr Raymond Ackerman,

last night welcomed the changes.

He said advertisers had been guilty of putting too many of the same adverts in prime time and annoying the viewing public.

Mr Ackerman said that up until 10 days ago the SABC had remained adamant that they would not change but after he had warned them that he would be forced to withdraw his advertising because of public anger, other companies had followed suit.

The managing director of Checkers, Mr Clive Weill, described the SABC concessions as an "outstanding compromise".

The changes, between 7 pm and 10 pm, reduce adverts to a maximum of

one two minute break in 30 minute programmes and two two-minute breaks in one-hour programmes.

One advertising executive said the irony of the controversy was that "now — for the first time in the short history of TV advertising in this country and after millions of rands have been poured into it — viewers are finally noticing our products".

A Johannesburg-based survey by the South African Consumer Council found that 74 per cent of respondents felt the adverts were "very irritating and disrupted the flow of the programme", while a further 9.5 per cent threatened they would not buy the products advertised.

260
14/2/87

for:

^{16/2/87}
R1,9m
paid to
air song

Brake on UK cash pull-out

LONDON — Managers who run the Church of England's £400 million investment portfolios have come out against selling off any more shares in companies still involved in South Africa.

The church's central board of finance said financial links with South Africa had been pared down to the minimum practical level and that further disinvestment would be financially irresponsible.

"A degree of disinvestment has now been reached where it is impossible to squeeze the remaining South African element in the investment fund's portfolio without major sales of large United Kingdom companies," the church's board said.

About £61 000 of the church's investment earnings are from the South African-related earnings of 44 British and American companies in which the church had investments totaling £75 million.

A motion calling for the sale of the interests in these companies is to be debated on February 25 at the church's ruling synod. — Sapa-RNS

Dispatch Correspondent
CAPE TOWN — The Bureau for Information's controversial pop song has turned out to be a financial hit for the SABC.

The government-controlled service has been paid nearly half of the R3 944 160 spent on the song so far for broadcasting it on radio and television — and stands to get more by the time the promotion campaign closes at the end of next month.

A total of R336 000 was paid to the "six chief artists".

The deputy Minister of Information, Dr Stofel van der Merwe, told the Conservative Party's MP for Pietersburg, Dr Willie Snyman, in a written reply to a question in the House of Assembly that the SABC had been paid R1 929 591 and that broadcasts would continue until March 31.

"The bureau is involved in market research to monitor the effect of its campaign.

"This research has not been completed," he said.

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260 DU 19/2/87:
Iscor to raise steel prices

PRETORIA — Iscor will raise its flat-rolled steel prices by an average of 5 per cent from March 1 after similar increases earlier this month for bars and special sections of steel products.

This is the first of two price increases scheduled for this year after an average 9,7 per cent steel price hike last year, an Iscor spokesman said.

He added that Iscor would probably increase its flat products

prices by a further 5 per cent in September.

"But this is dependent on many factors," he said.

Highveld Steel and Vanadium is expected to follow Iscor's pricing lead but this could not be confirmed yesterday.

The motor industry was highly critical of last March's steel price increase; the second since price control was abolished in July 1985.
— Sapa

More than half coverage devoted to 'sport and 'trivia'

TV news 'sop for privileged whites'

21/2/87 (260) Star

A survey of SABC-TV news broadcasts has found that more than half of the coverage over a period of a week in September last year was devoted to sport and "trivia", while information about unrest and the state of emergency was "just not offered"

The survey was conducted by

the department of journalism at Rhodes University, Grahamstown, and analysed by one of its students, Mr Tony Walker

Mr Walker says he concludes that the SABC's function has clearly emerged over past years as one of "a source of relaxation and entertainment for the essen-

tially White privileged classes of South Africa"

"This casts the SABC as pacifying agent in relation to its viewers. This policy is reflected in the content of the news broadcasts analysed"

During the week the only extra-parliamentary opposition group

which "contributed" to the news broadcasts was the ANC

"No mention was made of the UDF or even Inkatha, and no trade unions made the news — whether Left or Right wing."

About two-thirds of the time allocated to interviews was used for interviews with Cabinet Ministers

"This points to a consistent over-accessing of Government sources and little or no attempt to obtain competing definitions of events," Mr Walker said

LITTLE CONCERN

"Where alternative views are sought there appears to be little concern with any opposition group outside Parliament

"This can be seen by the time allocation, which is so small it appears to be a token gesture rather than a serious attempt at news-gathering to the PFP, HNP, CP and NRP and the exclusion of extra-parliamentary opposition groups"

This revealed a situation in which "The main electronic media network of the country is contributing to the attempt by the Government to polarise political and other opposition in South Africa which is not institutionalised in the present power structure"

ARCHBISHOP TUTU

"An interesting point to note is that, while the period included the induction of Archbishop Desmond Tutu and featured a special on the Anglican church, screened on Network, Archbishop Tutu was not granted one word over the air in the entire week." — Sapa.

Escom:
no light
on power
failure

Dispatch Reporter

EAST LONDON — Escom technicians have still not been able to throw definite light on the cause of the power failure which plunged the Border, Ciskei and Transkei into darkness on Thursday night.

Escom's marketing officer here, Mr John Arnesen, said that the fault could have been caused by several factors.

"Sometimes birds fly into the line and cause a short, and sometimes a build up of pollution or bird-droppings has the same effect," he said.

Mr Arnesen said the fault had occurred on the Poseidon-Pembroke line between Berlin and Somerset East at about 10.30 pm and power had been cut for just under two hours.

Dalling: PFP tired of bias

260
2/1/83

CAPE TOWN — The PFP would challenge the SABC in the Supreme Court if the corporation continued to favour the National Party during the election campaign, the PFP's media spokesman, Mr Dave Dalling, said in a statement yesterday.

He said it was no mistake that Mr Alwyn Schibusch had been appointed to take responsibility for the SABC.

"He is President Botha's personal representative watchdog at Auckland Park."

Mr Dalling said the SABC made little attempt to gather news from any political parties other than the NP or government.

The public was being lulled into a state of "soporific ignorance" by the SABC's non-reporting of any unrest except in the blandest terms and by its ignoring opposition parties and in particular extra-parliamentary organisations.

Before resorting to law, however, the PFP was more than willing to negotiate with the SABC over fair broadcasting.

— Sapa

SABC's news: PFP court threat

By EBRAHIM MOOSA

THE PFP yesterday threatened to take the SABC to court if it did not end what it labelled pro-government partiality in news and current-affairs broadcasts

In a statement Mr Dave Dalling, the Progressive Federal Party media spokesman, referred to a survey of news coverage by the department of journalism at Rhodes University, which made several critical findings on the SABC's news and Network/Network broadcasts

"The last few weeks' viewing has been pro-Nationalist and one-sided in the extreme

"It is no mistake that Mr Alwyn Schibusch has been appointed to take responsibility for the SABC. He is President (P.W.) Botha's personal watchdog at Auckland Park and will no doubt deliver whatever degree of bias Mr Botha requires," Mr Dalling said

'Soporific'

He said that before resorting to the law, the PFP was more than willing to negotiate a fair broadcasting dispensation with the SABC

He stressed that the SABC should stick to the conditions of its licence to cover news events "clearly, unambiguously, factually, impartially and without distortion"

By non-reporting on unrest and ignoring of extra-parliamentary organisations, the public was being "lulled

into a state of soporific ignorance", he said

Mr Sakkie Burger, SABC's senior director-general of news and external services, yesterday said "I categorically reject any allegation of the SABC's partiality"

He said Mr Dalling was free to take his complaint to court, where the corporation would counter any allegations

'Trivia'

The (Rhodes) survey was "general" and the researchers were free to make their observations known, Mr Burger said. Another set of researchers could reach a different set of conclusions

The Rhodes survey monitored a week's sample of news and current affairs between October 3 and 9 last year

The survey, undertaken by Mr Anthony Walker and supervised by Professor Gavin Stewart, head of journalism studies, described the SABC as "a source of relaxation and entertainment for the essentially white privileged classes of South Africa"

More than half of the time was devoted to sport and "other", which implied that "in a state of emergency more than 50% of the news coverage is devoted to sport and 'other' — a category which is devoted to trivia"

The survey accused the SABC of making little attempt to gather news from other political parties besides the ruling National Party.

SABC poor food protest

2160
G. M. M. M.
2/2/87

THE boycott of a canteen by black workers at the South African Broadcasting Corporation headquarters in Auckland Park, Johannesburg, entered its fourth week yesterday.

The workers are boycotting their canteen in protest against the "poor quality" of food served there. They claimed that

- Food at the canteen is of poor quality.
- They are served stale food and at times spoiled food.
- Food served to whites is of better quality than that served to blacks, and
- Blacks pay more for food than whites.

Black and white employees at the corporation's building have separate canteens. The entire black workforce shares one canteen while whites have more than five canteens to choose from.

A spokesman for the SABC yesterday said they were still investigating the allegations and that if they were true the standard of the canteen used by blacks and the food served there would be improved.

GERALD REILLY

ISCOR'S corporate productivity improvement programme (PIP) target of R75,9m for 1985/86 was exceeded by R23m, or 30,3%.

According to an Iscor spokesman this resulted in a total saving of R98,9m by the steel, mining and headquarters departments.

This was the second time the set targets had been exceeded. The last was in 1981/82.

Mining and headquarters exceeded their targets by 52% and 151%, respectively.

Ideas aimed at cutting costs, improving technical processes, increasing production, extending the life of

IsCOR whips PIP target

equipment, saving material and preventing capital expenditure, are encouraged among the staff.

Many suggestions are received, the spokesman said.

The ideas are investigated and implemented if considered practical.

The PIP floating trophy was won by Grootgeluk coal mine's process development plant chief engineer P E Venter for his suggestion on reclaiming and marketing the coarser fraction of coal which does not float.

'Positive' for privatisation

Flores Kotzee steps down as Iscor chief

B/Daily
20/2/87
260

ISCOR chairman Flores Kotzee said yesterday he was to step down as head of the steel giant from May 31.

His replacement will be Industrial Development Corporation (IDC) chairman Marius de Waal, who will take over from June 1.

Industrial circles have interpreted the move as being positive towards privatisation.

Industry sources said last night De Waal's appointment could be the prelude to the privatisation of Iscor as the IDC had been heavily involved in backing industrial development in the private sector.

Independent Wire Convertors' Association (IWCA) chairman Robin Bosomworth said he was not surprised by the move.

He said: "All along we have considered Iscor's attitude as not being conducive to the growth of the secondary steel industry.

"We believe a whole decade of growth in the secondary industry has been lost under Iscor's diabolical two-tier pricing

Business Day Reporter

system. Maybe now we will see some changes."

Economic Affairs Minister Danie Steyn said Kotzee had approached him not to extend his term of office, which expires on May 31.

Steyn said: "It is with regret that I accede to this request. I wish to convey to him government's appreciation for the excellent manner in which he fulfilled his task as chairman of this huge organisation during the past three years."

Kotzee holds a number of posts in the private sector, including the chairmanship of Dorbyl and a directorship of the Trust Bank. He is also on the board of Datsun.

An Iscor spokesman said the post of chairman was a Cabinet appointment. He declined to comment on Kotzee's reasons for terminating his relationship with Iscor.

De Waal will retain chairmanship of

• To Page 2 →

Kotzee steps down from Iscor

B/Daily
20/2/87
260
← • From Page 1

the IDC but will terminate his membership of the CSIR board, his directorship of the Development Bank of Southern Africa and his vice-chairmanship of the Rand Water Board

Steyn said under Kotzee's leadership Iscor's profitability improved considerably and comprehensive modernising programmes were undertaken, large parts of which had already been implemented.

He said "This achievement speaks for itself, especially when viewed in the light of the serious surplus capacity problems and other recessionary demand conditions experienced by the iron and steel industry throughout the world

"Iscor can today be justifiably regarded as one of the most successful iron and steel undertakings in the world."

An IWCA spokesman said Iscor made

a R600m positive cash flow which, in view of the depressed conditions on international markets, was phenomenal

He said. "The IWCA recently made representation to the Board of Trade in which it pointed out the injustice of the steel conglomerate's pricing system.

"In order to match the international market price of US\$240 a ton, Iscor has been exporting hot rolled products at US\$210 a ton. The domestic price is R700 a ton. We would be better off if situated somewhere else in the world to take advantage of ruling market prices"

He said government was concerned about inflation and hyper-inflation and privatisation was being seen as a way to combat it

Licence protesters call unhappy truce

From ADRIAN MONTEATH

QUEENSTOWN — The television protesters of Maclear have decided to call a truce with the SABC — under protest.

The six leading members of the community, including the Mayor, Mr Peter Hills, who had refused to pay their television licences in a protest against the SABC's service, will try to do so this morning.

The six are due to appear in court here for al-

legedly having failed to have paid their television licences.

The new development follows a meeting yesterday in Maclear between the six and two senior SABC executives — the corporation's senior legal adviser, Mr Leander Gaun, and Mr Les Vermaak, of the SABC's technical information services.

"Whether the cases will be withdrawn or not is a matter for the public prosecutor," Mr Colin

Moolman, spokesman for the six protesters, who include two councillors as well as leading businessmen, and a civil servant, said.

"We are not altogether happy about the situation, but at least the SABC is willing to talk," said Mr Moolman. "We are very grateful that they have taken the trouble to send people up here".

The protesters, who have complained that in spite of paying the same licence fees as the rest of the country, they received only bad TV1 reception, were last night assured by the SABC representatives that:

- Television booster stations costing hundreds of thousands of rands would be erected as soon as funds were available, to ensure good television reception throughout the Maclear and Ugie areas.

- In the meantime, radio booster stations would be put up this year to improve FM reception in the Barkly East, Elliot and Ugie areas.

The town council has offered the SABC the option of taking over the relay towers

27/2/87

Iscor boss scotches privatisation talk

610ay
27/2/87

ISCOR chairman Flores Kotzee denied yesterday that privatisation was on the cards for the huge State steelmaker

He added there was nothing untoward about his decision to relinquish his post from May 31.

"To my knowledge, the change of chairmanship has got nothing to do with privatisation. I am not anti-privatisation

"There was no specific reason as to why I decided to step down. I'm on record as saying privatisation is a matter for the shareholders of Iscor."

He said the management of Iscor had never taken part in discussions concerning handing over to the private sector

"There have never been any talks about privatisation. The way

MICK COLLINS

Iscor is managed, privatisation wouldn't make any difference to its management team."

Kotzee said he would continue to hold the chairmanships of Dorbyl and Usco along with his other directorships. "I've still got plenty to keep me occupied. There comes a time when you say it's time to do something about your lifestyle. I have been overloaded. It was time to shed at least one job."

Commenting on depressed conditions in the international steel market, Kotzee said the growth of steelmaking in developing countries had had a major impact. "Korea, Taiwan and countries in South America which were buyers are now sellers on the market."

JACK HOBBS

Change of signal

PM 27/2/87
260



The SABC's fast footwork as it sets out to grab a bigger share of the national adspend has inevitably aroused controversy. The Corporation's GM advertising and marketing, Jack Hobbs, answers

some of the criticism and looks at future developments.

FM. The SABC recently decided to allow advertisers to place commercials directly and benefit from the commissions which previously would have gone to advertising agencies, who feel threatened. What's behind the move?

Hobbs: The SABC followed a directive of the Competition Board in deregulating its arrangements with agencies. Previously only accredited agencies could place advertising with us, and only they could receive the media commission. Now the sole criterion for our acceptance is the ability to pay — and it would be unfair not to offer a direct advertiser the same incentive for early payment enjoyed by agencies, provided the same service is forthcoming.

There was no intention to undermine the agencies. Indeed, I don't believe the new rule will make any difference to their large clients, who would find it extremely expensive to set up creative and production facilities and handle the buying and scheduling procedures. It isn't likely they would contemplate this kind of expenditure for a 15,5% commission.

But agencies complain at having to meet strict financial conditions before the SABC will even consider dealing with them, while direct advertisers have only to provide bank

guarantees for individual ads. Is deregulation a reality?

Yes, I believe so. The continuing registration of agencies is simply to streamline administration. We would create difficulties for them if we were to demand a guarantee for every ad placed, rather than an overall assurance that their business is good.

What's more, the agencies can now spend whatever commission they do earn as they please — they can share it with clients, rebate the whole of it, whatever. Before they were simply not allowed to rebate any of it, although in practice many deals were done to ensure clients got at least a percentage. That situation is now legalised, to the advantage of agencies and the industry as a whole, because market forces prevail.

The second deregulatory step was to abandon the old system of TV time allocation and to operate according to supply-and-demand for commercial space. What has been the reaction to that?

In fact that decision was taken before the commission system was changed and it applies to all SABC services. But it is true the level of reaction has been particularly strong in TV, probably because commercial time on TV is expensive by local accounting and because South African advertisers are generally inexperienced in this field.

Under the old system some agencies which had all the advantages of accreditation were grabbing the major share of TV time. Now they compete on exactly the same basis as smaller agencies, individual media buyers and direct clients. What that means is that agencies have to sharpen their skills to stay in the market. At the same time their clients must appreciate the sales value of programmes which are not necessarily family favourites.

What do you say to accusations of profiteering on prime time programmes now that TV is considered to be such a strong medium?

Of course the price for slots in prime time programmes rises if demand outstrips supply. But no one is forcing the purchase of those slots and there are often other gaps which will serve the client's needs just as well.

What advertisers have to do is see that their budgets are spent in the most cost efficient manner possible.

The days of handing over money to agencies and then simply waiting for increased sales have gone. As agencies have to sharpen their media buying skills, so clients must become more aware of how money is spent and of specific returns for each expenditure.

Such sophistication is a function of any free market.

Can the SABC lay claim to the benefits of a free market situation when it remains, essentially, the only supplier of electronic advertising opportunities — and when it makes the rules for potential competitors?

I don't believe we are without competition. I think we have learnt from the past when we initially disregarded competitive radio stations as a serious threat.

And yet the corporation sticks strictly to its rate card and refuses to negotiate price or offer discounts for bulk buying.

This is largely an administrative matter because of the amount of business on our plate. But I foresee a situation without a rate card simply because we are going to have to follow the rest of the media here, and TV elsewhere, into a buyers' market.

That will be the start of the third phase — the one in which advertiser, agency and medium each appreciate the value of one to the other.

Judges order board to probe dismissal

Case 7114123 28/7/87 260151

Own Correspondent

DURBAN — Supreme Court judges yesterday ordered the Minister of Manpower to establish a conciliation board within 14 days to discuss the summary dismissal of a Durban father of three by the State Fuel Fund Association (SFF) after 17 years' service, because he failed to gain a security clearance from the South African Police (SAP).

The court was told that Mr Frederick James Dalrymple Jenkin, 52, of Yellowwood Park, had worked as a "sanctions-buster" for an unnamed country on behalf of the SA government, while employed by the SFF. In an application before Mr Justice

Howard and Mr Justice Kriek, Mr Jenkin said he had been given no reasons for his dismissal other than that he had failed to get the necessary security clearance from the SAP. At the time he was operations superintendent in Durban.

He said the general manager of the SFF, Mr T Osler, had summoned him on February 15, 1985 and told him his services were terminated.

The company had not adhered to its normal disciplinary code before dismissing him and he had been given no opportunity to reply to any allegations.

It was stated in papers before the

court that despite appeals to the State President, the Minister of Defence, the Minister of Law and Order, the Minister of Mineral and Energy Affairs and the SFF, Mr Jenkin was unable to find out why he had been refused a security clearance.

Finally in January last year the Minister of Manpower had refused to establish a conciliation board.

Mr Jenkin said he could not think why he should be considered a security risk since he was not politically active, his lifestyle was quiet and he moved within a small, respectable circle of friends.

In a letter before the Court, his wife,

Mrs Eve Jenkin, said her husband had been involved in top-secret and confidential work for the SFF, and that the contention that he was a security risk was "absurd".

"For two years he carried the burden of 'sanctions-busting' for an unnamed country on behalf of the South African government," she said. "He acted as operations man, contact man, go-between, document carrier — you name it — he fought bitter battles, now conveniently forgotten to ensure the secrecy and success of this operation."

"This is the man you people call a 'security problem,'" she said.

Rhodes students to monitor SABC

By PATRICK CULL
Political Correspondent

THE Rhodes University Department of Journalism has been commissioned by the Progressive Federal Party to monitor the SABC during the weeks leading up to the general election on May 6.

The media spokesman for the PFP, Mr Dave Dalling, warned that if the survey showed that the SABC was biased in its coverage, the party would not hesitate to take action in the Supreme Court against the corporation and its management.

He said that in an effort to avoid unpleasant litigation, the leader of the PFP, Mr Colin Eglon, was attempting to arrange an appointment with the chairman of the SABC board in order to discuss the whole

question

Mr Dalling said he wished to stress that the PFP would play no role in influencing the project

Spelling out the programme, Mr Dalling said the Journalism Department would provide a thorough analysis of the coverage of the general election by the SABC on a daily basis

The coverage would include the 6pm and 8pm news, *Network* and also the early morning radio news bulletins and comment

Other programmes would also be analysed

Mr Dalling said the first two weeks of the monitoring, starting on Monday, would be a pilot study in order to finalise the methodology.

From March 16 the project would formally begin and reports would be released by the department every week to all media

The reports would include a graphic presentation and also a qualitative and quantitative analysis of the programmes

Aspects being dealt with would include the time given to parties and political news and the time allocated to live footage

The manner and time allocated by the SABC would be compared with news reports and coverage in national newspapers

Mr Dalling said that the PFP had commissioned the Rhodes Journalism Department, under Professor Gavin Stewart, to undertake the project in the belief that the SABC as the "most forceful media" had

an onerous duty to be scrupulously fair

In terms of its charter and the conditions of its licence, it was required to report the news impartially, factually and without bias

Mr Dalling said that the PFP hoped that an academic and independent study would "act as a brake" on Government pressure, on the SABC to support the National Party

He said the PFP was determined that the SABC would not give the opposition a "raw deal" in the election campaign

He added that public exposure of any impartiality would be helpful

Mr Dalling said that through the analysis the PFP would be in a position, if necessary, to seek redress in the Supreme Court

person had drunk from it. 26/2/07

Appeal to general

Structure (260) (157)
MASERU — Leaders of five political parties in Lesotho have appealed to the military government of Major General Metsing Lekhanya for all political parties in the country to be represented in the government's proposed advisory council, SABC news reports from Maseru.


In a statement released today the leaders of the five parties said the parliament of nominated members should be formed to prepare the country for the return to civilian rule and that a general election should be held within twelve months.

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SABC refuses to comment on resignation of Rusty van Druten

JOHANNESBURG — The resignation of specialist SABC television journalist Mr Rusty van Druten was today confirmed by the corporation.

However, neither his reasons for resigning nor the date of service termination were given.

Meanwhile, it is reported that Mr Van Druten resigned in protest at SABC's failure to give full television coverage of the public meeting addressed by Mr Denis Worrall in Stellenbosch last Thursday.

The meeting drew a capacity crowd and was

covered by eight international television stations and many foreign correspondents.

Mr Riaan Cruywagen, head of SABC public relations, confirmed Mr Van Druten's resignation.

Mr Van Druten's immediate boss, chief editor of television news and public affairs, Mr Johan Pretorius, said the resignation was going through normal official procedures and he could not say at this stage when Mr Van Druten would be relieved of his duties.

He would also not comment on the reasons given

5/21/67 EVEREX
for Mr Van Druten's resignation saying this was a personal matter.

Mr Van Druten was not available for comment. When contacted at his office he was said "to be out on a job".

It is also reported that radio news chief sub-editor Mr Mauritz Moolman, recently selected as PFP candidate in Maraisburg, Transvaal, has also tendered his resignation but might have to leave before March 31, when his candidacy becomes official. However, an SABC statement in this regard has not yet been made.

DEF

Continued

Unity offer: Treurnicht to reply tonight

SMR
5/3/87 Political Reporter 260 3413

Conservative Party leader Dr Andries Treurnicht will respond to the latest unity offer made by Afrikaner Weerstandsbeweging leader Mr Eugene TerreBlanche when he addresses a CP meeting at the Pretoria City Hall tonight

At a meeting of AWB supporters in Pretoria last night, Mr TerreBlanche withdrew his offer to make the AWB's dormant political party, the

Blanke Volkstaatsparty, available as a vehicle for right-wing unity. Instead, he called for the two parties to unite during the election and form a new party immediately afterwards

Dr Treurnicht pointed out this had been the stand of the CP all along

The leader of the Herstigte Nasionale Party, Mr Jaap Marais, was not available for comment this morning

● See Page 7.

PEP candidate asked to resign from SABC post

DOMINIQUE GILBERT

SABC officials yesterday asked their chief radio news sub-editor Mawritz Moolman to resign shortly after he was chosen as the PFP's election candidate in Maraisburg.

Moolman, who is refusing to resign before March 31, when his candidacy becomes official, told his bosses they would have to fire him if they want him to leave before that date.

A former newspaper journalist and active SA Society of Journalists

member, Moolman said his bosses, senior news director Sakkie Burger and radio news chief Johan Pretorius twice called him in, asking him to resign before March 31.

"The SABC claims I've broken a rule because I am not supposed to get involved in politics. I've never

seen that rule," he said. Burger confirmed he had spoken with Moolman yesterday and said the matter was now in the hands of the SABC's personnel department.

He said he had made a suggestion to Moolman on a way in which the situation could be "accommodated".

Moolman had rejected his "offer", Burger said. However, he not been asked to leave.

"I explained our dilemma where a member of the staff becomes active in party politics. This is an internal matter and I expect a decision will be made by our personnel department during the course of tomorrow (Thursday)", he said.

By 5pm yesterday, the news of Moolman's candidacy which was released to all the media at midday, had not been broadcast by the SABC

SASOL SLOWS

Six Months To	Dec 31 '85	Jun 30 '86	Dec 31 '86
Turnover (excluding excise duty & levies) (Rbn)	1,86	1,78	1,45
Net operating income (Rm)	735,1	591,5	503,7
Attributable earnings (after transfers) (Rm)	297,1	278,3	288,9
Earnings (c)	52,8	49,5	51,4
Dividend (c)	20,0	25,0	22,5

SASOL

1/11/87 (260)

Dividend grows

After years of double-digit growth, Sasol's profits ran out of gas in the six months to end-December. Analysts have said for some time that lower oil prices and the strengthening of the rand during the second half of 1986 may make a slowdown inevitable for Sasol. The 2,8% dip in EPS was no worse than some had anticipated, and there should not have been much disappointment with the 12,5% dividend increase.

While this is the lowest dividend hike for some time, it is in line with the forecast given in the rights issue prospectus published when Sasol 2 was acquired by Sasol Limited in 1983. The question is whether investors can continue to assume that 12,5% will continue to be the minimum growth rate to expect for Sasol's dividend.

If it is, notes one leading industrial analyst, then the share is still well worth holding and even buying at the present price. After release of the results on Tuesday, the share dropped by 25c to trade at 1 050c. Few, if any, blue chip industrials can boast of the consistent dividend growth achieved by Sasol since its listing — some others have recently had four or five years of maintained dividends.

Two key determinants of Sasol's profits — the rand and international petroleum prices — remain difficult to forecast. At present

neither offers any real encouragement, except that oil prices are well up off the lows of a year ago, and overseas analysts have been mildly bullish that they will remain around current levels. Sasol's management notes that the average rand prices of the group's main petroleum products during the interim were 40% lower than in the 1985 interim period.

The result was that turnover fell by 22%, while net operating income slumped by 32%. Thanks to the substantially lower interest bill of R21,7m (R95,2m) and dividend income of R50,7m, the fall in taxed income was held to R16,7m. Because no transfer was made to the equalisation reserve — R50m was salted away last year — the comparable attributable earnings were kept almost intact.

As management has warned before, the less diversified Sasol 3 proved more vulnerable to the lower fuel prices. Its pre-tax profit fell from R331,7m to R104,4m, while its taxed profit tumbled to R50m from the year-ago figure of R204,1m. Despite the shrunken profits, Sasol 3's large retained income was partially used, it declared an interim dividend of R100m, of which R50m accrued to Sasol Limited.

On prospects, the directors say that the producer rand prices of petroleum products during March 1987 are slightly higher than the average for the first six months of the financial year. "The recent improvement in these rand prices will, however, not significantly improve the lower average prices for the current financial year."

Until market conditions change, Sasol's dividend outlook is now dependent on the

SABC SIX vets, election news,

7/11/87
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260
CML

Own Correspondent and Sapa

A SENIOR SABC staffer has been suspended and another has resigned in the midst of a simmering row over the corporation's coverage of the run-up to the May 6 election.

Mr Mauritz Moolman, one of SABC's chief news sub-editors, was suspended yesterday following the announcement of his PFP candidacy in Maraisburg

Mr Moolman has charged in a document, which he has handed to the PFP, that a "vetting committee" of six has been established by the corporation to handle election coverage

The document alleges further that the committee, run by and headed by Mr Christo Kritzinger, SABC's executive director (news), is biased

Protest resignation

And in another development, SABC's senior news editor and specialist reporter, Mr Rusty van Druten, yesterday quit the corporation in protest at its failure to give full TV news coverage of Dr Denis Worrall's Stellenbosch meeting last week.

Mr Kritzinger was not available for comment on Mr Moolman's claims but senior news director Mr Sakkie Burger confirmed that a committee had been appointed and that its function was to co-ordinate the SABC's election coverage

Mr Burger confirmed that Mr Moolman appeared before a disciplinary committee yesterday afternoon and was given 24 hours to cease his political activity and retract a statement he made to the press that he had been asked to leave the SABC

Mr Moolman had been suspended for 24 hours and had been given until 3pm today to respond to allegations that his party political activity and comment to the press are in breach of SABC regulations

"Mr Moolman has also to rectify a statement he made to a newspaper to the effect that he was asked to resign yesterday, which is only a half-truth"

Mr Moolman said he expects he will be fired today but will arrive at work at 3pm as "a mere formality"

PFP organizer Mr Gary Cooney confirmed he had received Mr Moolman's document. It would be taken up by the PFP leadership

Mr Van Druten declined to comment on his resignation, saying he could not break his contract by commenting to the press while still employed by the SABC

But he said that while he is required to give three months' notice, he has asked to leave the SABC by the end of March

Dr Worrall commented yesterday that he had "great sympathy" with Mr Van Druten

"Obviously Mr Van Druten's decision is a personal one. The fact is that that speech was an event

Some 6 international TV networks felt it warranted coverage and it was widely reported in the UK, US and Europe while the SABC was not there at all," Dr Worrall said

Meanwhile, the SABC has scrapped its normal television programme 50/50 scheduled for Sunday evening and replaced it with a documentary entitled "P.W. — the man behind the name"

The 50/50 programme usually concentrates on environmental matters. The move is seen as an attempt to rescue the image of the National Party leader, who is increasingly being regarded as a liability in the NP's election campaign

□ Radio 702's Long John Berks said yesterday he hoped to stand as an independent candidate in the coming elections

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THE PFP has been handed a document by a suspended SABC staffer alleging that it recently established a vetting committee to handle election coverage.

Staffer Mauritz Moolman, who was yesterday suspended after the announcement of his PFP candidacy in Maraisburg, says the committee, formed in February and headed by Christo Kritzenger, is biased.

Kritzenger was not available for comment at time of going to Press, but senior news director Sakkie Burger confirmed that a committee had been appointed. He said its function was to co-ordinate the SABC's election coverage.

Burger said: "If Moolman sees all sorts of evils in this committee, I can only presume he wants to score a political point, and I am not prepared to comment on that."

PFP organiser Gary Cooney said yesterday he had received Moolman's document and that it had been handed to the PFP leadership who would take it up while it substantiated its earlier claims that the SABC's news coverage was biased.

A chief sub-editor, Moolman, was suspended after a disciplinary committee hearing on charges that he had been "involved in political actions which were disadvantageous to the SABC."

Moolman has been given until 3pm today to "prove in writing, and to the satisfaction of the SABC that he has ceased his active political role and that he will abide by the SABC's personnel regulations", failing which further disciplinary action would be

SABC biased, says suspended news staffer

DOMINIQUE GILBERT

considered, an SABC spokesman said.

Moolman said: "They wanted me to resign from either the SABC or the PFP. I have no intention of complying with their request of giving them anything in writing."

Senior news editor and specialist reporter Rusty van Druten yesterday quit the SABC in protest against its failure to give full TV news coverage of Dr Denis Worrall's Stellenbosch meeting last week.

B/Day 6/3/87 (260)

W/L ARBUS 7/3/87 (260) (139)

LABOUR AFFAIRS
DICK USHER



'Key Points legislation undermines the essence of Labour Relations Act'

By DICK USHER, Labour Reporter

ESAU Hoorn has finally got his job back

The story goes back to the beginning of last year, although it had its roots in earlier events, when Mr Hoorn lost his job as a security guard with Escom because his certificate of competency was withdrawn by the National Key Points Secretariat, a section of the Defence Force.

Without such a certificate, basically a security clearance, nobody can work at a key point. Escom was at that time making staff reductions, did not have an alternative position for him and gave him the option of resigning or being dismissed.

Up to that time Mr Hoorn had been active in the Escom Security Personnel Union and the membership was considering joining an "outside" union, the Engineering Industrial Workers' Union and he turned to them for help.

In spite of a series of representations by the union — which is now the Engineering Industrial and Mining Workers' Union (EIMWU) — and a hearing by a committee of investigation Escom could not reinstate him.

But after the EIMWU proposed taking the matter to the Supreme Court the tide turned and in November Mr Hoorn was unofficially reinstated. He started work again as a security guard at the beginning of February, with backpay to November.

At no time did the secretariat give reasons for the withdrawal of Mr Hoorn's certificate and Mr Leslie Davadoss, secretary of EIMWU, is happy

that Escom is as ignorant on this point as Mr Hoorn

"But the problem is that under the Key Points Safety Act an anonymous body has the power to lose a man his job without any accountability.

"This is completely contrary to the spirit of accepted labour relations practice where a worker must have the right to know the charges and a fair hearing at which they can be disputed.

"There was never any charge against Mr Hoorn and although a report from the investigation said that no evidence of victimisation could be found, what it failed to say was that no evidence could be found that he was involved in any subversive activity or a threat to the security of Escom," said Mr Davadoss.

"We are adamant that justice was not fully done because Mr Hoorn suffered great embarrassment, he lost a company house, it affected his family life and virtually ostracised him from friends

"The union accepts that key point security is necessary and if anyone steps out of line they must accept the consequences. But because the certificate can be withdrawn at any time without prior notice it undermines the essence of the Labour Relations Act which aims at establishing sound relationships between employer and employee

"Escom, which has very sophisticated grievance and disciplinary procedures was powerless to give Mr Hoorn a fair hearing and the Act must be a negative influence on employers who adhere to accepted labour practices."

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PFP (160)

man fired

by SABC

JOHANNESBURG—The services of Mauritz Moolman, a chief sub-editor in the radio news department of the SABC, have been terminated, the corporation said in a statement yesterday.

It said Mr Moolman had failed to comply with SABC personnel regulation conditions.

Mr Moolman, who is the PFP nominated candidate in Maraisburg, says he is considering taking industrial action against the SABC for unfair dismissal.

The SABC suspended Mr Moolman on Thursday for 24 hours to give him an opportunity to cease his political activity and retract a statement he made to the Press.

Mr Moolman refused to withdraw from his political commitment.

'If it is an embarrassment to the SABC to have a PFP candidate on their staff, so let it be,' he said — (Sapa)

Info's hand in SABC-TV news, claims newspaper

260

JOHANNESBURG—The Bureau for Information has been directly interfering with SABC-TV news broadcasts and has telephoned reporters to give orders about which stories should appear in bulletins, The Star reported today.

Interference by the bureau became so bad at the end of last year that the editor-in-chief of news and public affairs (TV), Mr J L Pretorius, told his staff to inform the bureau they could not receive orders directly from it.

Mr Pretorius also complained about "others in the service of the Government" who were interfering with SABC news content.

The Star has in its possession a "daily instruction" sheet from Mr Pretorius to his staff on November 4 last year warning them of bureau interference.

It reads "An urgent request officials of the Bureau for Information and others in the service of the Government have recently been dealing directly with people on the (news) desk

"They have also been calling the studios directly and have been giving orders as to which stories should appear in the bulletin"

Specific reference was made to the bureau telephoning staff when news bulletins were being televised

Mr Pretorius told his staff that bureau officials should be told to consult editors or executive editors about stories

The same instruction sheet told reporters not to refer to the Bureau for Information's R4,3 million song as the *Info Song*

"This tag has received negative connections and is being used by the Press. As far as we are concerned it is the Bureau for Information's *Peace Song*"

The head of the Bureau for Information, Mr Dave Steward, said claims that his staff were interfering with news bulletins must have arisen from "some misunderstanding" between his department and the SABC

"There has never been a shadow of a claim of this nature between the SABC and the bureau. We will be contacting them to find out what has happened." Sapa

SABC complains of 'meddling' with news by bureau

9/3/87
By Susan Fleming

The Bureau for Information has been directly interfering with SABC-TV news broadcasts and has telephoned news staff to give orders about which stories should appear in bulletins.

Interference by the bureau became so bad at the end of last year that the editor-in-chief of news and public affairs (TV), Mr J L Pretorius, told his staff to inform the bureau they could not receive orders directly from it.

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'PEACE SONG'

The same instruction sheet told reporters not to refer to the Bureau for Information's R4,3 million song as the "Info Song".

"This tag has received negative connections and is being used by the Press. As far as we are concerned it is the Bureau for Information's Peace Song."

The head of the Bureau for Information, Mr Dave Steward, said claims that his staff were interfering with news bulletins must have arisen from "some misunderstanding" between his department and the SABC.

"There has never been a shadow of a claim of this nature between the SABC and the bureau. . . we will be contacting the SABC to find out what has happened."

To his knowledge, Mr Steward said, his department had not telephoned the news department before or during a news bulletin to say what should be broadcast.

Mr Pretorius refused to comment on the internal daily instruction sheet.

Cape Times 10/3/87

Bureau 'does not prescribe to SABC'

260

By CHRIS BATEMAN

INCORRECT use of channels of communication by Bureau for Information staff had probably caused a "misunderstanding" which led to reports that the bureau was meddling in the content of SABC-TV news reports, the bureau's chief, Mr Dave Steward, said yesterday

He was reacting to a report that the SABC's editor-in-chief of news and public affairs (TV), Mr Johann Pretorius, had complained of bureau interference over which stories should appear in bulletins. Quoting an SABC "daily instruction sheet", the Star reported that Mr Pretorius asked his staff to refer bureau officials to editors or executive editors

Mr Pretorius had also complained that "others in the service of the government" interfered with SABC news content, the Star said. Mr Pretorius has refused to com-

ment

Mr Steward said there may have been instances in which his liaison officials contacted SABC staff direct with "urgent news stories"

However "any idea" that this was an attempt to prescribe what news content of broadcasts should be was "mistaken"

"This misunderstanding probably arose because the correct channels of communication were not followed in all instances," he said

The bureau had contacted the SABC and was assured that whatever problem may have existed in the past had not recurred, Mr Steward said

He said the SABC memo was apparently prompted by an urgent bureau request last year to correct a story on the cost of the controversial "Info Peace Song". The SABC had said the production costs were R4,3 million when they were "in fact" R1,5 million

Meanwhile the SABC confirmed that a memo was circulated to its television news staff late last year regarding future contact with the Bureau for Information

But it strongly denied a report saying the bureau was dictating the content of the SABC's news broadcasts and that this had led Mr Pretorius to issue the memo

Senior director of news and external affairs Mr Sakkie Burger said Mr Pretorius's memo was based on a similar memo circulated by the SABC's director-general Mr Riaan Eksteen about two years ago

"All Pretorius did was to reaffirm an existing document by the director-general and in this instance it was directed at the bureau"

□ PFP national chairman Mr Robin Carlisle said yesterday the PFP is to take legal advice on whether the SABC can be taken to court for what the party sees as the corporation's biased election coverage

Affiliation: FOSATU

Escom gives preference to local suppliers

Chris Moerdyk

Escom has turned on something of a brighter light for its numerous outside suppliers by opening more doors to locally manufactured equipment and offering to help companies ravaged by the recession.

Reacting to suggestions from manufacturers that government and corporate buyers were used to behaving like "spoilt rich kids in a toyshop," Escom senior general manager, Ian McRae, said preference was being given to locally produced products.

"Escom has always had this attitude but on the occasions when we have made purchases abroad it has been because local technology has not been available or we have been offered extremely attractive financial packages.

"But now, as far as local suppliers are concerned, we want to break new ground. We are getting closer to our suppliers, not only to talk about our requirements and specifications but to listen to their ideas."

He added that Escom appreciated that most suppliers in the private sector had been through a particularly tough period of recession and "we would like to try and help them get back on their feet."

SABC admits Malan interview was 'offensive'

CAPE TIMES 11/3/87

260



Mr Malan

By RENEE MOODIE

THE SABC yesterday admitted that Monday night's "Network" interview with Mr Wynand Malan, independent Randburg candidate, was "offensive" — and said he would probably be approached again for another interview.

After SABC-TV interviewer Andre le Roux quizzed two Randburg candidates — Mr Malan and the National Party's Mr Olaus van Zyl — on their election manifesto, the Cape Times was inundated with irate callers who criticized Mr Le Roux's handling of the interview with Mr Malan.

One of them, Mr Peter Hendrickse, Labour Party MP for Addo, said Mr Le Roux's constant interruption of Mr Malan was "absolutely disgusting and showed a clear and obvious bias in favour of the government's candidate (Mr Van Zyl) who was allowed to continue ad nauseam".

Replying to these complaints yesterday, Mr Kobus Hamman, the SABC's Deputy Director-General (News), said there was a thin dividing line between a penetrating interview and interviews which gave offence.

"The SABC admits that this dividing line, in the atmosphere in which the interview (with Mr Malan) took place, was overstepped," Mr Hamman said.

Mr Malan last night said that although he had felt "aggression" in the interview, he had not found it offensive.

□ Meanwhile, the Cape Times Johannesburg correspondent reports that the PFP and CP are preparing to take separate legal action against the SABC over its election coverage.

Both parties accuse the SABC of blatantly pro-NP coverage and say the election should be fought on equal broadcasting terms for all parties.

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Election coverage 'one-sided'

11/2/87 5/1 Dwy
**PFP and CP set
to take action
against SABC**

THE PFP and CP are preparing to take separate legal action against the SABC over its election coverage.

Both parties accuse the SABC of blatantly pro-NP coverage and say the election should be fought on equal broadcasting terms for all parties.

The PFP yesterday briefed counsel to establish what rights it would have if a case of bias were proved.

The CP is closest to court action and has engaged senior counsel to prove a case of biased reporting against the SABC.

PFP MP David Dalling says a meeting between party leader Colin Eglin and SABC director-general Riaan Eksteen to discuss the corporation's election coverage has been set for March 18.

The CP bluntly rules out talks with the SABC.

CP Transvaal regional chairman Clive Derby-Lewis says "We've already gone that route before, and had no satisfaction. The SABC re-

HAMISH McINDOE

fuses to commit itself to equal treatment for parties."

The PFP has also commissioned Rhodes University to analyse, on a weekly basis, the SABC's news bulletins and current-affairs reports on the election.

Dalling says this material will — if necessary — be used in court.

The PFP's hardening of its attitude to the SABC's election coverage follows Sunday's screening of Daan Retief's film biography of President P W Botha, called "PW, the man behind the name". The PFP has slated the film as blatant NP propaganda.

CP reaction to the film was also heated, but Derby-Lewis says the party's main grievance against the SABC is over its coverage of the CP-HNP negotiations on "Network" last Wednesday. It was blatantly one-sided, he says.

In terms of the Act governing the SABC, its reporting must be fair and impartial.

Conform or get out, SABC chief warns television news staff

TOE the Line!

Argus 12/3/87
260

Mr Riaan Eksteen: "If the country falls the SABC will, too."

PRETORIA. — The director-general of the SABC, Mr Riaan Eksteen, has told TV1 news staff to toe the corporation's political line or get out.

"Remember, if the country falls the SABC will, too," he told them, according to a front-page report in the corporation's in-house newspaper, Indaba.

"The people who are embarrassed over the SABC's view or who do not agree with it must say so clearly. They will not be resented. But the country and the SABC are going through a crisis and we shall be able to survive only if we all pull in one direction."

The report gives details of an informal question-and-answer session between Mr Eksteen and TV1 news personnel.

"The SABC has made a choice against revolution and the SABC will stand against it in all its departments," Mr Eksteen is quoted as saying.

"We'll excuse them"

"Nobody within the SABC needs to be embarrassed by this viewpoint, but if there are people who are not prepared to pull with us in this direction, they must have the courage of their convictions to say so."

"We will excuse them if they want to go elsewhere to live out their views."

"In the SABC we can no longer afford to have different interpretations. We do not want to smother or dampen initiative. We just want to know that everyone is applying their energies in the same direction."

The Indaba report comes against a background of dissatisfaction within sections of the corporation over the "firing" of PFP candidate Mr Maurice Moolman and claims that other political hopefuls — such as Mr Chris Rencken, who subsequently became National Party MP for Benoni — were treated differently.

Mr Eksteen said he was speaking against the background of the attack not only on the country, but on the SABC, and which came from various quarters.

There is already a drawn-out list of complaints against the corporation: the language and culture question, classical music, the dress of presenters, advertisements, etc.

"I want to give the assurance that I will not allow the SABC's credibility to be threatened — not over one of these subjects. The SABC does not need to feel embarrassed about anything."

Can't comment

● SABC newsman Rusty van Druten is to stand as an independent in the May 6 election against the Minister of Finance, Mr Barend du Plessis, according to a report in Business Day.

Mr van Druten, who resigned from the SABC last week after 10 years, said that in terms of SABC regulations he could not comment to the Press while still employed by the corporation.

However, a source close to Mr van Druten said the newsman's plans were at an advanced stage and were likely to be announced when he leaves the SABC at the end of the month. — The Argus Correspondent and Sapa.

(Reports by R Devenish, 47 Sauer Street, Johannesburg, and D Gilbert and M du Preez, 11 Diagonal Street, Johannesburg.)



Mr Rusty van Druten ... quits after 10 years' service.

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12/3/87

SABC tells news staff: Toe the line

Pretoria Correspondent

The director-general of the SABC, Mr Riaan Eksteen, has told TV1 News staff to toe the corporation's political line or get out

"The people who are embarrassed over the SABC's view, or who do not agree with it, must say so clearly. They will not be resented. But the country and the SABC is going through a crisis and we shall only be able to survive if we all pull in one direction.

"Remember, if the country falls, the SABC will too," he told the meeting, according to a report in the corporation's in-house newspaper, *Indaba*

The report gives details of an informal question-and-answer session between Mr Eksteen and TV1 News personnel

"The SABC has made a choice against revolution, and the SABC will stand against it in all its departments. Nobody within the SABC needs to be embarrassed by this viewpoint, but if there are people who are not prepared to pull with us in this direction, they must have the courage of their convictions to say so," Mr Eksteen is quoted as saying

"We will excuse them if they want to go elsewhere to live out their views

"In the SABC we can no longer afford to have different interpretations. We do not want to smother or dampen initiative

"We just want to know that everyone is applying their energies in the same direction"

The *Indaba* report comes against a background of dissatisfaction within certain sections of the corporation over the "firing" of PFP candidate Mr Maurice Moolman, and claims that other political hopefuls, such as Mr Chris Rencken, who became the National Party MP for Benoni, were treated differently

Defence queries showing of SABC film to witness

PRETORIA — Counsel for the defence in the Pretoria Supreme Court trial of 11 people charged with the murder of a Duduza woman two years ago, yesterday challenged the admissibility of a police witness being shown a video of Miss Maki Skosana being assaulted and killed.

The charge sheet says Miss Skosana died of a fractured skull, subdural haemorrhage and cerebral contusions after she was assaulted and set alight, beaten and stoned by a group of people on July 20, 1985 at a funeral in Duduza, near Nigel.

The State applied to show the video to Sergeant Johannes van der Walt and ask him to confirm various details of the aftermath of the killing.

Defence argued that the video was inadmissible because it was a copy of an SABC film and not the original. They challenged the authenticity and accuracy of the film.

Counsel Mr David Sogot challenged the screening of the video on the grounds that it was "not a witness".

Further, the video of the killing comprised two separate films taken with separate cameras, he said.

The judge remarked that there was an inherent danger in showing such a film because it could present a completely different version of events as it was taken in a series of random

shots and could have disturbed the sequence of events.

At the start of yesterday's hearing the judge ruled that one of the accused would be excused from court when necessary — to breastfeed her week-old baby.

The accused who have pleaded not guilty of murder, are. Mrs Matlakala Motaung, 28, Mrs Sanna Twala, 23, Mr Solomon Motsoagae, 28, Mrs Linda Hlophe, 26, Mrs Lorraine Sobuzi, 33, Mr Jacob Tshabalala, 22, Miss Lydia Mokoena, 24, Mr Phineas Maseko, 32, Mr Daniel Mbokwane, 22, and two minors.

MARIUS DE WAAL

Balanced approach

Handwritten notes: *13/3/87* and *260* in a circle.

Being chairman of both the R3 billion Industrial Development Corporation (IDC) and of steel giant Iscor will not unduly tax the obvious talents, experience and energy of Marius de Waal (62). He takes over from Floors Kotzee as Iscor chairman from June 1. The appointment led to speculation that Iscor might be privatised, many have wondered about the new man's link with the corporation.

They need not. After attending Iscor's monthly board meetings for the past four years, De Waal is familiar with policy and operations. Experience in the industrial, financial, developmental and general economic fields have equipped him for the added responsibility.

But De Waal refuses to be drawn on future management policy, or on speculation about possible privatisation. "I will only move into the chair on June 1. It is inopportune to discuss these matters now," he says.

Meanwhile, his major responsibility remains the IDC. Since joining it as a technical official in 1960 — he qualified as civil engineer at Stellenbosch in 1946 and spent the next 14 years as Bellville city engineer — De Waal steadily moved up the ranks. He became GM in 1980, and took over as IDC chairman from Abie van der Bergh in March 1986.

With many other directorships (Sage, Trustbank and Siemens among them) and board duties on bodies like the CSIR, Atomic Energy Commission and two Afrikaans universities, one might forgive a certain level of bombast, or the blatant exercise of power. But De Waal reveals no such tendency.

Educated at Stellenbosch and Delft, he's a low-profile, civilised man. At his Northcliff home in Johannesburg, he converses easily on his family, his developmental philosophy, the political and economic priorities facing SA, and his tastes in art and relaxation. Love of his Cape roots — he was born on a Paarl wine farm — is obvious from several Cape scenes by Dawid Botha, while two Gordon Vorsters and a Beatrix Bosch elephant-skin mural show that the North forms part of his broader sensibility.

The IDC's role — broadening SA's industrial and technological base, creating jobs, financing the private sector and providing advancement opportunities for a burgeoning black population — lies close to his heart.

"Although IDC projects like Alusaf, Richards Bay Smelters, ADE and Foskor are important parts of our operations, some 95% of the IDC's annual financing budget (R400m-R500m) goes to the private sector. And many of our projects have been sold to private enterprise," he says. The IDC not



De Waal ... engineer with an artistic touch

only generates all its own finance — it also pays tax and follows Companies Act practices.

De Waal was involved in planning and executing IDC projects like the Hammarsdale, Rosslyn, Ladysmith and Brits industrial parks, launching Richards Bay as a major export harbour and industrial centre; Saldanha Bay and Sapekoe, major coffee and rice projects in black homelands, and the creation — and eventual privatisation — of SA Micro Electronic Systems (Sames) as a launching pad for an indigenous hi-tech industry.

Why this wide developmental interest? "Apart from job creation, a major role is to finance entrepreneurs wishing to remain independent of outside interests or takeovers. We never take a stake in private sector projects we finance, unless requested to do so. By providing long-term developmental risk capital, we help to get projects off the ground that might have remained in the planning stage. This benefits the economy."

IDC's financing and job-creating role in a developing, mixed economy is of paramount importance. Sapekoe and ADE (De Waal also chairs the latter, launched at govern-

ment's instigation for strategic reasons) fall into this category.

Projects earning SA valuable foreign exchange — like Alusaf and Richards Bay Smelters — also receive priority, while hi-tech developments like Sames are seen as essential for SA's future development and independence in an often hostile world.

De Waal is optimistic about SA's long-term economic growth potential. Apart from major projects like Mossel Bay, Sasol and others, agro-industries like coffee, tea and rice can still provide thousands of jobs and create growth. He says some 20 000 jobs could be created in the coffee industry alone over the next 12 years, while rice-growing in Zululand could add another 4 000.

"We must now allow the underdeveloped part of our population to move freely into the developed economy, through massive deregulation. The informal sector could give a huge boost to growth," he says.

The long-term economic growth strategy — if implemented as accepted on November 7 — provides most of the prerequisites for this new era, says De Waal. By applying the correct balance of economic and political policies, many of SA's current problems will

P.T.O

disappear in the medium term, he argues — and the IDC can play an important role here

From this improved base, SA can reach deeper into Africa “We must scale down our very high First World standards. This will reduce cost and price of our products, and improve our essential role as industrial powerhouse for southern Africa,” says De Waal

What does he do in his free time, apart from tennis and swimming?

“Every Christmas, my wife and I, our four children and six grand-children gather at our Wilderness beach cottage. I love this annual get-together — and the long walks on the beach. Apart from classical music, I read books with an historical background. Right now I am now busy with Paul Johnson’s *History of the Modern World*” ■

Iscor makes its bid

Bidding for a substantial slice of the Mossel Bay action, Iscor has developed a highly specialised steel to meet the demanding off-shore conditions in the Cape waters.

The development puts Iscor well into the ranks of the world's top steel producers in technology

In the past two years the corporation has spent more than R1m on the research and development of a steel capable of meeting the requirements of the R5,5 billion gas-to-fuel project

The new product was submitted to Soekor last week. Iscor will be competing with international producers which have long track records in manufacturing specialist steels for off-shore platforms, but officials nevertheless believe they're in with a good chance.

The corporation will benefit from the stated policy decision to use local products and skills wherever possible. However, director of projects for the Central Energy Fund Bob St Leger stresses "Iscor will have to match a reasonable price in the range as dictated by available overseas sources"

Iscor's John Riddell says the Mossel Bay project will need about 59 000 t of special steel for the off-shore works — 27 000 t for the platform and 22 000 t for the pipeline connecting it to the shore.

"The steel has to have exceptional mechanical and welding properties," he adds

Ultra-sonic and sophisticated metallurgical testing was carried out to ensure that Iscor's new product could withstand high winds, extreme changes in temperature, heavy sea currents and the stress of pounding waves

Tests also had to show that, in the manufacturing process, welds would be strong and flexible enough to last the expected life-span of the platform. 23 experimental casts have been completed with the new steel

A decision on the tender is expected shortly.

F/M 13/3/87

SABC senior staff securing their homes

SATURDAY STAR
CORRESPONDENT

PRETORIA — Certain senior members of the SABC have had security measures added to their homes — but any "additional work" will have to be paid for by the homeowners themselves.

This was confirmed today by Mr Riaan Eksteen, director general of the SABC, who said that the names and number of homes involved could not be released.

Details of the security measures differed from home to home and the requirements of the individual, but are understood to include security fences and gates.

The policy of securing the homes of selected senior personnel in "high profile" positions was an ongoing one.

But, he said, any additional work — which did not involve securing their homes — was a matter between the homeowner and the builder and would have to be paid in full by the homeowner, not the corporation.

The security measures were obviously an improvement to the value of the homes, and a certain formula and principle would be used to reclaim, at least part of the expense if the employee decided to sell his home.

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SABC 14/3/87

Government Restrictions

A rough sort of the restrictions on the press imposed by the Emergency, Regulations have been discussed by the courts. The courts are in full agreement that the press should be free to report freely on all matters of public interest. It is the duty of the press to report on all matters of public interest. It is the duty of the press to report on all matters of public interest. It is the duty of the press to report on all matters of public interest.

SABC warns its news staff: Toe the line

Pretoria Correspondent

The director-general of the SABC, Mr Pitaan Eksteen, has told TV1 News staff to toe the corporation's political line or get out.

"The people who are embarrassed over the SABC's view, or who do not agree with it, must say so clearly. They will not be resented. But the country and the SABC is going through a crisis and we shall only be able to survive if we all pull in one direction. Remember, if the country falls, the SABC will too," he told the meeting, according to a report in the corporation's in-house newspaper, *Indaba*.

The report gives details of an informal question-and-answer session between Mr Eksteen and TV1 News personnel.

"The SABC has made a choice against revolution, and the SABC will stand against it in all its departments. Nobody within the SABC needs to be embarrassed by this viewpoint, but if there are people who are not prepared to pull with us in this direction, they must have the courage of their convictions to say so," Mr Eksteen is quoted as saying.

"We will excuse them if they want to go

elsewhere to live out their views.

"In the SABC we can no longer afford to have different interpretations. We do not want to smother or dampen initiative.

"We just want to know that everyone is applying their energies in the same direction."

The *Indaba* report comes against a background of dissatisfaction within, by PFP candidate Mr Maurice Moolman, and claims that other political hopefuls, such as Mr Chris Rencken, who became the National Party MP for Benoni, were treated differently.

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14/3/87

40 SABC editorial staffers to lose jobs?

Dispatch Correspondent

JOHANNESBURG

About 40 black members of the editorial staff of TV-2 and TV-3 are expected to be retrenched soon, Mr Thami Mazwai, national treasurer of the Media Workers Association of South Africa (Mwasa), said on Saturday night.

"We are very concerned, it appears only black staff are being threatened with retrenchment. The whites don't seem to be affected."

Mr Mazwai said his union was "determined" to prevent the retrenchment of any black editorial staff at the SABC.

Two weeks ago the corporation held talks with Mwasa in which they gave the impression that about 13 dubbing technicians, synchronisers and secretarial assistants were to be affected from both TV2 and TV3 (Nguni and Sotho sections).

Mr Mazwai said on Friday last week that the SABC indicated that black staff members of their Pretoria corporation could also be affected.

He said that at a recent meeting with SABC management in Johannesburg, they were informed 17 members of the Rand staff were going to be retrenched.

He added he had heard at least another 23 members of the two channels elsewhere were also going to be retrenched. He said he was confident this information was correct, but had not yet received confirmation from the SABC.

Mr Mazwai said that Mwasa would be having another meeting with SABC management on March 20 and would raise the issue then.

"We suspect there is racialism at work here.

"Mwasa is sending a letter to the SABC asking to be informed about the extent of the retrenchments.

"We will also ask that SABC give its justification for the retrenchments and an indication of how far white staff members have been affected in this regard.

"We recall that when TV2 and TV3 were introduced there was a hue and cry from the public for SABC not to introduce ethnic channels but it went on in doing so and now innocent people are to suffer."

No SABC spokesman was available yesterday to confirm the figure.

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76/3/87

76/3/87

Worrall slams SABC bias

Political Correspondent

HELDERBERG Independent challenger Dr Demis Worrall has slammed the SABC for pro-Government bias — and says he and other Independents will demand equal time to answer accusations against them

Dr Worrall was reacting yesterday to Mr Adriaan Vlok, Minister of Law and Order, "giving himself permission" to quote the banned ANC on an SABC broadcast

Mr Vlok repeated an ANC claim that the Independents were proof of growing disarray in National Party ranks — an opportunity to promote revolution

Dr Worrall accused the SABC of "political corruption" and said there had been growing evidence in the past few weeks of growing internal unhappiness in the SABC because those in controlling positions were Government appointees and therefore determined to promote the National Party at all costs

He said the SABC had used ANC propaganda to make NP propaganda

(News by L. Venter, 11 Diagonal Street, Johannesburg)

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15/3/87

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1987/16/45

SPOT NEWS

TV news staff face retrenchment

JOHANNESBURG. — About 40 black members of the editorial staff of TV2 and TV3 are expected to be retrenched soon, Mr Thami Mazwai, national treasurer of the Media Workers Association of South Africa, said. — Sapa.

Mwasa alleges TV retrenchments

SOPHIE TEMA

ABOUT 40 black TV2 and TV3 staff members might be axed from their jobs, Media Workers' Association (Mwasa) national treasurer Thami Mazwai says.

"Although we have not been given an official number of people to be retrenched by the SABC, from what we have gathered a conservative estimate is about 40 workers are affected," he adds.

No SABC spokesman was available yesterday to confirm the figure.

Mazwai says Mwasa's executive will ask the SABC for clarification on the number of its staff members expected to be retrenched. A letter is due to be delivered to the SABC board today.

"We will also ask that the SABC give its justification for the retrenchments and an indication of how far white staff members have been affected in this regard," Mazwai says.

hesitate to take legal action against the SABC if the corporation's coverage of the election was unsatisfactory, PFP leader Colin Eglin said yesterday after meeting top SABC officials.

Commenting on the hour-long meeting, PFP media spokesman Dave Dalling, who was also present, said the PFP team and the SABC men had not been "able to find each other or reach any agreement".

The PFP had gone to discuss with SABC director-general Riaan Eksteen, deputy director-general Kobus Hamman and senior news director Sakkie Burger concern over alleged bias against opposition parties in election coverage.

PFP threatens SABC with court

B. Day (260) (5044)

DOMINIQUE GILBERT

Eglin said: "We will be monitoring the SABC in two ways and where we feel the coverage has been unfair we will continue to take it up with the SABC. We will be dealing with the matter politically, and if need be legally."

Dalling called on the public to assist in the monitoring of the SABC's election coverage and put in writing views of any particular bias and send them to PO Box 11250, Johannesburg, or to telephone him at (011) 788 9502.

Report by Dominique Gilbert, 11 Diagonal Street, Johannesburg

Mwasa 'to resist SABC retrenchments'

THE Media Workers Association of South Africa (Mwasa) has expressed alarm at the possible retrenchment of about 43 black editorial employees at the SABC.

Mwasa's national treasurer Mr Tham Mazwai at the weekend said the SABC management had said 13 workers would be retrenched but information from shop stewards in-

dicated that another 30 members from TV2 and TV3 were going to be retrenched

He expressed concern at the fact that it seemed only black employees were affected "We suspect racialism is at work here We will resist all retrenchments," he said

The chairman of the Southern Transvaal region of Mwasa, Mr Sam Mabe, yester-

day accused the SABC of "union-bashing tactics and discriminatory labour practice"

He said "The retrenchment smacks of the worst form of racism and anti-union tendencies displayed by the SABC to date".

Mr Mabe said the corporation was refusing Mwasa recognition despite the union having the majority of SABC's

black staff as registered members The cutting down of black workers at the corporation was one of the steps in "weakening" the union's influence and rapid growth at the corporation

He warned the corporation and asserted that Mwasa would fight for the reinstatement of its workers "to the bitter end"

16/3/87

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SOWETAN

14 last year at 3pm Breytenbach drove

SABC to retrench 40 blacks

210
SOPHIE TEMA *17/3/87*

THE SABC has refused to comment on allegations that about 40 of its black staff members are to be retrenched.

ODJ Lausenagne of the SABC's media office said yesterday in the light of negotiations going on and a meeting that is to be held between the organisation and the executive of the Media Workers Association of SA (Mwasa) it would not be in anybody's interest to comment now.

Mwasa national treasurer Thami Mazwai said at the weekend his organisation had estimated about 40 black staff members would be affected by the retrenchments.

A letter written by Mwasa was to be sent to the SABC asking the organisation for clarification on the number of its black staff members who were to be retrenched.

Mwasa said it would also ask the SABC to give its justification for the retrenchments and to indicate the extent to which white staff members would be affected.

Mazwai said two weeks ago Mwasa had gained the impression from the SABC only 13 dubbing technicians, synchronisers and secretarial assistants were to be retrenched from TV2 and TV3.

"But we have since gathered information that more people are to lose their jobs," he said.

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Cape Times, Tuesday, March 17, 1987 3

Row over SABC 'bias'

Political Correspondent

A STORM of protest erupted yesterday over the government's flagrant misuse of the SABC as a propaganda instrument to boost the National Party

Opposition parties reacted angrily to the SABC's "biased" coverage of the election and the way in which government was attempting to boost its support by selectively quoting the ANC

Independent candidates yesterday lodged a formal request with the SABC for an opportunity to respond to the criticism by the Minister of Law and Order, Mr Adriaan Vlok, who "gave himself permission" to quote the ANC in an apparent bid to discredit independents

The PFP have arranged an urgent meeting on Wednesday with Mr Riaan Ecksteen, Director General of the SABC, in a bid to extract an assurance of "fair play" by the corporation

'Smear tactic'

And the Conservative Party yesterday called on the minister responsible for the SABC, Mr Alwyn Schlebush, immediately to create a board representative of all political parties fighting the election to ensure that equal air-time be given to each party

Dr Denis Worrall yesterday slated the "vindictive and personal attack" launched by Mr Schlebush in response to Dr Worrall's complaint about the manner in which Mr Vlok, as well as the SABC, "had used ANC propaganda as a smear tactic against the independents in the election"

Dr Worrall said the government's decision selectively to lift the ban on ANC statements "amounts to a misuse of the power of the State for party political reasons"

In the SATV broadcast Mr Vlok quoted the ANC secretary-general, Mr Alfred Nzo, as saying the organization intended to use the division in white politics in South Africa to promote revolution and the ANC was facing a "historical challenge to deal with a weak and divided enemy"

Dr Worrall said the SABC had given saturation coverage to the statement in news bulletins on radio and television at the weekend without approaching independent candidates for comment

(Report by Anthony Johnson 122 St George's Street, Cape Town, and Heloise Henning 626 Mutual Building Harrison Street, Johannesburg)

to PW 'not election ploy

By CHARMAIN NAIDOO

THE SABC is to pay yet another tribute to President P. W. Botha. A 28-minute documentary on his life will be screened tonight in place of the popular nature programme "50/50".

It is the third TV biography of Mr Botha in recent months — marking his 50 years in politics and 70th birthday.

But the SABC denies the programme is a pre-election publicity ploy.

And it says the other profiles were "just news programmes".

According to Willie Visagie, SABC manager of media relations, tonight's "magazine feature" was commissioned from an outside producer.

News by C Naidoo, 11 Diagonal Street, Johannesburg.

funds before the first order for blankets is placed may be sent to Operation Snowball, The Star, Promotion Department, Box 1014, Johannesburg 2000.

cisions. For instance, their refusal to allow racially mixed teams to play on their courts has cost our squash teams their place in the league."

Political 'bias': Eglin to meet SABC chief

CAPE TOWN — The leader of the Progressive Federal Party, Mr Colin Eglin, is to meet the Director-General of the SABC, Mr Riaan Eksteen, today to voice the party's concern about the corporation's alleged biased coverage of the election.

Mr Eglin, who will be accompanied by the PFP's media spokesman, Mr David Dalling, will also meet other senior SABC officials.

Two weeks ago Mr Dalling said the PFP was considering legal action against the SABC for its coverage of the election. He has since said the party had consulted Senior Counsel about the matter.

Both the PFP and the Conservative Party, which is also considering legal action against the SABC, have strongly condemned the SABC for allegedly promoting the National Party and members of the Cabinet in its coverage of the election.

The PFP is expected to issue a statement after today's meeting. — Sapa.

(Report by B Streek, 122 St Georges Street, Cape Town)

Two killed in bomb blast

The Star's Africa News Service

MAPUTO — A Mozambican local chief, Mr Miguel Sogane, and his son, Celestino, were killed and three others of his children injured when a bomb exploded in his house at Matola, a suburb of Maputo, the official news agency, AIM, reports.

The bomb is thought to have been left at the house by a man who came from Swaziland but may have been a South African.

The injured children were aged between one and six.

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STRECK
18/3/87

260 B/Day 7/3/87

LESS SUPPORT FOR COUNCILS

PRETORIA — Government-supported scientific councils will in future have to earn a larger portion of their funds through contract research and services, National Education Minister F W de Klerk said last night.

This change in policy was in agreement with government's commitment to the largest possi-

GERALD REILLY

ble measure of privatisation of public activities and devolution of decision-making.

Councils affected are the Council for Mineral Technology (Mintek), the CSIR, the Medical Research Council and the SABS. Government's contribution to the

funding of the councils would no longer be based on budgets submitted by them, De-Klerk said.

The Scientific Priorities Committee, which has advised on the allocation of research funds in the government sector, would be dissolved, he added.

Report by Gerald Reilly 216 Vermeulen St Pretoria

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TV coverage 'fair' — Eksteen

The SABC's director-general, Mr Riaan Eksteen, told the PFP at a meeting yesterday he believed the SABC is giving "well-balanced" coverage of

the election.

The leader of the PFP, Mr Colin Eglin, and the party's media spokesman Mr Dave Dalling yesterday met senior SABC staff to discuss the alleged bias of the SABC.

In a statement released last night Mr Eksteen said he had noted the PFP's standpoint on equal time for all political parties contesting the election.

He said the SABC would "continue to inform the public comprehensively on the policies of the different parties".

(Report by S Fleming, 47 Sauer Street, Johannesburg)

STAR 19/3/87

PFP to keep watch on SABC bias

19/3/87 EPST

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JOHANNESBURG — The Progressive Federal Party had received an assurance from the SABC that it would be given "fair and reasonable" coverage during the election, the party's leader, Mr Cohn Eglin, said last night.

He told a meeting of about 300 people in Honeydew after talks with SABC Director General Riaan Eksteen, that the PFP would monitor the SABC coverage throughout the run-up to the election. — Sapa

(News by K R Daniels, 626 Mutual Buildings, Harrison Street, Johannesburg)

● **CAPE TOWN** — The kind of power-sharing the Government wanted to introduce would elevate it from ballot-box to leadership level, the Minister of Finance, Mr Barend du Plessis, told about 400 people last night.

It also required that the definition of group would bring about an acquisition of rights rather than a denial as in the past — Sapa

(News by P Claassen, 801 Nedbank Centre, Strand Street, Cape Town)

● **JOHANNESBURG** — The National Party had played a major role in creating the highest inflation rate, the highest number of unemployed, and the greatest degree of instability in living memory, according to PFP spokesman on Finance, Mr Harry Schwartz.

In a statement he said it would be on these issues that his party would fight this election.

These issues had combined with an "inefficient administration and the application of incorrect

policies", to result in a loss of both consumer and investor confidence — Sapa

(News by Rachel Browne, 626 Old Mutual Building, Harrison Street, Johannesburg)

● **JOHANNESBURG** — The private sector should put its collective weight behind pressures for the abolition of the Group Areas Act because its removal would be a signal to overseas investors of real reform, the chairman of the Urban Foundation, Mr Jan Steyn, said last night.

Addressing a bankers meeting in Sandton, he said that with pressure this goal was achievable within two or three years. This would encourage overseas investment and stimulate economic growth.

● **CAPE TOWN** — Racism was determined genetically in some people, the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, told about 75 people at an election meeting in the Pinelands Civic centre last night.

Mr Bartlett, replying to a question on the Menlo Park controversy, in which a black athlete had been barred from a school sports meeting by the school board, said, racialism was "inbred in some people. It comes from the genes in some cases, perhaps from the environment."

The Government was not forcing people to be racist — Sapa

(News by D B MacLennan, 801 Nedbank Centre, Strand Street, Cape Town)

sapa.

aimed to focus on human error

Man and machine to blame

HUMAN error and a four-day-old technical malfunction at an Escom sub-station caused Wednesday night's power failure in central Johannesburg.

The blackout resulted in one traffic accident death and several injuries.

Escom said it was not liable to damage claims in terms of its agreement to supply electricity to the Johannesburg municipality.

By lunchtime yesterday, Escom's investigation of the employee partly responsible for the blackout was officially closed with a reprimand.

HAMISH McINDOE

The probe into the technical aspect of the power failure will be completed within a week.

Escom's southern Transvaal regional manager Hennie Harmse said equipment used to improve voltage at a sub-station feeding Johannesburg had been malfunctioning since Sunday.

He said problems with it and human error had caused a chain-reaction that blew the system.

SUSAN RUSSELL IN THE COURTS

19/3/87
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PFP warns SABC Election coverage:

Own Correspondent

JOHANNESBURG. — The PFP will not hesitate to take legal action against the SABC if the corporation's coverage of the election is unsatisfactory, the PFP leader, Mr Colin Eglin, said yesterday after meeting top SABC officials.

The PFP's media spokesman, Mr Dave Dalling, was also present.

They had gone to discuss with the SABC director-general, Mr Riaan Eksteen, the deputy director-general, Mr Kobus Hamman, and the senior news director, Mr Sakkie Burger, their concern on biased election coverage by the SABC of the opposition parties and in particular of the PFP.

Mr Eksteen said in a statement that the SABC had "taken cogni-

zance of the PFP's standpoint on equal times for all political parties."

He said the SABC had "given an assurance that it had afforded the election campaign with well-balanced coverage from the outset and would continue to inform the public comprehensively and fairly on the policies of the various parties."

Although the SABC had given an assurance of fair treatment during the election, the PFP team was not able to take the issue further, Mr Dalling said.

Mr Eglin said "We will be monitoring the SABC in two ways and where we feel the coverage has been unfair we will continue to take it up with the SABC. We will be dealing with the matter politically and if need be legally."

He said a weekly report on the

SABC's election coverage would be compiled by the Rhodes University monitoring group and by his press secretary.

Their reports would be made public on a regular basis and handed to the SABC as well as the PFP's senior counsel who would be advising the party on whether to take up legal action.

Mr Eglin said there was "no mincing of words" at the meeting which he described as "extremely frank but civil."

In his statement Mr Dalling said "The SABC being a monopoly has, at election times, a greater responsibility than any other media. It has a particularly onerous duty to ensure that the public is informed in a fair and unbiased manner during the election."

(Report by D Gilbert, 11 Daagonal St, Johannesburg)



Mr Colin Eglin



Mr Riaan Eksteen

260 AM

ESCOM HANDS OVER

20/3/87

For several financial institutions, the privatisation of Escom's R285m home loan scheme for employees has been a welcome outlet for a growing store of funds. First to benefit is Barclays, whose home loan book shrank 9,2% in the last nine months of last year. Last week it was handed a R57m package of home loans from Escom in the first stage of the privatisation.

The bank undertook to advance R25m this month and R32m next month to fund 20% of Escom's total portfolio.

The largest slice of the funding will come from the UBS, which will this week undertake to provide 50% — about R142,5m. Similar agreements will be signed before the end of April with the Perm, for 20% funding, and Saambou, 10%.

The deal, negotiated in October, was originally expected to be phased in over 18 months.

Presumably the speed with which the takeover is being concluded is largely because of the high liquidity of financial institutions.

The agreements relate to Escom's home loan portfolio as of December 31. Loans granted after that date will be distributed "in due course," says an Escom spokesman.

Escom's status as a public corporation was one reason the portfolio was split between several institutions. "All who tendered did so on the basis of taking on the whole job. We decided to split it between the four whose tenders were the most attractive from a pure funding point of view."

260

ISCOR GOES MOD *FM 20/3/87*

Struggling off the recession, Iscor has embarked on a R500m modernisation programme at its Vanderbijlpark works. The upgrade, which begins next year, will provide a welcome financial injection for local mechanical and electrical engineering concerns which will be allocated some 65%-70% of total expenditure.

Explains MD Willem van Wyk: "We want to keep local content as high as possible. Only the balance of the work will go to foreign tenderers."

The aim of the four-year project, pres-

ently at tender stage, is to allow for the de-commissioning of the obsolete southern hot-strip mill — now about 40 years old — and to improve the technological capacity of the northern mill.

No increase in overall capacity is anticipated.

About R350m will be spent on an additional furnace, a roughing stand, a finishing stand, a coiler and an edger for the hot-strip mill at the northern plant. Blast furnaces will be relined and other units revamped.

SADF

parade

'is not

political'

The decision to hold a military parade at Three Anchor Bay in Cape Town on April 6 to celebrate the 75th anniversary of the SA Defence Force was taken last year, long before there was any talk of an election, the Minister of Defence, Mr Magnus Malan, said in Pretoria last night.

Responding to a call made earlier yesterday by the Progressive Federal Party MP for Greenpoint, Mr Tian van der Merwe, for the parade to be called off as it was ill-advised in view of the coming election, Mr Malan said

"It is clear that a matter which has nothing to do with the election or with politics is being abused by Mr van der Merwe for petty political gain.

President P W Botha is scheduled to preside at the parade as Supreme Commander of the SADF.

Mr Malan said he regretted that Mr van der Merwe apparently impulsively had turned to the Press about a Defence Force matter at this level, without informing him first.


As a result, he had no alternative but to react through the media.

The decision to hold the parade had been taken last year, before talk of an election and the same applied to the participation of Mr Botha as Supreme Commander of the SADF, a position he held in terms of the constitution which had been approved by Parliament.

This irresponsible action of Mr van der Merwe, which amounts to a belittling of a security instrument of the State, does not benefit anyone.

Terreblanche slams reasons for SABC axing

Political Correspondent

 STAR 20/3/87.
Professor Sampie Terreblanche today criticised the reasons given for his being axed from the board of the SABC.

He said, "This is a new norm, that members of the board should not be involved in politics, which has not been in existence before."

Professor Terreblanche was dropped as vice-chairman of the SABC board last night on the grounds that he had become visibly active in the political field

He recently resigned from the National Party to support independent candidate Dr Demis Worral

A PFP media spokesman, Mr Peter Soa, said "The Nationalists must stop the pretence that the SABC is anything but a partial organisation; and, in fact, a front for them"

Mr Clive Derby-Lewis of the Conservative Party said: "The decision to drop Professor Terreblanche is par for the course. The minute a lackey of the National Party lets them down; they throw him out in order to bring another one in."

Violence on TV: views to be sought

20/3/85
S.A.S.T.

By **BOB EVELEIGH**

THE SABC will soon approach television viewers to assist the corporation in formulating opinions about violence in TV programming.

This was said by SABC Director-General Riaan Eksteen during a national news conference today.

Exactly how the public can assist will be disclosed on SABC-TV.

The move, which will complement the work of the Audience Research Department and the internal study group dealing with the matter, appears to be part of a new approach to seeking public opinion by the SABC regarding its activities.

Public assistance on other topics will be also sought.

At present, 46 internal study groups are considering aspects of radio and television programming on an ongoing basis.

Referring specifically to radio, Mr Eksteen said opportunities had been created to take cognisance of outside opinion about the content, quality and scheduling of programmes by entering into dialogue with interest groups.

BUSINESS DAY

(45c + 5c tax)
For other prices, see Back Page

Natal, Western Province, Eastern Province 80c (71c + 9c tax)

The African Mail

Sampie Terreblanche dropped from SABC board

260 5/Day 20/3/87

MAX DU PREEZ
Political Correspondent

SAMPIE TERREBLANCHE, the Stellenbosch economics professor who resigned from the NP and supports Denis Worrall, was dropped as vice-chairman of the SABC board yesterday.

Minister responsible for the SABC Alwyn Schlebusch announced that the dean of the engineering faculty at Stellenbosch, Christo Viljoen, had been appointed the new vice-chairman.

Schlebusch said government had "again looked at the composition of the board" and "an important norm was adopted that members of the SABC board should not be visibly active in the political field".

Terreblanche told *Business Day* last night "The facts speak for themselves I find the new norm rather interesting. It is a very small fig leaf."

He confirmed that he had been available for re-appointment, and added that Schlebusch had not been in contact with him once since his appointment as Minister responsible for the SABC.

Stellenbosch academic sources said last night that after the revolt of a large number of academics against the NP leadership, Viljoen had become "the most visible NP supporter" on campus.

"They could have been more subtle and not mentioned the new norm," said one senior academic. "But to replace Terreblanche with Viljoen makes a mockery of it all. He is as politically active as Terreblanche, if not more."

A PFP media spokesman, Johannesburg North MP Peter Soal, said "Whatever attributes Terreblanche had that were taken into account when he was appointed, fell away the moment he left the party."

Brand Fourie remains chairman of the board until 1989. The other new members are Mimi Coertse, L Gordon-Hughes, Dr R N Gugushu, Dr R Hemray, Dr V E Heesse, C K Hickling, P W Jacobs, N W Nossel, Dr H van der Merwe Scholtz, H J (Henkie) Swart, H A Sloet, J H Taylor, and Mayor-General J A van Zyl, the former chaplain-general of the SADF.

Report by Max du Preez, 11 Diagonal Street, Johannesburg

SABC axes rebel Nat prof

CMS Times
20/3/87

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The SABC board

THE new SABC board is Dr B G Fourie (chairman), Prof H C Viljoen (vice-chairman) Dean of the engineering faculty at Stellenbosch University; Mrs M S Ackerman (Mimi Coertze), Mr L Gordon Hughes, chairman of the Sugar Cane Grower's Association in Natal, Dr R N Gugushe, of Vista University, Dr R Hemraj, of the department of education at Durban-Westville, Dr V E Hesse, urologist, well known in art circles, Mr C K Hickling, businessman and ex-mayor of Bloemfontein, Mr P W Jacobs, of the Department of Education and Culture in the House of Representatives; Mr N V Nossel, chairman and managing director of Adcock Ingram, also well known in art circles, Prof H van der M Scholtz, linguist from Cape Town, Mr H J (Henkie) Schwartz, managing director of the Bushmanland group of companies and a well known farmer, Mr H A Sloet, managing director of Saambou-Nasionaal and chairman of the FAK, Mr J H Taylor, managing director of the South African Housing Trust; and Maj-Gen J A (Koois) van Zyl, former Chaplain-General of the SADF

By ANTHONY JOHNSON
Political Correspondent

PROFESSOR Sampie Terreblanche, who resigned recently from the National Party in support of Dr Denis Worrall, has been axed as vice-chairman of the SABC board.

He was replaced by a staunch NP loyalist, who Stellenbosch academics last night described as a close friend of Mr Chris Heunis, Dr Worrall's opponent in Helderberg

In another political bombshell, Professor Willie Esterhuyse, head of Philosophy Department at Stellenbosch, yesterday resigned from the NP in support of local independent Dr Esther Lategan. Prof Esterhuyse said his conscience no longer allowed him to remain a member of the ruling party

The Minister responsible for the SABC, Mr Alwyn Schibusch, announced yesterday that the dean of the Engineering Faculty at Stellenbosch, Professor Christo Viljoen, had been appointed the new vice-chairman

Mr Schibusch said in a statement that government "again looked at the composition of the Board" and "an important norm was adopted that members of the SABC Board should not be visibly active in the political field".

A number of Stellenbosch academics last night described Prof Viljoen as "one of the most hard-line Nats on campus", "a Broederbonder" and a "close friend" of Mr Heunis, Dr Worrall's opponent in the Helderberg constituency

The Stellenbosch campus newspaper, Die Matie, reported in a front page story yesterday that Prof Viljoen led a meeting for specially invited Nationalists — including President P W Botha — in Stellenbosch last week.

It is not clear at this stage whether Prof Viljoen's active involvement in a party political meeting at the height of an election campaign will automatically disqualify him from his new post given the new SABC "norm" regarding political involvement announced by Mr Schibusch

Prof Terreblanche's axing was not altogether unexpected following several acrimonious exchanges between the leading Matie thinker with Mr Heunis and President P W Botha in recent months

Approached for comment last night on why he felt he had been dropped from the SABC board after 15 years of unbroken service — five as vice-chairman — Prof Terreblanche said "I suppose it must be because of this 'new norm'".

Asked for his interpretation of what the 'new norm' meant, he responded "It's a very small fig-leaf"

Asked if he was disappointed by the move, he said "Not really, but I am disappointed that the minister did not notify me personally that my services were no longer required"

"They could have been more subtle and not mentioned the new norm," said one senior academic "But to replace Terreblanche with Viljoen makes a mockery of it all. He is as politically active as Terreblanche, if not more so"

(Report by A Johnson, 122 St George's St, Cape Town)

Cape Times, Saturday, March 21, 1987 3

New man on SABC board a 'technocrat'

By ANTHONY JOHNSON
Political Correspondent

THE new vice-chairman of the SABC board, Professor Christo Viljoen, said yesterday he was a technocrat and not a politician.

Professor Viljoen will replace another Matie academic, Professor Sampie Terreblanche, who recently resigned from the National Party in support of Helderberg independent Dr Denis Worrall.

Professor Viljoen, who is dean of the engineering faculty at Stellenbosch, emphatically denied that his appointment had anything to do with politics.

"I cannot imagine for one moment that political affiliations could have played any role in my appointment. Any suggestion that I am a political activist is absolute rubbish," he said.

Professor Viljoen conceded that he was not a "political hermit".

'Political monk'

"I am interested in politics but do not practise politics in any way.

"I have never been involved in any party political activity or served on any party committee whatsoever," he said.

He said it would be "ridiculous" to expect him to be a "political monk" in his new position with the SABC but stressed that as an electronics engineer his expertise lay in the area of "technical electronics" and management.

Professor Viljoen said he wished to "deny emphatically" a front-page report in Die Matie newspaper which stated that he had led a meeting of specially invited Nationalists — including President P W Botha — in Stellenbosch last week.

He said he had been invited to the meeting, not chaired it. "I did ask a question but did not lead any political action — I was just a quiet member of the audience at the back."

(Report by A Johnson, 122 St George's Street, Cape Town)

Ripper deaths: Briton held in SA

By ANN PALMER

A MAN wanted for questioning by Scotland Yard about the brutal murder of two prostitutes in London has been arrested by police in Johannesburg.

A police spokesman said yesterday that a British citizen is being held in terms of the immigration laws. He declined to comment further.

Security guard Martin Anthony Maher 32 was arrested in a Hillbrow flat on Friday night by members of the Brixton Murder and Robbery Squad.

His detention followed a 72-hour hunt across the Witwatersrand.

Earlier this week two Scotland Yard detectives arrived in South Africa after information that the wanted man had been traced to this country.

Mr Maher is to be questioned about three assaults on prostitutes as well as the Ripper-type murders of two others.

Vice girls Rachel Applethwaite and Marina Monti who operated in London's Bayswater red-light area were both strangled, stripped of their knee-high leather boots and brutally mutilated.

Mr Maher fled to South Africa shortly after police launched a massive hunt in Britain for the killer. But he contacted Scotland Yard when police quizzed Mexican diplomat Guillermo Suarez about the

Wave of staff discontent over 'pro-Nat' election coverage

TURNING POINT AT THE SABC

By DAVID JACKSON, CHAIRMAN NAIDOO and DOUGLAS GORDON

GROWING political discontent among TV and radio staff swung the election spotlight on the SABC this weekend.

It came amid fresh charges that the Government was harassing the corporation for an all-out propaganda assault on voters. In an unprecedented wave of internal dissent, senior SABC journalists spoke out strongly against what they see as an unashamedly pro-National Party line in its election coverage.

The turmoil — which involves Afrikaans and English-speaking staff — dramatically gained momentum with the controversial "axing" from the SABC board this week of vice-chairman Professor Sampe Terreblanche.

Professor Terreblanche has publicly thrown in his lot with the independent "New Nat" movement. And yesterday the PFP's spokesman on media affairs, Mr David Dalang, accused Mr Alwyn Schibusch, Minister in charge of broadcasting, of "hand-picking the new SABC board to include people who appear to know very little about broadcasting and who will not rock the Nationalist boat".

Letters

Mr Dalang, who claimed he had himself been approached by several senior SABC personnel, said "More" and more the SABC itself is becoming an election issue. "There is evidence of very clear dissatisfaction within the SABC with political dictatorship. I've - it



Professor Christo Wiljoen ... new board vice-chairman

BUNGALOW BILL

PICTURED HERE WITH JOAN COLLINS



and the JOEYS BEAUTY

nessing the corporation for an all-out propaganda assault on voters

In an unprecedented wave of internal dissent, senior SABC journalists spoke out strongly against what they see as an unashamedly pro-National Party line in its election coverage

The turmoil — which involves Afrikaans and English-speaking staff — dramatically gained momentum with the controversial "axing" from the SABC board this week of vice-chairman Professor Sampie Terreblanche

Professor Terreblanche has publicly thrown in his lot with the independent "New Nat" movement

And yesterday the PFP's spokesman on media affairs, Mr David Dalling, accused Mr Alwyn Schlebusch, Minister in charge of broadcasting, of "hand-picking the new SABC board to include people who appear to know very little about broadcasting and who will not rock the Nationalist boat"

Letters

Mr Dalling, who claimed he had himself been approached by several senior SABC personnel, said "More and more the SABC itself is becoming an election issue

"There is evidence of very clear dissatisfaction within the SABC with political dictatorship. Never in the past has there been this level of dissatisfaction with dictatorial attitudes at the top"

Newspapers — including the Sunday Times — have received letters from discontented staff members detailing grievances at the SABC

One letter to the Sunday Times was obviously a plea from the heart

The writer described himself as a "loyal SABC staffer (loyal to the SABC, not the Nat Party)"

He said there was "dissatisfaction within SABC ranks at the involvement of the NP (and/or government departments) in SABC news coverage"

Commentary

The letter "is written in the sincere hope that it will cast light on a situation in which the national (party) broadcasting body is abused by the party as evidenced through the SABC's bias in the present campaign"

Some "rebels" — who do not at present have a co-ordinated spokesman — also approached the Sunday Times individually this week

Here are the main incidents

● SABC external service staff objected to the broadcasting of a "biased" commentary about Dr Denis Worrall and the Independents. The matter was resolved only after a meeting between protesting journalists and a senior SABC executive

The SABC yesterday confirmed that the incident took place

● SABC economics chief Jerry Schuitema was reportedly reprimanded by his seniors after he challenged an SABC policy directive, which in effect called on journalists to "toe the party line" — at a staff meeting. He was applauded by several colleagues

According to SABC sources, he was told it was wrong for a senior official to embarrass his seniors in front of junior staff

Mr Schuitema yesterday would not confirm or deny the incident,

□ To Page 2

SABC turmoil

From Page 1

saying he was contractually bound not to talk to the Press

● "Network" anchorman John Bishop has been removed from the panel doing political interviews, which in terms of the corporation's "tightening-up" of election coverage are to be handled by political staff

The SABC's Mr Kobus Hamman commented "We have political specialists — people like Andre le Roux and Freek Robinson — who would naturally cover politics, since it is their area of speciality"

● Reports of tension between Johan Pretorius (editor-in-chief of TV News and Public Affairs) and Mr Sakkie Burger (senior director, News and External Services) over the handling of political interviews

Mr Pretorius is said to have taken issue with Mr Burger over the latter's briefing of political editor Andre le Roux before his controversial interview with Nat rebel Wynand Malan. Mr Pretorius has denied this

The hectoring tone of the interview backfired badly for the SABC, winning Mr Malan much public sympathy

● San Reddy, the SABC's first and only Indian reporter at Auckland Park has resigned to go overseas amid reports that he sees little future for blacks in the corporation

Mr Reddy has cited "personal reasons" for his move — his white American wife has been refused permanent residence here

The latest rumblings follow the recent resignation of TV news editor Rusty van Druten — apparently because of the SABC's failure to cover Dr Worrall's opening meeting — and the dismissal of news writer Mauritz Moolman, to stand for the PFP in the general election

On the protest by external staff, Mr Burger said yesterday "Some were unhappy with the trend of the talk (the commentary on Dr Worrall)."

"I had a meeting with the people involved and with the commentary section respon-

sible for the editorial content of the talk, and we discussed the whole issue, which was then resolved

"I outlined the policy of the SABC in its external services and it was accepted. I agreed that as far as this specific talk was concerned I had no objections to the content, but that I thought it could have been written in slightly different style"

The gist of the other allegations have been emphatically denied by senior SABC spokesmen

Meanwhile, Mr Moolman spoke this week of the "seething discontent" at Auckland Park

He said there was no doubt that staff members were censored and made to follow the National Party line

On the dropping of Professor Terreblanche from the SABC board, the PFP's Mr Dalling said yesterday "The reasons given by Mr Schlebusch are puerile"

"The National Party has never hesitated in the past to appoint political activists to the board"

New rule

Professor Terreblanche said the new rule that SABC board members should not be visibly active in the political field was a "fig leaf" designed by the Government to hide its embarrassment at having to axe him

It was also revealed yesterday that new SABC board member Mr Henkie Swart, who takes up his position on April 1, is now district chairman of the National Party in Malmesbury

Mr Swart said yesterday he had no intention of resigning his National Party office in Malmesbury

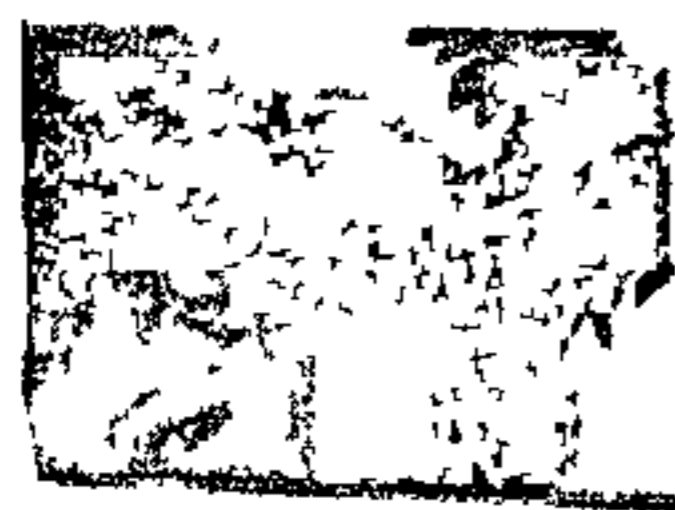
The new vice-chairman of the board, Stellenbosch academic Professor Christo Viljoen, yesterday angrily denied that he had been appointed as a political counter to Professor Terreblanche and other Nat rebels.

He said he was not a "political animal"

(News by D Jackson, C Naldoo and D Gordon, 11 Diagonal Street, Johannesburg)

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STAR 23/3/87

By Susan Fleming

SABC chief looks into allegations of racism

Racist comments allegedly made by two senior SABC employees has led to an investigation by the director-general of the corporation, Mr Riaan Eksteen.

Mr Eksteen acted after a signed document containing the remarks by two news staff members was leaked to the Press.

'IN JEST'

One SABC source said the document was signed "in jest" by the editor of television news input, Mr Andre Kritzinger, and crime reporter Chris Olckers.

Another SABC source, who did not wish to be named for fear of reprisal, said Mr Kritzinger allegedly signed a docu-

ment which said when the revolution came Soweto should be cordoned off and the people wiped out

Mr Kritzinger apparently signed the document after a discussion about the possible revolution with senior journalist Rusty van Druten. The discussion took place after a family was killed in a bombing.

Van Druten — who recently resigned because of his dissatisfaction with the SA's coverage of a meeting of independent candidate Dr Demis

Worrall — was apparently upset by Mr Kritzinger's views. He told him to write his thoughts on paper and sign it. Two staff members witnessed the signing.

Two days later Van Druten apparently discussed Mr Kritzinger's views with Olckers.

The SABC source said "Mr Olckers agreed fully with Mr Kritzinger's views and said he would go one step further and contaminate Soweto's water supply with the AIDS virus"

Mr Eksteen said an investigation into the circumstances and

content of the document had been launched. He would not comment further.

Van Druten refused to comment on the incident, saying his contract with the SABC prevented him from talking to the Press. Van Druten leaves the SABC at the end of this month. He is thought to be upset that the documents were leaked.

SABC have been in the spotlight recently after allegations of bias and several staff members have told The Star of employees' unhappiness with the corporation's political stand.

Political parties have also complained of the SABC's coverage of the election. Last week members of the Progressive Federal Party met Mr Eksteen to discuss their concern with the coverage.

Cape Times 23/3/87

Prof Viljoen confirms Nat membership

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By ANTHONY JOHNSON
Political Correspondent

THE new vice-chairman of the SABC board, Professor Christo Viljoen, yesterday acknowledged that he is a card-carrying member of the National Party and a friend of Mr Chris Heunis

However, he emphatically dismissed suggestions by critics of his appointment that this had in any way influenced the government's decision to give him the job

The outgoing vice-chairman of the board is Professor Sampie Terreblanche, who recently resigned from the

National Party in support of independent Helderberg candidate Dr Denis Worrall

Asked to clarify his relationship with Mr Heunis, Prof Viljoen said he was "not an enemy" of the minister

"I don't want to convey the impression that I am not a friend (of Mr Heunis) but that had nothing to do with my appointment to the SABC board"

Prof Viljoen said that the "personal friendships" with Mr Heunis of some of those criticizing his appointment (he named Prof Julius Jeppe and Prof Terreblanche) "are much closer than mine"

"Their personal friendships are on a vastly higher level"

Get-together

Prof Viljoen said he and other Matie academics (including Prof Terreblanche and Prof Jeppe) had in the past "got together once a year with Heunis" to discuss various issues

He accused Prof Ter-

reblanche and Prof Jeppe of "now playing the man and not the ball"

"They are grasping at very, very small straws and trying to turn them into a stick to get at the SABC or the cabinet," Prof Viljoen said

'Not active'

Prof Viljoen, who is registered in the Stellenbosch constituency, said he had "never canvassed for Mr Heunis" and was not involved in any way in his campaign against Dr Worrall in Helderberg

He acknowledged that he was "enrolled" as a member of the NP but did not play any active role in party politics

Prof Viljoen noted that the SABC was currently "under fire" in the press for its alleged political bias

"The outgoing board must take some responsibility for this. If these allegations against the SABC are true then the present board did not do a good job," he said

(Report by A Johnson, 122 St George's Street, Cape Town)

CMT TMS 23/3/87 (260)

SABC 'leaking like sieve'

By PETER DENNEHY

DISCONTENT at having to "sieve the line" is widespread among news reporters and broadcasters in the SABC, Mr Dave Dalling, opposition spokesman on the media, said yesterday.

"The SABC is leaking like a sieve because staffers are discontented," Mr Dalling said. "In the past ten days, four or five of them have called me, sometimes to give me 'ammunition', other times to keep me informed."

Mr Dalling said SABC staff were "sick of being treated like children and told what to do". "It's not a revolt, though," he said in

more cautious vein "SABC is after all a monopoly, and they have jobs to keep. I could not possibly name any-one."

Mr Mauritz Moolman, who was chief sub-editor for local radio till he decided to stand for Parliament as a PFP candidate and his employment was terminated, also said yesterday that discontent was widespread in the SABC.

"When I went, all the rank-and-file radio journalists said they were behind me," he said. "The SABC can't find enough English-speaking writers willing to work there."

Mr Johan Pretorius, editor-in-chief of Television News, declined to con-

firm that a meeting had taken place with staff this week over the matter. "It's an internal SABC matter which has nothing to do with the outside world," he said. "No comment."

Mr Sakkie Burger, senior director of news, external services, said "The extent of dissatisfaction has been totally exaggerated in the press. It's just a few individuals I believe we will evaluate this situation (today) and issue a statement this week."

In a separate development, the SABC has ordered an investigation into the circumstances around and contents of allegedly racist documents which some of its staffers allegedly signed, SABC spokesman Mr Willie

Visagie said yesterday.

Rapport newspaper said that after discussions on "the security situation and possible solutions" between Mr Rusty van Druuten and Mr Chris Olckers and Mr André Kritzingger, Mr Van Druuten asked the latter two to put their opinions on paper.

It was understood, Rapport said, that Mr Olckers mentioned "poisoning Soweto's water supply with Aids germs", but the report also said Mr Olckers had told his friends it was intended as a joke.

SABC spokesman Mr Willie Visagie told the Cape Times it was useless to approach Messrs Olckers or Kritzingger for comment, as they were not allowed to speak to the press.

SABC staff claim bias in pre-election reporting

The Argus Correspondent

JOHANNESBURG — Dissatisfaction at the SABC's apparent biased election coverage has angered political parties and resulted in some SABC employees re-considering their position with the corporation

According to sources within the SABC, who did not wish to be named for fear of reprisal, such tight control is being exercised over TV-news that less and less material is being screened live on Network

Checked

And, say several SABC employees interviewed by the Star, morale is very low at the corporation and they are considering resigning

SABC sources have expressed their dissatisfaction at recent Network programmes and one SABC employee said that Network's strategy had changed considerably

"When Network was launched in September 1985 it

was to be a dynamic, live programme. Now many of the interviews are done beforehand and are checked by senior personnel before they are screened," the source said.

The source, who feared reprisal if specific incidents of manipulation were named, said that some stories were "spiked" if they did not toe the National Party line

Sensitive political interviews have now been removed from Network presenters and an election desk has been established to handle these issues. The election desk consists of Andre le Roux and political correspondent Freek Robinson.

This week the leader of the PFP, Mr Colin Eglin, and the party's media spokesman, Mr Dave Dalling, met the director-general of the SABC, Mr Riaan Eksteen, and senior corporation officials to express the party's strong concern about election coverage

Mr Dalling said the PFP

reached no agreement on issues discussed at yesterday's meeting — which apparently include the Network interview last week between SABC staffer Mr Andre Le Roux and independent election candidate Mr Wynand Malan

The SABC's coverage of independent candidates has been sharply attacked and the corporation's coverage of independent candidate Dr Denis Worrall's meeting recently led to the resignation of a senior SABC journalist, Mr Rusty van Druten

The transfer of crucial news staff to other less controversial departments was highlighted by the sources interviewed

For example, the former executive producer of Network, Marie Bruyns, was transferred to the magazines section when an election became imminent. Ms Bruyns has now left the SABC. She refused to comment on her resignation

Another example is the

transfer of Mr Robert Stevenson, the only English-speaking department head of TV news, to the Breakfast TV show. Mr Robertson refused to discuss this move

SABC radio news staff have also complained of alleged bias. One staff member, who did not wish to be named, cited an incident in which the SABC had been asked to publicise a meeting of the PFP. He claimed the SABC embargoed publication of the meeting until 8:30pm. The meeting began at 7:30pm

Prostitute killings: Police hold Briton

JOHANNESBURG — A man wanted for questioning by Scotland Yard in connection with the murder of two prostitutes in London has been arrested by police in Johannesburg

Security guard Mr Martin Anthony Maher, 32, was arrested in Hillbrow. Police said he was being held in terms of the immigration laws — Sapa

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SABC radio plans some changes

By Janine Walker

SABC 29/3/87

(160) The extensive alterations to the SABC radio schedules which were made in January last year have recently been assessed and the corporation is to implement several changes

- Radio South Africa changes include
- Greater emphasis on entertainment during daylight broadcasting hours
 - The introduction of "summer" and "winter" schedules to overcome the criticism that programmes are cancelled for sport. A season of dramas, documentaries and concerts is planned — for example, a 13-part series on great orchestras of the world on Sun-

day afternoons in the winter months

- The re-introduction of "Talking of Books", "Talking of Sport" and "Consider Your English"

The corporation is planning to publish a regular programme guide which will contain full details of classical music programmes, dramas and culturally related programmes

- Radio Suid Afrika has decided to
- Introduce a series in May on the eight Prime Ministers of South Africa
 - Cover more matches in its rugby commentaries broadcast on Saturday afternoons. This is an answer to requests from listeners

Council to consist of four groups

260

CSIR's corporate structure to be transformed soon

PRETORIA — Sweeping changes are to be made immediately to the corporate structure of the Council for Scientific and Industrial Research (CSIR).

The announcement by CSIR president C F Garbers coincides with an announcement by National Education Minister F W de Klerk last week that SA's scientific councils would have to become less dependent on government aid.

De Klerk said they would have to earn a larger part of their financial needs from services to the private sector

In 1985, the latest figures available, about 27% of total CSIR income came from services to the private sector

Garbers says the changes will be completed by April next year.

These changes will increasingly align the research and development organisation with market needs and private enterprise thinking

When the changes are finally in place,

GERALD REILLY

Garber says, the CSIR will consist of four groups the research, development and implementation group, the Foundation for Research Development, the corporate financial management group, and the corporate services group, each of which will report directly, through a group executive, to the chief executive

Each group will have a high level of autonomy, establishing its management as a largely independent authority.

The posts of chairman and president (CE) of the CSIR, vested formerly in one person, are to be separated, and a non-executive chairman is to be appointed.

The president will remain the ultimate point of executive responsibility within the CSIR. He will also serve as a member of the council

Garber says "Our new strategy is designed to optimise our strengths and minimise our weaknesses in meeting the challenges of tomorrow"

Nats given most time on air, survey shows

The Argus Correspondent

JOHANNESBURG. — Political parties and Rhodes University, which is conducting an independent study of the SABC's election coverage, have disputed an SABC statement in which allegations of bias are dismissed as "unsubstantiated and malicious".

The director-general of the SABC, Mr Riaan Eksteen, said last night that news staff at a meeting yesterday distanced themselves from Press reports alleging biased election coverage, and from anonymous letters and leakages to the Press about widespread dissatisfaction in the SABC.

Rhodes University today released the first portion of its study on the SABC's election coverage.

Preferential

The head of the department of journalism and media studies, Professor Gavin Stewart, said results from studying the SABC news last week showed the National Party received preferential coverage. During debates they were also given preferential positions.

The National Party was allocated 29 percent of news time, the Conservative Party and Herstigte Nasionale Party were given 19 percent and the Progressive Federal Party and the New Republic Party 22 percent.

Extra-parliamentary groups such as the Black Sash and the United Democratic Front received no coverage at all.

The Progressive Federal Party's media spokesman, Mr Dave Dalling, said he received six telephone calls last night from concerned SABC staff who were "incensed" at the way the meeting with Mr Eksteen was conducted.

"They said the meeting and the statement by Mr Eksteen did not reflect their values at all. Anyone who went against that meeting would have been fired.

"Obviously, no staff member would have rejected what was said in the meeting yesterday. One employee said he had disagreed entirely with what was said but that if he had said so he would have to emigrate to get another job in television."

Mr Dalling described the meeting as a "put-up job" where employees were told "to face the music or the axe".

A spokesman for the Conservative Party, Mr Clive Derby-Lewis, said the SABC was "blatantly biased".

"When a CP person is on television he is flashed on the screen while someone like Mr Pik Botha is allowed to talk for more than five minutes," he said.

He added that the independent candidates were getting "far too much coverage".

The SABC said it did not wish to elaborate on its statement last night and it would not comment on reaction to this statement.

● Sapa reports that the SABC's statement read News staff of the SABC today distanced themselves from press reports about the alleged bias of the corporation in the handling of the forthcoming election.

A group of about 200 radio and television news journalists also distanced themselves, during an open discussion with the director-general of the SABC, from anonymous letters and leakages to the press about large scale dissatisfaction in the SABC and particularly in the news department.

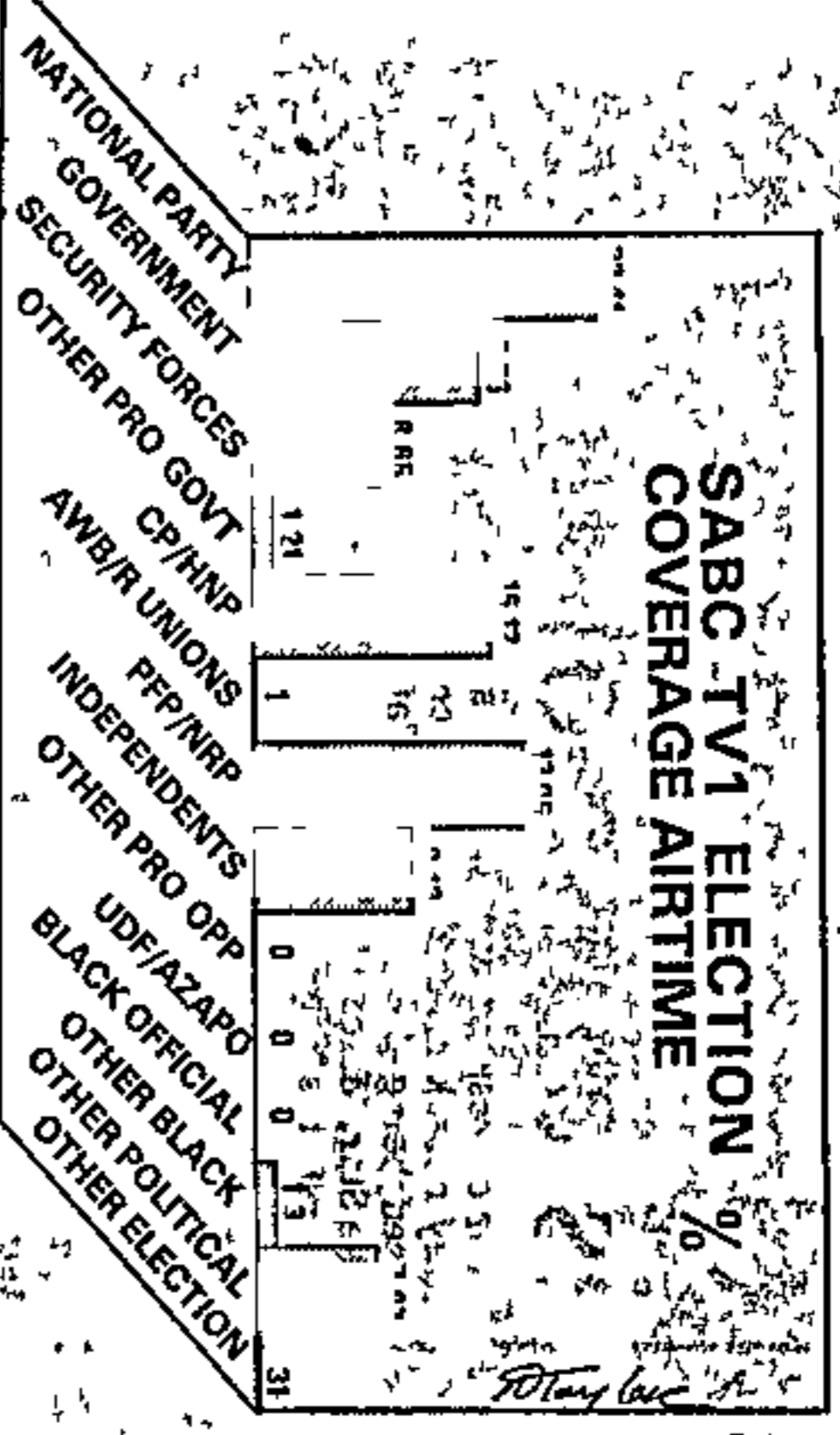
News staff identified themselves wholeheartedly with the election guidelines of the SABC, reconfirmed unanimously their loyalty to the corporation and rejected the Press allegations in their entirety.

(Report by S Fleming, 47 Sauer Street, Johannesburg)

Argus
JELLYBEAN JOURNAL

Circus treat

SABC TV1 ELECTION COVERAGE AIRTIME



● Study conducted by Dept of Journalism and Media Studies Rhodes Univ Grahamstown

Rhodes: NP has had more TV time than other parties

By Susan Fleming

The National Party (NP) received more air time on SABC-TV1 news and "Network" last week than any other political party or alliance, says the Department of Journalism and Media Studies at Rhodes University in Grahamstown.

The department has been commissioned by the Progressive Federal Party (PFP) to conduct a 10-week project to analyse political news in the South African media during the 1987 election.

The first part of the research released yesterday showed that aside from receiving more news coverage, the NP was also granted more actuality time than any other party.

Professor Gavin Stewart, head of Journalism, said in a statement yesterday: "The disparity appears greater when it is noted that the election topics for the week March 16 to March 22 included the New Republic Party (NRP), Independent candidates and the right-wing parties."

The NP received 22,41 percent of news and "Network" coverage on the election while the PFP and the NRP were given 17,05 percent of the air time. The Independent election candidates received 10,12 percent.

The Afrikaanse Weerstandsbeweging (AWB) and other right-wing groups received one percent air time and the Conservative Party/Herstigte Nasionale Party (CP/HNP) was given 15,12 percent.

The Government received 15,76 percent of the time and the security forces were allocated 8,65 percent.

The only black person to receive favourable coverage was Bishop Isaac Mokoena, who was recently decorated by the State President.

Extra-parliamentary groupings such as the United Democratic Front and the Azanian People's Organisation were given no coverage.

According to Professor Stewart the election discussions were not debated between candidates, but were mediated by interviewers.

With one exception, all the "Network" discussions on the election included NP speakers. All the discussions also concluded with a NP speaker, with the exception of a broadcast on March 17 when television was interrupted by a Johannesburg power failure.

● The SABC has released statistics on the election but these differ considerably from Rhodes University's findings.

According to the SABC the PFP/NRP received 34 percent of the coverage, the National Party — 30 percent, CP/HNP — 20 percent, Independents — 16 percent.

Mr Kobus Hamman, the deputy director-general in charge of news said the difference probably arose because the SABC distinguished between Government Ministers appearing in their official capacity and as candidates.

"For example, when a Minister says something which has no bearing on the election this is not counted in the statistics."

(Report by S Fleming, 71 Saver St, Johannesburg)

Study shows SABC bias towards NP

B/Day PATRICK BULGER

260

IN THE run-up to the white election the National Party is receiving far more SABC television coverage than any other opposition party, indicates a study by the Rhodes University journalism department.

Senior students monitoring "Network" between March 16 and March 22 found that black opposition groups like the United Democratic Front received no coverage at all.

The study showed the NP received 1 500 seconds of TV time while government spokesmen were given 1 055 seconds. The PFP and the NRP combined were given 1 141 seconds and the CP and HNP featured for 1 012 seconds.

Independent candidates were on the air for 677 seconds.

Note was made of the "Goldilocks Effect" — a tendency for discussions to be concluded with NP comment, leaving viewers with the impression that the NP view was "just right".

(Report by Patrick Bulger 11 Diagonal Street, Johannesburg)

(S) FM 27/3/87 (260)

ELECTRICITY

Escom cuts capacity

With current demand for electricity running below long-term projections, Escom is moving steadily into overcapacity. To cut costs, it is now planning to put some of its generating capacity into "reserve storage."

This novel approach of building new stations while simultaneously taking old ones temporarily out of commission seems to be the only available option beyond cancelling contracts on some of the new stations.

Francois Conradie, interconnected system manager, tells the *FM* that reserve storage — as opposed to mothballing plant — involves taking various power station units off line for a period of months. They can then be put back on line at a couple of weeks' notice, when other units will be closed.

"The aim is to operate this system on a rotational basis. At the moment, we have an internal commission investigating whether it will be more economic to shut down units for a period of months or for longer periods — perhaps as much as a year."

Escom is now committed to going ahead with the giant 4 000 MW Kendal and Majuba stations. But, says Conradie, in the case of Majuba there are certain deferment clauses, while Escom still has the option of cancelling the second half of the six-unit station. This does not apply to Kendal.

By December, Escom will have to decide whether to proceed with the fourth unit at Majuba, which is currently scheduled to come on stream in 1991. The first units at Kendal are due to come on line in mid-1988.

Of Escom's total 28 000 MW generating capacity, 1 463 MW has already been put into reserve storage, while a further 360 MW will come off this year. At the moment,

older stations that are not supplied directly by tied collieries are mainly affected — notably Salt River in Cape Town, one in Worcester, another at East London and one at Umgeni near Durban.

Escom is currently investigating whether it should go one step further and mothball some of these stations, says Conradie. Next year, the Worcester station is likely to be the first.

When a station is mothballed — compared with being put into reserve storage — recommissioning could involve as much as a year's lead time. "But it is obviously cheaper to demothball older plant, should the need arise, than to commission new plant," he adds.

Escom's big guns — the new generation "six-pack" stations of about 3 600 MW capacity each at Matla, Kriel, Duvha, Matimba, Lethabo and Tutuka, with Kendal and Majuba still on the way — have not yet fallen into the reserve storage situation. Each of these stations has six generating units of roughly 600 MW each. But the first 600 MW unit is likely to go into reserve storage at the end of 1988, says Conradie.

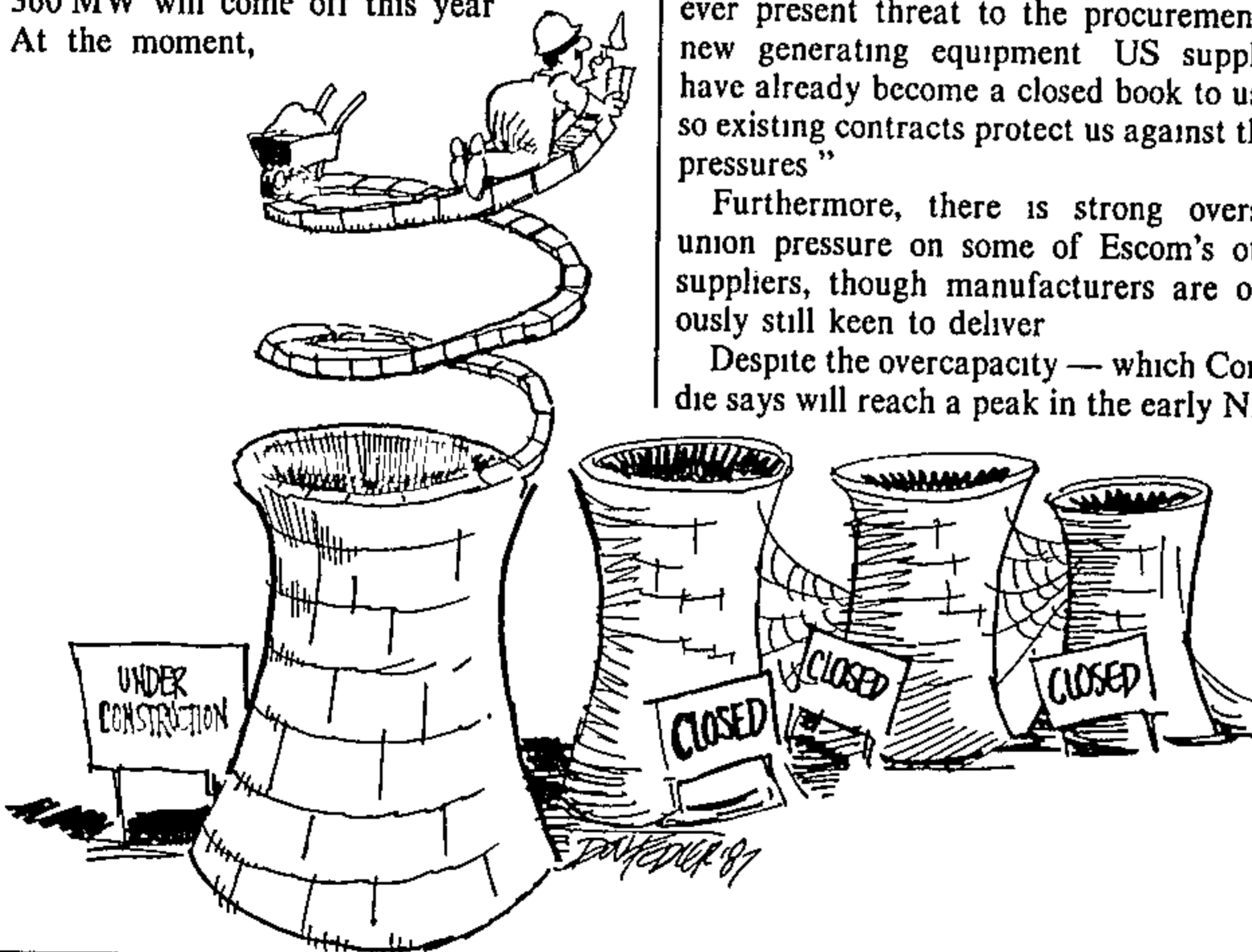
Nevertheless, Escom's "overbuilding programme" also has some positive aspects. One advantage is that the rand was much stronger against foreign currencies in the early Eighties when the commission entered into contracts for the new units now coming on stream or being erected.

Adds Conradie: "If you defer construction, you lose forward cover and expose yourself to ever higher prices and penalties, thanks to inflation. And sanctions are an ever present threat to the procurement of new generating equipment. US suppliers have already become a closed book to us — so existing contracts protect us against these pressures."

Furthermore, there is strong overseas union pressure on some of Escom's other suppliers, though manufacturers are obviously still keen to deliver.

Despite the overcapacity — which Conradie says will reach a peak in the early Nine-

ties — demand for electricity is still growing at 5% a year. And, he adds, demand is likely to continue at this level for the next 10-15 years. ■



N/M 27/3/87

SABC won't let Indaba reply on TV

Mercury Reporter

THE SABC will not provide television air time for a KwaZulu/Natal Indaba representative to correct 'blatant misrepresentations' made about the Indaba on the *Network* programme this week.

Indaba director Prof Dawid van Wyk made a call for air time in a telex to SABC director-general Riaan Eksteen, but yesterday Mr Eksteen said 'The (programme in question) wasn't a programme to discuss the merits or demerits of the Indaba

'If that had been the aim, naturally we would have given the pros and the antis'

He referred the Mercury to the SABC's senior news director, Mr Sakkie Burger, who explained the intention of the programme had been to consider the Indaba as a political election issue, not in its own right

He said 'To get to the bottom line, we can't accede to Prof van Wyk's request'

He said the SABC was sympathetic to the Indaba's sentiment that it would be better

to keep the Indaba out of the political arena

But, he said, 'the fact is that it has become a political issue

'All we did was present a programme in which we addressed the Indaba as a political issue and not in its original context as a forum for negotiation and constitutional proposals

Documentary

'But we did exactly that on February 5 this year, when we presented a documentary on *Network*, when we dealt in depth with the proposals of the Indaba

'At the time it wasn't an election issue. We were approached after the programme by Indaba representatives for copies on videotape to use for their own purposes

'Now we are busy with election issues

'We presented the Indaba proposals in a political context, specifically in the Natal context'

(Report by D Bayley, 12 Devonshire Place, Durban)

CSIR preparing a have a facelift

B1 Day 27/3/87 (260)

THE Council for Scientific and Industrial Research (CSIR) officially embarks on a major transformation exercise from Monday.

This is aimed at making the organisation more market-oriented and allowing it to address and enhance the research needs of industrialised SA.

Afterwards, the CSIR will emerge a leaner organisation, its 31 institutes, national facilities, departments and research laboratories being rationalised to 17, says its president Chris Garbers.

Outlining the CSIR's new strategy in an address at the University of Cape Town last night, Garbers said the organisation — which had a budget of R321m for 1987 — was going to chart a route distancing it from any other statutory body or government department.

As a co-ordinating body, emphasis will, in future, be directed to financing or promoting basic research aimed at acquiring new know-how, needed for directed research programmes, which is not yet available.

To this end, the CSIR will

CHRIS CAIRNCROSS

strengthen its ties with industry in its own research and development line function, while continuing to utilise the know-how established at universities, but in consultation with the institutions involved.

Garbers said in view of the changes the CSIR will make, universities will be given the opportunity to re-evaluate their position.

For this reason, the CSIR is prepared to transfer the responsibility for research funding and the awarding of uncommitted bursaries on merit at universities, museums and technikons to another body.

Garbers said the CSIR will, in its new guise, consist of four groups at macro-level, each with a group head who, with the president as executive head, will form the CSIR executive.

The heart of the organisation's research and development line-function responsibilities will be the Foundation for Research Development, 11 divisions and two centres which have been newly created to address key areas in SA.

FROM THE NEWSDESK

Peter Mann



SABC fare

seems foul

WE were accused this week of making "unsubstantiated and malicious" allegations of bias against the SABC

The accusation came from the Director-General of the SABC, Mr Riaan Eksteen, who said that news staff at a meeting distanced themselves from Press reports alleging biased election coverage, and from anonymous letters and leakages to the Press about widespread dissatisfaction in the SABC.

The SABC statement put out via the South African Press Association, which we published, was a lulu. It said news staff identified themselves "wholeheartedly" with the election guidelines of the SABC, "reconfirmed" their loyalty to the corporation and "rejected the Press allegations in their entirety".

Mr Eksteen went further. He said "statistics and an objective evaluation" had confirmed that the SABC had honoured its undertaking to be fair in its news coverage.

We have published stories quoting people alleging the SABC is biased. That is their opinion and we are reporting it. There have therefore been "allegations of bias in the Press". To turn this into "Press allegations of bias" is mischievous. It means something quite different, a fact Mr Eksteen and his 200 news staff should know if they are professional journalists.

But what about this wholehearted endorsement and the swearing of loyalty to Auckland Park?

Apparently, some of the people at the meeting felt differently. At least six of them apparently took the trouble to phone the PFP spokesman on the media, Mr David Dalling. Okay, Mr Dalling is a politician and by definition biased towards his party's view. But he reports the six were "incensed" at the way the meeting with Mr Eksteen was conducted.

Mr Dalling said the meeting was a "put-up job" where employees were told "to face the music or the axe".

More to the point is that it is apparently only the SABC 200 and the National Party who believe the SABC are unbiased.

Every other political party in the country believes they are biased.

What of Mr Eksteen's (unpublished) statistics and objective evaluation which show the Corporation's lack of bias?

At least one independent survey by the department of journalism and media studies at Rhodes University in Grahamstown, albeit commissioned by the Progs, showed that the National Party received more air time on SABC-TV1 news and "Network" last week than any other political party or alliance.

The NP received 22,41 percent of news and network coverage on the election. In addition, the Government received 15,76 percent of air time and the security forces were allocated 8,65 percent of the time.

The PFP and the NRP were given 17,05 percent of the air time. The independent election candidates received 10,12 percent.

The AWB and other right-wing groups received 1 percent air time and the Conservative Party/Herstigste Nasionale Party was given 15,12 percent.

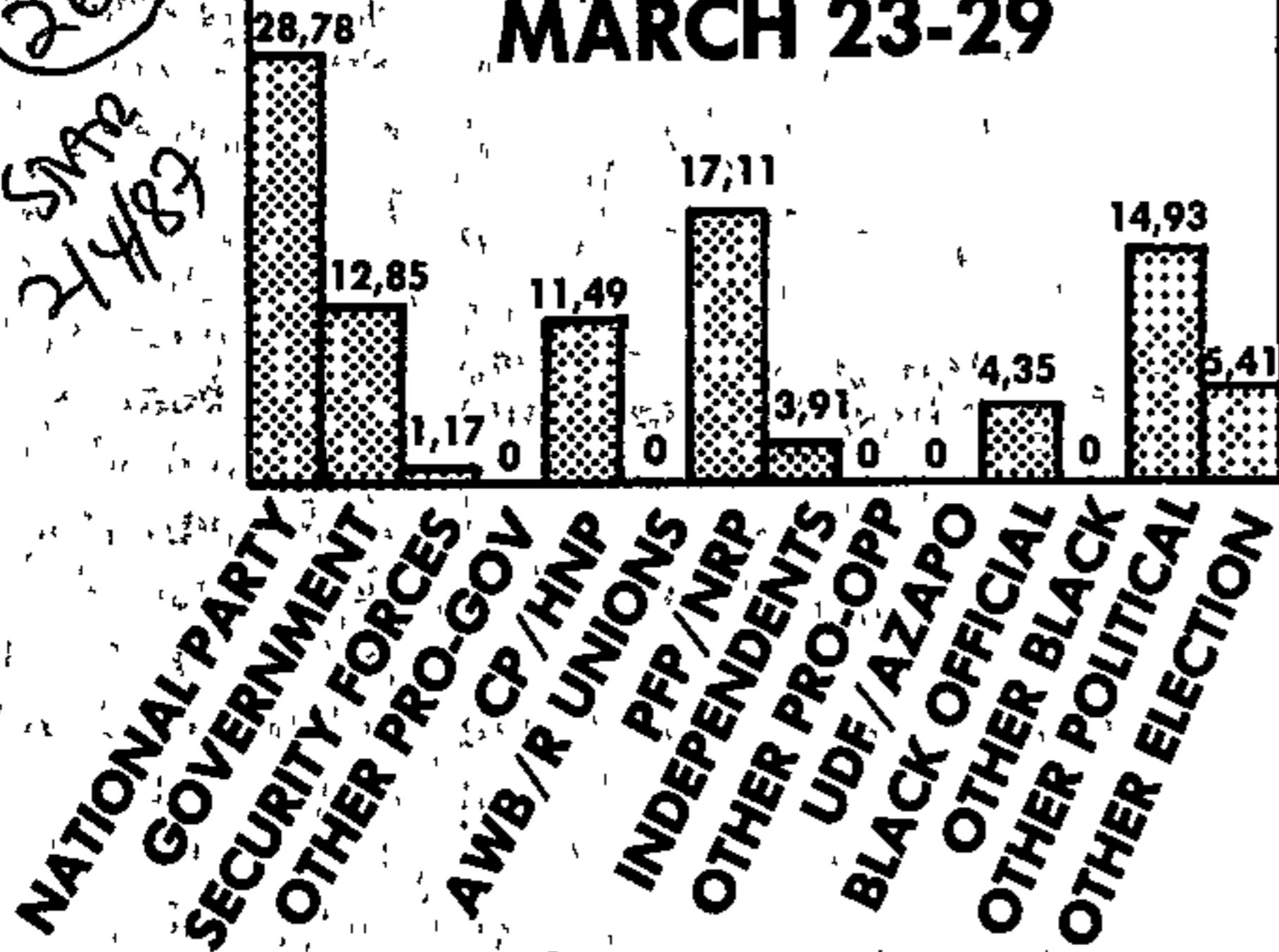
The only black person to receive favourable coverage was Bishop Isaac Mokoena, who was recently decorated by the State President.

Extra-parliamentary groupings such as the United Democratic Front, the Azanian People's Organisation were given no coverage, nor was any black person holding any official position.

So much for a lack of bias.

260
SAP
2/4/83

SABC TV1 ELECTION COVERAGE AIRTIME % MARCH 23-29



Source: Dept of Journalism & Media Studies, Rhodes University

SABC 'allocates even more air time to NP'

By Susan Fleming

SABC-TV's "Network" — which incorporates the news — is now allocating even more time to the National Party in its election coverage, a research study by Rhodes University has shown.

According to the survey on the SABC's election coverage by the Department of Journalism and Media Studies at Rhodes University in Grahamstown, in the week from March 16 to March 22 SABC-TV allocated 22,41 percent of its time to the National Party. But, last week this figure rose to 28,78 percent.

Air time given to the independents has dropped considerably. Independent candidates last week received 3,91 percent of the coverage — a drop of nearly eight percent over the previous week's results. A substantial part of the independent's coverage was taken up by responses to their funding.

Yesterday independent candidate for Florida and former SABC-TV senior journalist, Mr Rusty van Druten, confirmed that he had left the corporation because of its coverage of a meeting in Stellenbosch held by fellow independent candidate for Helderkrum, Mr Denis Worrall.

"I have left the SABC under a cloud. For the past two years I have been dismally unhappy with the SABC and its policies. I do not wish to elaborate on this," said Mr van Druten.

According to the Rhodes University report, the Conservative Party and Herstigte Nasionale Party were given 11,49 percent of news and actuality coverage while the Progressive Federal Party and the New Republic Party Alliance received 17,11 percent.

The only person of a race other than white to receive actuality coverage was Pretoria journalist, Mr Sej Motau, speaking about the organisation Kontak — an outreach group formed in 1983 after the release of an HSRC report on intergroup relations.

Extra-parliamentary groupings such as the United Democratic Front, the Azanian People's Organisation and trade union groups were given no coverage.

All "Network" material on election related issues included speakers from the National Party or government departments, Rhodes said.

The debate between Mr Gerhard Croesner of the Department of Finance and Mr Raymond Parsons of Assocom, on the financing of Regional Services Councils was the first face-to-face discussion noted on an issue relevant to the election.

The round-up of election speeches on last Friday's "Network" for the first time gave the last word to a party other than the NP, namely the CP, but, the NP had two speakers and received more time.

SABS is out to earn for itself

260
3/4/87
SAR

Pretoria Bureau

The South African Bureau of Standards is one statutory organisation not panicked by an order from the Cabinet that State bodies must become more financially independent.

"We are trying to move more and more in the direction of making money ourselves," says the director-general of the SABS, Mr G-P Verster.

In his 41 years with the bureau — he joined about seven months after it was formed — he has seen the organisation steadily increase its self-generated income to the point where the State grant represents only about one-third of total income.

And, Mr Verster points out, the R15 million annual State grant to the bureau is used for certain services which are the State's duty to provide.

These include writing standards which protect the public and the environment — rulings on car exhaust specifications and safety standards for electronic appliances, for example.

Standardisation also eases the lot of the manufacturer and consumer by rationalising the range of materials and specifications used.

"We must not allow standardisation to move from the State's control into the hands of industry," says Mr Verster.

"I cannot say that we should be totally privatised. It is good that the bureau should be responsible to the State.

"The statement by the Minister (Dr Dawie de Villiers, then Minister of Trade and Industry) that State organisations should be more financially independent did not come as a blow to us.

"To do this we will not have to deviate from our set course."

Cape Times 4/4/87

Escom cuts borrowings²⁶⁰ by R5 500m

JOHANNESBURG — The key figure in Escom's 1986 annual report and accounts is the reduction in borrowings by R5 500m since August 1985, says chairman John Maree

"The debt standstill cut all sources of foreign loans but Escom's rationalization programme enabled it to reduce its reliance on the local finance market

"As the country's largest borrower on the foreign market, the organization's ability to reduce demand for local credit was a major factor in the drop in interest rates," Maree told press conference

He also noted that Escom had undertaken to hold its price increases below the inflation rate for the next three years

Moreover, if inflation was not higher than 15% then tariff increases would not be higher than 10% for the three years

Restructuring

"Tighter financial controls, improved decision-making and an increased customer focus have been major benefits flowing from the massive restructuring programme launched by Escom in 1986," he said

Maree said Escom was firmly committed to meeting the challenge of establishing an excellent organization

"Last year we embarked on the most dramatic restructuring programme ever attempted by a major SA business, and we have largely achieved what we set out to do

"Our commitment to establishing superior performance focuses on sound

management, tight financial control, constant innovation and exceptional customer service

"We still have a long way to go, but I am satisfied that the first lap is successfully behind us"

Escom's balance sheet was considerably strengthened in 1986 and the outlook for the financial well-being of the organisation in 1987 was encouraging

Sales up 4,5%

In spite of difficulties stemming from sluggish electricity sales and the effects of the debt standstill, Escom ended the year soundly under budget, proving that the controls on costs and overheads were becoming increasingly effective

Highlights from the annual report show that electricity sales increased by 4,5% Revenue rose to R5 845m in the year ended December 31, 1986 from R4 625m in the previous year

Charges against revenue rose to R5 645m from R4 585m while net expenditure on fixed assets fell to R3 770m from R4 757m in 1985

Maree said the inability to raise foreign loans following the imposition of the debt standstill in August 1985 forced a major rethink of the corporation's funding strategy

The R1 400m Escom had planned to borrow overseas in 1986 was not available Consequently Escom had to balance its books without placing an undue burden on the limited local financial markets and pushing up interest rates

— Sapa

5/4/87 CP Press

Unexpected support

By STAN MHLONGO

SUPPORT for the Congress of SA Trade Unions' fight for a living wage came from an unexpected quarter this week - the Lekoa City Council

Lekoa mayor Esau Mahlatsi turned down an application at his council's monthly meeting by businessman F van der Merwe to build a poultry farm in the council's area of jurisdiction because he

was paying his employees R150 a month, which Mahlatsi said, "was not a living wage"

Van der Merwe told the council that in addition to the R150, his employees received six eggs a day, three meals and free sleeping quarters - all concessions which failed to impress the council which stuck to its decision that he would not be paying his employees a living wage

CP Press 5/4/87

Student granted order

CP Correspondent

A CAPE Town judge this week ordered the Minister of Law and Order and the officer commanding Pollsmoor Prison to "release forthwith" University of Cape Town social work student Ian Mackenzie, 24

The Minister was also ordered to pay Mackenzie's legal costs

He had been detained for 110 days under the emergency regulations - after police arrested him in Woodstock at 12 30am on December 12 while he was distributing pamphlets publicising the UDF's Christmas Against the Emergency campaign

An hour after his arrival at Security Branch headquarters, Warrant Officer Johannes Louw, who interrogated him when he was detained from July to October last year, came in and was "extremely aggressive and threatening"

Louw denied these allegations

FRAY

The campaign calls on all peace-loving white South Africans to seriously consider the prevalent state of affairs in the country

Nusas will hold a non-racial poll in the week preceding the elections for students of all colours to make their feelings known on "one person, one vote"

Sansco executive member Pascal Moloi said the elections had no meaning for most black people in the country

Naude said the basic issue facing the country was granting full political rights to blacks

By SIPHO JACOBS

THE SABC's investigation into allegations of racism on the part of two senior employees is being investigated at departmental level.

The racism controversy was leaked to reporters after a document, allegedly signed by two senior SABC staffers, called for Soweto to be sealed off and its people wiped out in the event of a revolution.

The document was alleg-

Racism allegation at SABC

edly signed by the editor of TV news input, Andre Kritzing, and crime reporter Chris Olckers.

The signing of the statement was allegedly witnessed by two other SABC staffers.

DPSC tea for detainees

By SANDILE MEMELA

TOMORROW ex-detainees and their parents will remember those still in detention at a tea party, a Detainees Parents' Support Committee member said this week

It will be held at the Civic Centre Methodist Church, 114 Rissik Street, Braamfontein, from 2pm and parents of detainees and ex-detainees are urged to attend

Numerous DPSC tea parties have been held to provide support for those who have been held in detention

Escom to slash its loans

7/4/87
ESCOM expects to reduce its borrowings bill by more than R4,5bn between now and 1989. *(Day)*

Its annual report showed it was responding to the lack of access to foreign financial markets by cutting back sharply on borrowings and spending.

Loans raised on foreign financial markets fell from R922m in 1985 to nothing last year.

Comparing August 1985 projections with current estimates, Escom expects to save R1,224bn in operating expenditure between 1986 and 1989, and R887m in spending on fixed assets.

DAVID FURLONGER

Total borrowings will be cut by R5,5bn, of which R971m was saved in the 1986 financial year

Escom borrowed R1,749bn from local financial markets last year compared with R3,651bn in 1985. Of this (1985 figures in brackets), the primary capital market yielded R277m (R260m), secondary capital market R708m (R1,6bn) and net project-related facilities R764m (R1,7bn).

Foreign borrowings of R371m (R1,3bn) came from import-financing facilities.

Escom, Iscor pension cash to fund shopping complex

By Frank Jeans

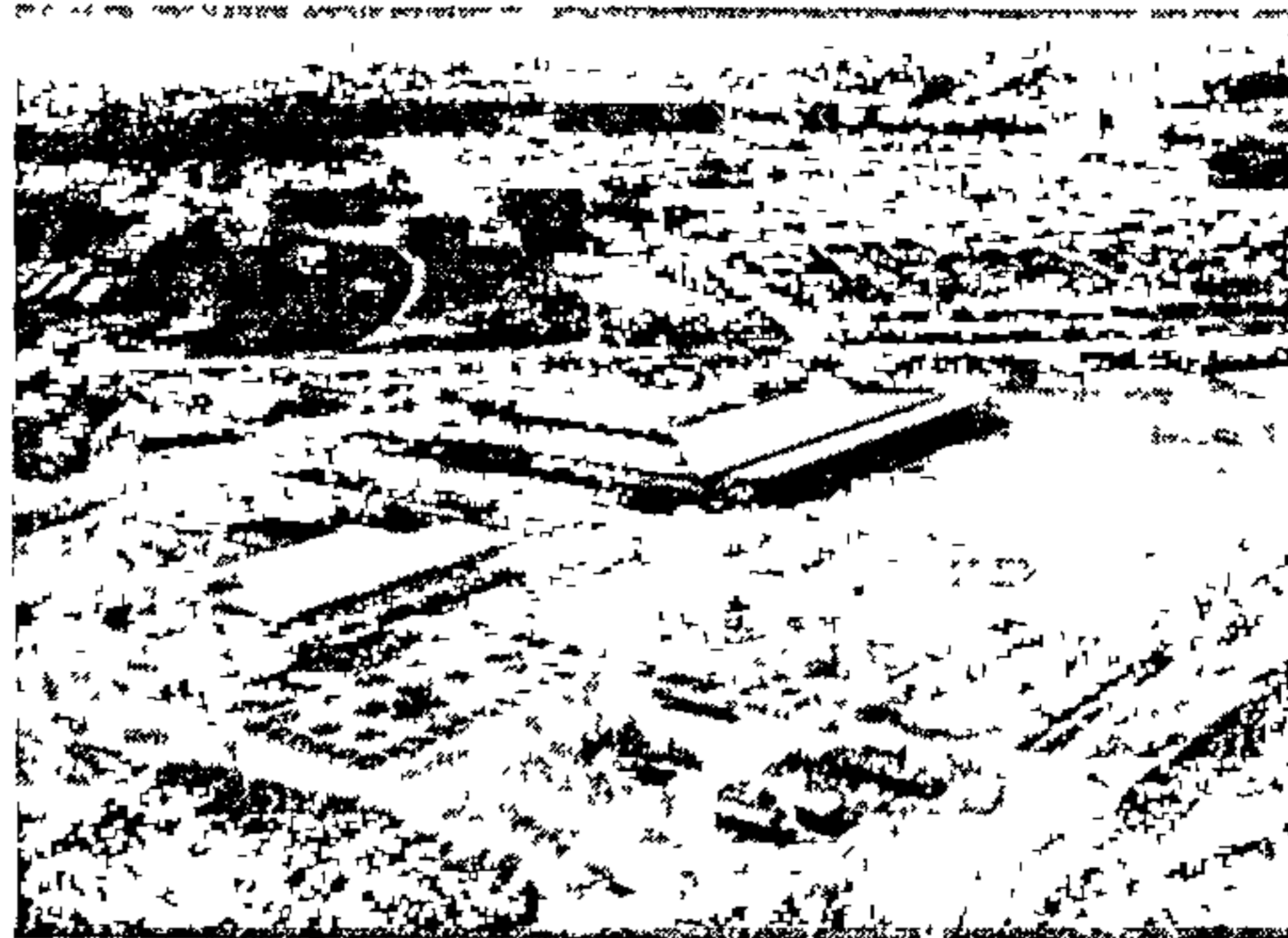
Escom and Iscor's pension funds have got together to build a R58 million shopping complex on Main Reef Road on the Johannesburg-Roodepoort border. The main feature of the 41 000 sq m centre on a 15 ha site is that it is an open trading venture and will cater for a vast area of all-race shoppers from Newlands to Maraisburg and from Florida to Soweto.

Due to open a year from now, the centre will be named Highgate, in the style of Eastgate, Bedfordview and Westgate, Roodepoort.

The new complex may puzzle those who believe Johannesburg does not need another shopping giant. But the Escom Pension Fund (EPF) planners see it as filling a market need and are not worried that it will take custom away from established retail centres such as Cresta in Blackheath and Westgate.

Indeed, EPF, which does not build to sell, but views property as a long-term investment, funded the latter and last year took over 100 percent ownership of the former from Nedbank.

Property development consultant Mr Marshall Finlay of Finlay Associates, which is manag-



Coming out of the ground .. the R58 million Highgate centre bounded by Commando and Main Reef Roads.

ing the project, says there are strong indications that people of all races are looking for a one-stop, full service quality shopping environment under one roof in an accessible position.

Anchor tenant among the national chains will be Pick 'n Pay which is signed up for an 18 000 sq m hypermarket, while liquor chain, Solly Kramer's, Ackermans and Joshua Doore are showing strong interest.

Also under consideration is cinema, restaurant and fast food

outlets

Another attraction for potential traders is the rental pattern which is already established although business is still a year away. A fixed price building contract has allowed the developers to fix rents with a greater degree of accuracy, says Mr Finlay.

It is expected that leasing of line and satellite shops will begin in June at rents from R15 to R25 a sq m

NP gets biggest bite of television time survey

Dateline. GRAHAMSTOWN

THE Conservative Party and Herstigte Nasionale Party have in the past week enjoyed the most television coverage in the election campaign so far, but the largest share of actuality was given to the government

This was the finding of the Policom Survey, conducted by the Rhodes University Department of Journalism and Media Studies on coverage given on SABC television from March 30 to April 5, the third week of the white election campaign.

Reasons for the 25,3 percent coverage of the CP and HCP are the two Network features on the policies of both parties following their failure to reach an election pact before nomination day on March 31 and effectively splitting the rightwing opposition vote.

NP not always given "last word"

A Sunday night feature on government job creation was the main reason for the rise in coverage in this category to 32,5 percent from 13,7 percent in the previous week

The survey also found that the National Party was not always given the "last word" during Network election round-ups, but the arguments given were never contrary to NP policy.

NP coverage dropped from 28,8 percent to 9 percent, the PFP/NRP alliance dropped to 10 percent from 17,1 percent

The "last words" in the three election round-ups since the start of the election campaign were given by leader of the CP, Dr Andries Treurnicht on March 27 when he commented on the failure of the CP and HNP to make an election pact, Dr Dennis Worrall, Independent in Helderberg, on March 31 when he endorsed the government's policy on the African National Congress and communism, and Mrs Helen Suzman on April 2 talking on women in politics.

"The sources quoted in *News* and *Network* programmes are those of acceptable groups as defined by the SABC and by the government. The acceptable political spectrum runs from the HNP to the CP, on the right, to the PFP on the left

"Anything outside those limits is 'political extremism' with the political 'centre' being the NP"

The week's score and the cumulative score for the United Democratic Front, Azapo, Cosatu and other extra-parliamentary opposition speakers including the Afrikaner Weerstandsbeweging remained at zero

— Sapa

(News by Heloise Henning, 626 Mutual Building, Harrison Street, Johannesburg)

Electricity sales to SA's neighbouring states rise

B1 Day
9/4/87
260

DAVID FURLONGER

ELECTRICITY sales to the homelands and neighbouring countries rose by 33% in February this year, compared with the same month last year.

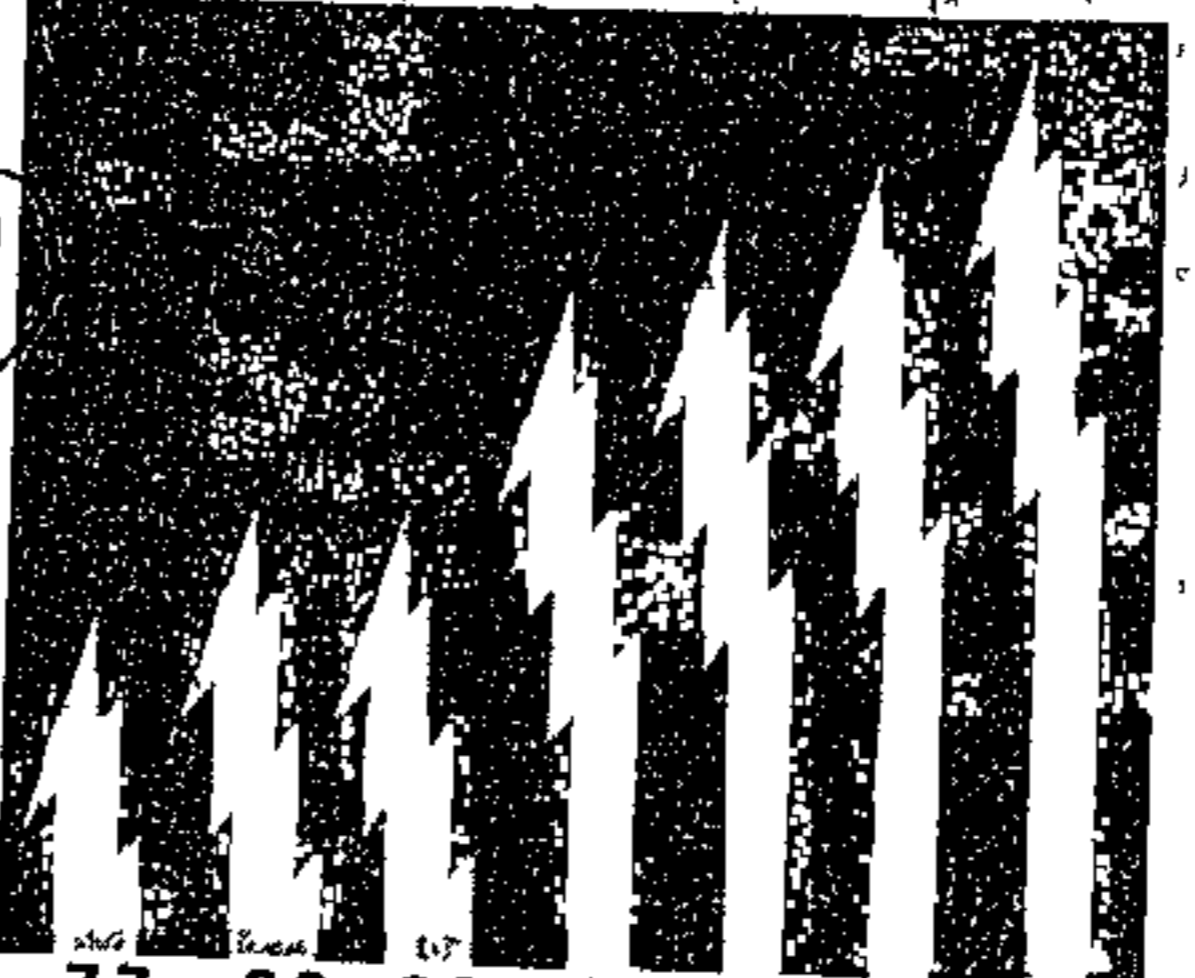
Escom, which supplied all the power to leave the country, said yesterday it sold 294 gigawatts (GWh) outside SA in February, compared with 221GWh in February last year.

One gigawatt is the equivalent of running a 100-watt bulb for 10-million hours.

Escom's external customers include Bophuthatswana, Transkei, Venda, Ciskei, Zimbabwe, Mozambique, Lesotho and Swaziland.

An Escom spokesman said these countries consumed only a small proportion of the electricity generated in SA. The 294GWh sold in February was from a total 10 600GWh generated.

ELECTRICITY FOR DISTRIBUTION



7.7 8.2 8.2 9.1 9.4 9.7 10.1
1981 1982 1983 1984 1985 1986 1987
February figures

Source: CSS Graphic: JOHN McCANN

He said officials were unaware of a major shift in demand patterns but added "the overall figure is so small, it requires a relatively minor change from any one of these countries to push the sales figure either up or down".

Overall electricity generation, meanwhile, is remaining steady before the expected winter increase in demand. However, government figures show electricity available for distribution in February was up 4% on February 1986.

Assocom: no to ^{17/4/87} censorship

Dispatch Correspondent

JOHANNESBURG — Censorship would not promote business confidence, the Association of Chambers of Commerce of South Africa (Assocom) said in its first-quarter review.

The private enterprise philosophy went much deeper than the freedom to trade in free

markets, it said.

The philosophy also implied the freedom of speech, the freedom of association and free access to information.

“If we are to maintain those freedoms in which we believe, we must take the strongest possible stand against the state being regarded as the prime source of in-

formation and so-called news.”

People in business knew that the wider and more diverse their sources of information, the better equipped they were to perform in the market place and a well informed public in turn knew how to exercise their basic right — freedom of choice, the report said.

260
SD

CSIR finds a way to use waste coal

By Ian Smith

MINES are lining up to exploit new technology designed to allow South African industry burn some of the huge stockpile of discard coal.

The stockpile is growing by more than 44-million tons a year at a cost to the mining industry of R200-million.

The advantages of the technology developed by the Council for Scientific and Industrial Research's National Institute for Coal Research include the cost benefit of burning a waste product, a reduction in the cost of transporting and storing the waste and the extension of reserves of exportable coal.

Test plant

A demonstration plant on test for the past two years and burning waste coal with up to 50% ash content has achieved thermal efficiency which compares favourably with conventional units.

Mines have been singled out as the first users because of the attraction of generating much of their own

Electricity requirements from a waste product. But in an attempt to make the technology more attractive to general industry the NICR is to ask the Department of Mineral and Energy Affairs to provide incentives for companies using low-grade coal.

A working group is putting the finishing touches to the NICR's case. In particular, it will ask for special rail rates for low-grade coal and probably tax concessions on capital expenditure.

The head of the unit which developed the National Fluidized-Bed Demonstration Boiler (NFBC boiler), Christos Eleftherides, says the experimental has aroused considerable interest.

Dr Eleftherides says "Its operation on dust and high-ash discard coal, which constitute more than 80% of SA's coal waste, has been extensively studied, confirming its reliability and high-combustion efficiency."

Several mines are keen on generating their own power.

"The large open-cast operations are major consumers of electricity, and power is a significant factor in their costs. Economic studies have shown that power generation at mines by burning waste coal and using refurbished turbines from redundant power stations can save on electrical power costs and reduce waste stockpiling which causes serious environmental problems."

Dr Eleftherides says initial reaction from Eskom indicates that there would be no objections from it.

Prime source

"They have even said they would be prepared to buy back any surplus electricity, albeit at unfavourable rates."

The next step will be to build a commercial plant on a mine, and several offers for a site are being considered.

The pilot plant will be used as a general purpose test unit. Industry has been invited to submit various grades of coal for trials.

Dr Eleftherides says "The greatest savings will be on the mines themselves, but the new technology



Christos Eleftherides ... power from discards

will be attractive to general industry if the right incentives can be agreed on. Running costs could be considerably reduced and the initial capital expenditure remains comparable with conventional units.

"Nearly 90% of South Africa's energy is derived from coal, and it will be our prime source of energy and chemical by-products for at least the next 50 years. We must be careful about how we burn it. If we can burn coal which is now being wasted we will extend our reserves."

260

The challenge of the future



FM: What are the major implications of a restructured CSIR?

Garbers: We are attempting to utilise our budget, presently R320m, more effectively. Currently about R87m is derived from contract income from State departments (including State corporations) and the private sector. A further R131m is derived from commissioned responsibilities. We hope to increase earnings from private sector contracts but the State will remain an important contractee and State input will be essential for long term planning and research. State-sponsored research must tackle issues like increased urbanisation, re-use of water and a host of concomitant problems.

Why did you embark on the restructuring exercise?

Publication of the White Paper on a Strategy for Industrial Development was a major stimulus. Deteriorating relations between SA and other countries, the need to expand the CSIR's industrial base, creation of wealth, the changing climate in industry and decreasing access to overseas technology were other factors.

Lessening your dependence on the State should also improve your international credibility?

Firstly, I believe we have great autonomy and freedom of expression in research, which could be critical or supportive of government. We've been criticised because our funding to English universities far exceeds that to Afrikaans universities — but we are apolitical and fund purely on merit. As a parastatal we're presently on the US blacklist, but the restructuring exercise started two years ago. Sanctions and pressures to

Dr Chris Garbers is president of the Council for Scientific and Industrial Research (CSIR). He talks to the FM about the major restructuring exercise the organisation has already undertaken.

isolate us only developed subsequently. National Education Minister FW de Klerk would like to see statutory councils earning more from contracts to lessen the burden on the taxpayer. The more successful we become, the better we can serve SA. **CSIR has been criticised as a bureaucratic organisation whose research is often obsolete when complete. Your reaction?**

The restructuring was also aimed at changing this perceived image. CSIR's management culture is being changed, the corporate image strengthened and a more market-orientated approach adopted in all functions.

Scientific leaders

Authority and responsibility will now be delegated to scientific leaders. This means the positions of the 11 divisional directors — the heads of the service centres — are critically important. We are adopting a more businesslike approach, financial policymaking will be a vital tool in implementing our changing course and aligning ourselves with industry's needs.

How do you intend selling your services to the private sector?

In the words of Bill Venter, a member of the CSIR Council, we will use the "eyeball-to-eyeball" approach.

We'll improve our already extensive contacts with the private sector, and strengthen our marketing arm.

Our National Institute for Informatics accesses data banks all over the world, and processes information annually to service the requests of thousands of SA companies. We are also starting to work more closely with the SBDC. They receive about 13 000 applications for assistance each month — of which 1 500-2 000 have a technological content. Many of these applications can be thrown out, but stimulating small business will be part of our strategy.

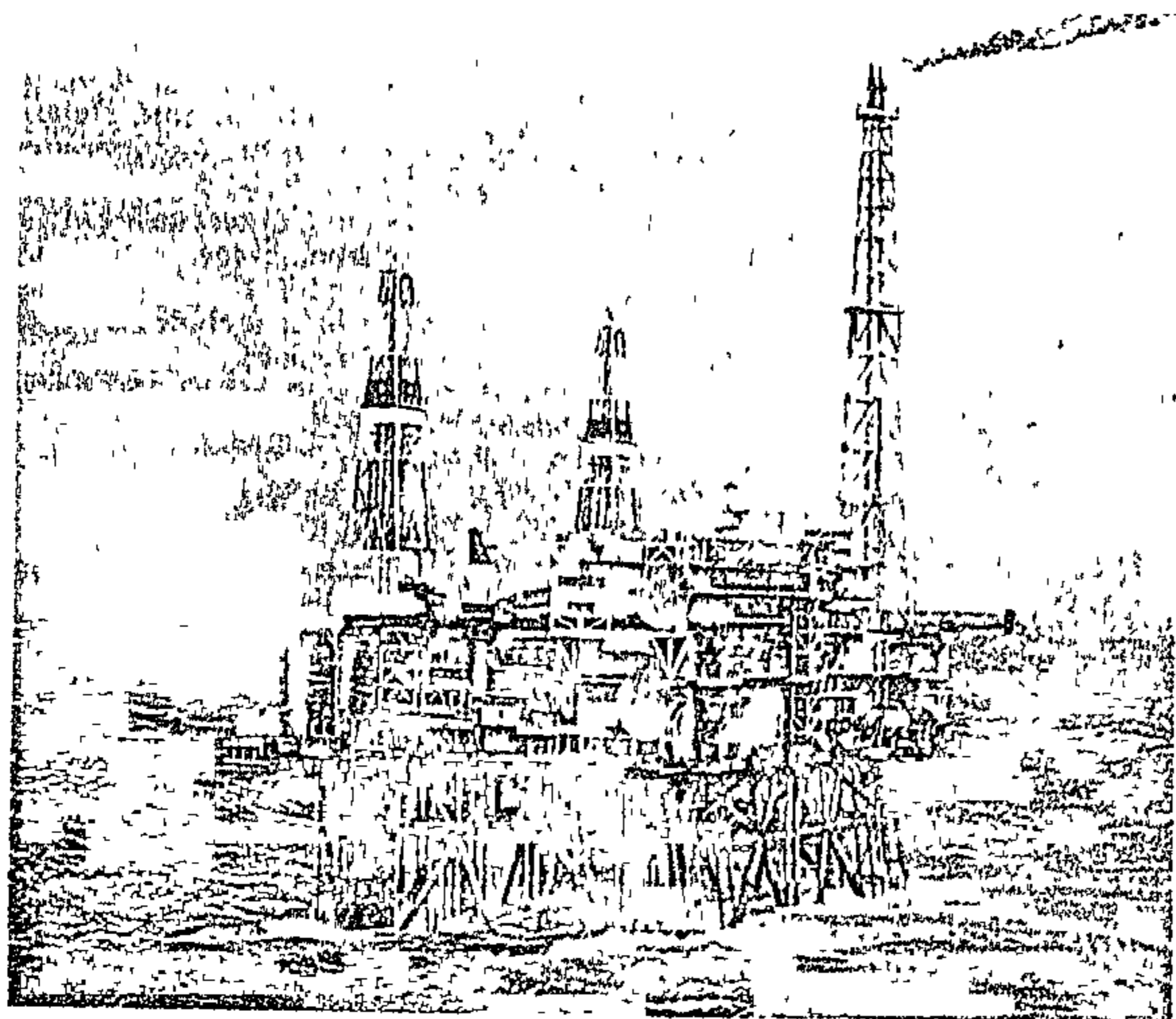
How extensive are your existing ties with the private sector?

We are deeply involved with industry and with research to maintain and develop SA's infrastructure. Each of our institutes addresses an important sector; be that housing, timber, textiles or roads. We annually conclude about 2 500 contracts with industry, and through the South African Inventors Development Corporation (Saidcor) have hundreds of patents and applications pending in 20 countries, as well as joint ventures and licensing agreements with industry.

How will the restructuring affect universities' research funding allocation?

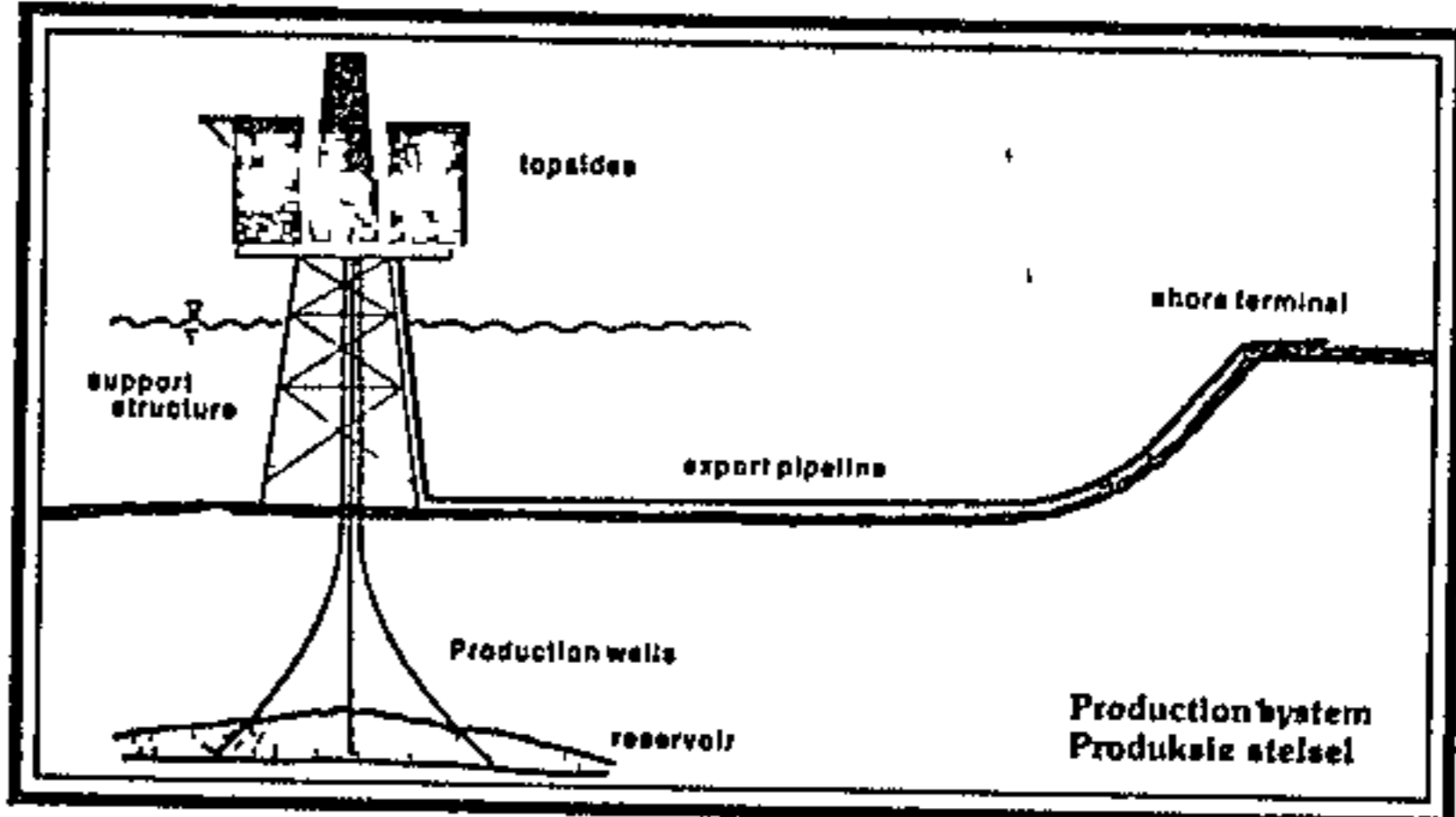
The current climate favours funding for practically orientated research projects. We will continue our close collaboration, particularly in areas where we require expertise unavailable within the CSIR. But funds for "own choice" research will have to be jealously guarded.

In future, there will be tremendous pressures on the universities. In 1986, there were about 75 000 white grade one pupils, and 147 000 white university students nationwide. There were 730 000 black pupils in grade one, but only 51 000 black students. By 1999, that group of grade one pupils will have reached Matric. Top-level manpower will be in short supply, and will place strains on the CSIR and on the universities.



LEFT Due to become a landmark off Mossel Bay, the pivotal point of the oil search, the production platform which will serve 18 wells within a 4,2 km radius.

BELOW The gas and condensate are distilled and chilled before being sent along separate pipelines to the onshore plant. This will be in operation for some two decades.



Urgency as Mossgas project starts to roll

CAT Trifs 25/4/87

SUDDENLY the Mossgas project has started to roll.

As the enormity of getting from zero construction to the production of four million litres of petrol and diesel a day within five years sinks in, a new sense of urgency and purpose is clear.

The four-hour meeting — held by all the government departments keyed into the project — was more than a public relations exercise.

For the first time, the policies covering all aspects of the scheme were outlined and certainly, the government believed it was making a public commitment on its social responsibilities to the area.

Of the hundreds of studies and reports being compiled on everything from power to water and other services, the most interesting is the environmental impact study.

It is probably one of the most detailed ever undertaken in South Africa and apart from looking at ways to lessen the ecological and visual damage caused by the pipelines and refinery, it is aimed at socio-economic concerns.

This covers the attitudes,

The first major public information meeting on the R5,5 billion Mossel Bay gas-to-fuel project was held in the town this week. JANE ARBOUS comments on the new developments which emerged.

needs and expectations of local residents as well as judging the nature and impact of the recession which will hit Mossel Bay after the flurry of development.

The new catch-word is the "hump" — the peak of activity over the next four/five years when the population of the area is expected to grow by at least 6 000 workers plus their families plus sundry other people who will enter the area for various reasons.

Crucial questions for businessmen and planners are how big will the "hump" be (how much money will be generated during the peak period?) and what kind of slump will follow? How should the town prepare to cope with the inevitable recession and its social effects, or more bluntly, how

will it counter the "ghost town" syndrome?

This will affect not only Mossel Bay but also the region, particularly nearby George. The project authorities have made it clear that the emphasis will be on local labour and part of the intensive skills training programme will ensure that some can be re-absorbed into the labour market elsewhere once the project is complete.

But anyone who believes that all the people will simply disappear when construction is completed and later when the project has run its course and there is no more gas or jobs at all on the scheme, is unrealistic.

And so the authorities will have to look at the development of new industry, certain-

ly in the final stages of the 30-year scheme, to take up some of the slack.

No one can make full projections yet but intensive studies are on-going. As far as the project co-ordinator, the Central Energy Fund, is concerned, the town will grow in the long term by a minimum 25%.

And businessmen who must make their commercial decisions soon on whether to move into, or expand in the area, or not, are going to have to calculate on that basis.

However, some investors believe there is just not enough in the way of facts and security long-term, despite the very attractive "cream on the top" incentive during the most active next five to ten years.

Although the first steel is expected to be cut next month, there will be a lull of about two months in any more public developments while the experts make final decisions on the conceptual designs which were completed early in April.

After that, the details of and contracts for tender will come thick and fast.

560

Escom giant will use less water in its cooling system

By Therese Anders,
Own Correspondent

MIDDELBURG — Rising slowly out of the Eastern Highveld is Escom's latest generating giant, Kendal

When completed in 1993, the R3,5 billion technological wonder — Escom's first large-scale "indirect dry cooling" station — is set to collect the title of the world's biggest coal-fired power station

It will have a total capacity of 4 000 megawatts, enough to supply three cities the size of Johannesburg

Everything about Kendal is on a massive scale. The station's six cooling towers will be the world's biggest, each one could swallow up two Carlton Centres

Its two 275 m high chimneys (already completed) are each big enough to enclose the Brixton Tower

However, it is not production capacity that makes Kendal stand out among Escom's latest "mega-breed" of power stations — it is reduced water usage

The station's indirect dry cooling system will use only a third of usual big station water requirements

Kendal is also creating firsts in the field of new technology

Said Kendal's site manager, Mr Manie McDonald "The type of technology being used at Kendal is a quantum leap into the future"

He explained the difference between the usual "wet cooling" power stations and "indirect dry cooling" Kendal

"At usual power stations, the water (steam) used to drive the turbines is pumped into the cooling towers, then allowed to drip down into a pond underneath

"The water cools during the drip process

"The drawback with the system is that much water is lost through evaporation and South Africa doesn't have much water, especially on the Eastern Highveld"

Mr McDonald said once Kendal was on line there would be no evaporation clouds rising from the cooling towers — because there would be no evaporation



Kendal's site manager Mr Manie McDonald . . . 'The type of technology being used at Kendal is a quantum leap into the future'

The system to be used at Kendal will be for the turbine water (steam) to be pumped into millions of pipes, like car radiator grilles, placed near the base of the cooling tower

This way the water will be cooled, then re-circulated into the system, with no water loss

Mr McDonald said this method was slightly less efficient than the older wet methods. But the saving in water usage is phenomenal

"In fact our water needs will only be a third of other stations' and that's a major consideration"

Before giving the go-ahead for Kendal, Escom did dry-cooling scale tests at Grootvlei Station, near Balfour

But once completed Kendal will be the largest indirect dry-cooling station in the world by a factor of four

To house the millions of pipes,

Escom engineers have designed cooling towers that will dwarf all predecessors

In fact, Kendal's towers are twice the size of those at recently built (1985) Duvha, near Witbank, until now the largest towers built in the Eastern Transvaal

Said Mr McDonald "To appreciate just how big these towers are, you have to picture Naas Botha trying to kick across the width of one

"It would take at least two of his best to get across"

The youthful engineer is good at converting boggling statistics into everyday language

For instance, the speed with which each of Kendal's six units will pump water is the equivalent to emptying a home swimming pool in two seconds

That is about 2 million swimming pools full of water each year

The annual quantity of coal needed for the Eastern Highveld giant is also staggering

Said Mr McDonald "At 14 millions tons that's loaded one-ton bakkies nose to tail for 56 000 km"

During construction Kendal has 5 500 people on site, and after completion the staff complement will be 1 300

The new Barlow Rand underground mine, Khutala, built to supply Kendal's coal would have a permanent staff of 2 000

Another feature separating Kendal from its four sister "giant" stations is its name

Whereas Escom has chosen ethnic names connected with energy for the other four — Tutuka (Standerton), Lethabo (Vereeniging), Matimba (Ellisrus) and Majuba (Volksrust) — Kendal has been called after the small railway siding nearby

Biased SABC coverage of poll 'probably irrelevant'

OWN-TIMES 28/4/87
260

Own Correspondent

JOHANNESBURG — The SABC's devotion of the majority of airtime to the National Party is probably irrelevant, as it is unlikely to directly affect voting patterns in the election next month.

This is claimed by Mr Keyan Tomaselli, director of the Contemporary Cultural Studies Unit at the University of Natal

According to a monitoring group at Rhodes University the percentage of airtime given to the NP has risen from 48% to 64,5% over the past four weeks, while that given to the PFP has decreased from 27,2% to 5,2%

Social beliefs

Mr Tomaselli said complaints that the SABC was biased in its TV coverage of the election were probably valid, but also probably irrelevant

Television, he said, did not create individual behaviour patterns, though it did help to reinforce general social beliefs

"This is contrary to the government's contention that the foreign me-

dia and English-language press are so powerful that they are to blame for creating attitudes which lead to 'unrest'," he said

A NP supporter would feel at ease with the SABC's messages, while those in the HNP, CP and PFP would be irritated because they each held different beliefs, he said

Communism

Mr Gavin Steward, head of the Department of Journalism and Media Studies at Rhodes University, said biased coverage of the elections towards the NP could influence those members of the public whose attitudes were wavering

The SABC did not have the power to change attitudes but rather to reinforce them, he said. It was now devoting large chunks of time towards reinforcing the public's attitudes towards the ANC, communism and general security matters, he said

"Dealing with issues like communism and security is one way for government to catch the support of both the left and the right," Mr Steward said

W10707 VEHICLE

GFC awarded R34m Majuba contract

MICK COLLINS

ESCOM has awarded the R34m contract for the main civils work on phase one of the Majuba power station project near Amersfoort to Group Five Civils (GFC).

A further contract, worth R6,5m, for the construction of the concrete platforms for the dry cooling towers, will be undertaken on behalf of GEA Air Cooled Systems, bringing to

R40,5m the value of GFC's work at the new power station.

The main civils contract for the first three of the eventual six units at Majuba will be carried out by CMGM Natal. The concrete platforms for the dry cooling towers will be done by CMGM Glybeton.

- Safety be
- Accident
- Spray
- Painting

Lethabo plant is opened

ESCOM'S R4,4bn Lethabo power station near Vereeniging was officially opened yesterday.

DAVID FURLONGER

Lethabo, when completed in 1990, will have the capacity to serve nearly half the total power requirements of Africa north of the Limpopo, say Escom officials.

Opening the station, Economic Affairs and Technology Minister Danie Steyn said SA was prepared to cooperate with neighbouring states in the energy field.

Construction of Lethabo began in 1982. New developments in pulverised fuel technology will enable the station to use low quality coal with an ash content of up to 42%, compared to Western Europe stations with an average 12%.

Lethabo will receive its coal from Amcoal's New Vaal colliery, which has exploitable coal reserves of more than 600-million tons.

Minister rejects lower speed limits

TRANSPORT Minister Eli Louw has rejected a recommendation for lower speed limits on South African roads

In a statement yesterday, he said speed limits of 90km/h in rural areas and 50km/h in urban areas were not practical.

Reacting to the results of an investigation conducted by the Council for Scientific and Industrial Research (CSIR), Louw said "Our present speed limits

MICK COLLINS

were set after taking economic considerations into account and are safe when sensibly used."

The CSIR experts based their recommendations on the higher fatality rate resulting from the increased speed limits, compared with 1973 when, because of the international fuel crisis, the speed limit in rural areas was 80km/h and

50km/h in urban areas.

Louw said as far as road safety was concerned, the public — drivers and pedestrians — had to be trained to be more responsible on the roads.

The CSIR had recommended speed limits be brought down again from 120km/h in rural areas to 90km/h, and from 60km/h in urban areas to 50km/h.

The CSIR report has been forwarded to the National Road Safety Council.

268
29/4/87
B/Day

Escom stock to raise millions?

JOHANNESBURG — Escom plans to raise between R50 million to R100 million with a public offer of a new 1996 stock late in May.

The utility has to make an offer of stock in terms of the soon-to-be amended Electricity Act even though it does not need the money.

In addition, Escom will consolidate six of its long-dated stocks into one jumbo new stock (L168) of R13,6bn with three maturity dates 2007, 2008, 2009.

DD 260
30/4/83

The stocks being consolidated are L163 (maturing in 2004), L154 (2007), L155 (2007), L159 (2008), L157 (2008), and L160 (2009).

The new loan will be redeemed in three equal tranches over these years to avoid bunching up at redemption.

Swapping into the new stock not mandatory for holders of loans affected, but Escom will retire from circulation any of the six loans sold to it. — DDC

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Escom to make new stock offer

3rd 4/8 15 Day (260)

ALAN SENDZUL

The highly marketable Loan 160 of which almost R4bn has been issued is expected to take time to be fully withdrawn from the market.

Merchant bankers Finansbank and Senbank will market the new L168 stock.

The consolidation has been favourably received generally but one large financial institution is believed to be unhappy about the proposals. It recently sold most of its investments in the six stocks at rates less favourable than those proposed by the consolidation.

An Escom spokesman said a motivation for the single jumbo stock was that it would stop switching between different long-dated Escom issues.

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CSIR chief faults SA

SA IS far behind the rest of the developed world in terms of its supply of vitally important technical manpower, Council for Scientific and Industrial Research deputy president and CE JB Clark said this week.

He was addressing a graduation ceremony in the Great Hall at the University of the Witwatersrand.

Clark said SA had not done enough to develop its human resources and solutions to the problems of educating all South Africans had to be found.

30/11/87
THELMA TUCH

"Of the 3 912 degrees awarded in science and engineering in 1986, 91,4% went to the white group only," he said.

There was also an "alarming net outflow" of professionally qualified people from SA, most of them in the 25-35 years age bracket.

He told science graduates that the depressed economy would rapidly give way to a period of sharp growth, and that opportunities would abound for them.

Foreign supply lines

South Africa's ongoing expansion on the electric power front (*Business* March 27) is keeping several European suppliers of electricity generating equipment in business

Jim Douglas, Escom project finance manager, contends that SA is one of the few markets left for European suppliers of boilers, steam turbines and generators. Companies heavily reliant on their South African connection include Germany's Steinmuller, Deutsche Babcock group and MAN, the British Babcock group operating outside Glasgow in Scotland, the UK's GEC, France's Alstom and Switzerland's Brown Boveri.

"We have running contracts with all these concerns," says Douglas.

Though Escom has not recently placed any major contracts for generating equipment, Douglas is convinced there should be no problem in procuring export credit facilities for the supply of new machinery.

"We deal with export credit insurance agencies throughout Western Europe and have always met our repayment commitments. We have never had any problems in the past, and after a recent trip to Europe my impression is that there is no reason to expect them now.

"It must be emphasised that there is a world of difference between a foreign loan and an export credit agreement guaranteed by a facility like Escom and a recognised insurer. For instance, whatever export credit we incur falls outside the debt moratorium. We have a very good reputation in this area," Douglas says.

A number of major engineering contracts on the R3,5 billion Majuba power station still have to be awarded. "It will be most interesting," he says, "to see who comes forward when we get to the tendering stage."

A question mark hangs over US-based suppliers of capital equipment. Whether these would be allowed to tender on any new contracts in SA since the imposition of sanctions — particularly as Escom is a public corporation — remains to be seen.

But Douglas emphasises that none of the peripheral contracts still to be awarded at Majuba would fall within the scope of existing US suppliers.

75

Escom has also used Japanese equipment — notably on the Palmiet pumped storage scheme — but relies mainly on European suppliers. Currently the value of running contracts with its suppliers is several billion rands, taking into account Majuba's overall cost alone.

Escom — understandably — is not prepared to put an exact figure to it.

the campaign, an early question kept recurring why, aside from Mr Botha's

And, in defending the Group Areas Act to both the left and the right, Govern-

ing partners In a speech read for him

(News by L Venter, 122 St George's Street, Cape Town)

With the front-running National Party fighting the

OTHER PARTIES LAG FAR BEHIND IN SHOCK SURVEY OF NEWS COVERAGE

IN the run-up to the election the Government and National Party's dominance of television news bulletins and Network has reached stunning levels

The sixth week of an analysis conducted by the Department of Journalism and Media Studies at Rhodes University reveals that their share reached 75 percent of the total time allocated to all other political groups

The survey is incomplete but, in the words of project leader Professor Gavin Stewart, the coverage to date "has quite definitely favoured the National Party"

In the sixth week, from April 20 to 26, the amount of time allocated to the NP and the Government more than doubled compared to the first week

By contrast, coverage of the two parties on the right of the political spectrum and of the alliance on the left has fallen drastically as the election campaign has progressed

As a group, the Progressive Federal Party/New Republic Party alliance, lumped with the three Independents for whom they stood aside, were seen for one seventh the time span occupied by NP candidates and Government spokesmen

Fluctuations

There was a steady decline from a high in the first week of 27,2 percent of the actual time allocated to political groups, to 9,5 percent in the sixth — a showing barely one-third as good

On the right, the warring HNP and CP, bedfellows at the researchers' convenience, have fared just as badly. The time allocated for

Natspeak gets 75 percent of SABC time in run-up to poll

By BILL KRIGE

their spokesmen and their activities fluctuated between a low of nine percent and a high of 22,3 percent in the fifth week

But in the sixth week their share plunged to 4,8 percent — about one-fifteenth the exposure time of the NP and the Government

Professor Stewart cautions that the category "Government" included Network features which had nothing to do with electioneering as such — programmes about the Mossel Bay gas project and the Orange-Eerste River irrigation scheme

But these, he said, tended to buttress the view that the Government was coping, that all was well despite the sanctions pressures

Even if the NP is separated from Government (a fine distinction when Foreign Minister Pik Botha is lumped in with 'Government' when

he summons foreign ambassadors to warn about ANC infiltration, itself a major election issue), its share of the political time on TV in week six was 20,2 percent. This was more than double the share of the alliance

Extremist

When the PFP share is isolated from the alliance total of 9,5 percent, it took only 3,7 percent of the news bulletin and network time

But skewed election coverage does not end with news loaded with NP and Government spokesmen

"Quite clearly for television the world ends with the PFP," said Professor Stewart. "The homelands are in some kind of an orbit, but that is the known universe. Beyond that there be beasts and dragons"

"Only party politics are ac-

ceptable politics. The NP is placed at the centre and everything else, in a sense, is extremist — right or left. Certainly there has been an attempt to present things 'factually, impartially and without distortion' as the SABC licence states, but they have fallen down in three major areas

"Firstly, NP speakers have, almost without exception, been given more time than their opponents"

"Secondly, except where an opposition speaker endorses NP policy, the NP is almost always given the last word"

The researchers have called this the "Goldilocks effect" — the last option tending to leave the impression that it is "just right"

The third area where the SABC can be faulted, said Professor Stewart, is that they have let the NP and the Government set their coverage agenda

"Major themes have been

the ANC and the communist threat (which happened to coincide with the launch of a vigorous NP poster campaign), security, and the notion that the Government is coping with the sanctions threat, and so on

"Just how important these themes are can be gauged from a survey done by Pieter Conradie of the Human Sciences Research Council in 1983 at the time of the referendum

"He took the key issues as defined then by the SABC, went out among the public and asked them to define the issues. He found there was a total fit. The SABC had set the agenda."

Similarity

The current election showed an obvious similarity between the themes of the NP campaign and those of the SABC. They had also been dragged with apparent reluctance into the campaign of the Independents on the NP left, ignoring the campaign launch of Denis Worrall when it was an international media event

SA was shown to be "coping with the pressures while the only real problems it has are those of a communist threat from outside and of agitation inside"

Professor Stewart said that coverage not only "clearly favoured" the NP and the Government, it had "deliberately and consciously left out black politics at any level. In the rail strike earlier this month, for example, Cosatu were never asked to say a single thing"

(News by Bill Krige 19 Baakens St, Port Elizabeth)

● Richard McNeill's view — see Page 29

SABC doubles coverage of NP

DOMINIQUE GILBERT

THE TIME devoted to the NP on SABC-TV more than doubled during the seventh week of the white election, the Policom survey conducted at Rhodes University shows.

The survey says that while nearly three-and-a-half hours were given to political issues during this week — the highest to date — a motor accident involving the son of the State President was the second item on the news two nights in a row.

NP speakers were directly or indirectly quoted for nearly one-and-a-half hours.

The PFP/NRP alliance also received its highest coverage to date: three-quarters of an hour, while the independents received only just over one minute.

The CP and HNP received half an hour.

Report by Dominique Gilbert 11 Diagonal Street, Johannesburg

CSIR recommends lower speed limits

Authorities reaction to report mixed

Dispatch Reporter

EAST LONDON — There has been a mixed reaction from local traffic authorities to a suggestion by the Council for Scientific and Industrial Research (CSIR) for speed limits to be lowered.

The CSIR report recommended that speed limits be lowered from 120 to 90 km/h on free-ways and from 60 to 50 km/h on rural roads

The Chief Traffic Officer in East London, Mr G. du Toit, said he thought the report must be based on statistics. He said when maximum speed limits were lower, there were fewer accidents.

"Less speed, fewer accidents. We are in favour of the dropping of speed limits," he said.

The Chief Provincial Traffic Officer, Mr J A S Cronje, said the matter was being investigated by various departments and it would take time before a statement could possibly be issued.

He said, however, that personally he did not think that speed only was the reason for road deaths. There were other factors, like drunken driving and lack of proper training.

The director of the National Road Safety Council, Mr Eric Wise, said he did not wish to comment on the CSIR report at this stage. He said the CSIR had been commissioned by the National Transport Commission, which had requested, and had been given, the National Road Safety Council's views about the speed limit proposals.

The deputy Chief Traffic Controller in Umtata, Mr N P Kalipa, said that with the cur-

rent 100 km/h maximum speed limit in that country, Transkei did not have problems.

The Ciskei Road Safety Council manager, Mr T Makalima, said he did not think speed was the main cause of road fatalities.

He said that if the attitudes of drivers could be improved, there would definitely be fewer deaths on the roads. This could be done by starting at lower stages of driving.

He added that a learner driver, for example, respected regulations and other road users, but the moment a valid driver's licence was issued, attitudes changed.

Good behaviour was replaced by recklessness, relaxation instead of alertness. Drinking and driving contribute a lot to road fatalities, Mr Makalima said.

Mr Makalima said there should be effective law enforcement against road abusers. He said there were too many vehicles on the roads which were in appalling condition.

Important things like using good tyres with correct treads and pressure were ignored by the average driver. He said it should not only be people in and around towns who received education on the proper use of roads, but the people in rural areas as well.

Passengers in cars and/or buses could assist in preventing reckless driving. He went on to say the lower speed limits of the 1970's were used to save petrol not to limit road accidents.

Meanwhile, the Institute of Directors, a forum of company directors based in Johannesburg, has come out in opposition to the CSIR recommendation.

In a statement, the Institute said it was questionable whether the lowering of speed limits would save lives, desirable though this objective might be.

The institute said it believed the CSIR research would be better directed towards improving the standard of education for all motorists, in establishing a uniform standard for the training of drivers, introducing a licencing system for driving schools and an enforceable code of standards to such schools country-wide, including the national states and independent homelands.

The chairman of the institute, Mr Eric Henderson, said "We heartily endorse the CSIR's concern regarding loss of life, particularly during peak holiday traffic."

"It is tragic and the cost to families and the nation is totally unacceptable. If we thought lowering the speed limit could save one life extra, it would be worth supporting the CSIR's

suggestion.

"However, lower speed limits, especially on motorways, would simply lead to traffic bunching, increasing impatience and frustration, which was a feature in the petrol-saving days of the 1970's, and therefore a great level of risk taking, which might in the long run cost even more lives," Mr Henderson said.

The institute added that the consequence of congested slower peak traffic taking more time to cover long distances would be considerable in terms of lost time and eventually on the economy, let alone on resources to try and enforce speed limits.

"The problem lies not in speed limits but in improving the quality of knowledge of all people who use the roads, bearing in mind that pedestrians also died or were injured during the Easter and April school holiday period," Mr Henderson said.

He said that too much publicity was concentrated on the number of deaths and injuries instead of steady calls over the radio, television, and in the newspapers, for motorists to be aware.

The institute called on the CSIR to examine the need for motorists to have their eyes tested regularly and said other means of curbing fatalities would be to study measures adopted in other countries.

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Going for the glow

Escom, SA's biggest corporate institution, is sitting pretty. With assets of over R34 billion, it has been dramatically and successfully restructured over the last two years. And, according to chairman John Maree, tighter financial controls, improved decision-making and clearer customer focus have been the major benefits. "We still have a long way to go," he notes. "But I feel that the first lap is successfully behind us."

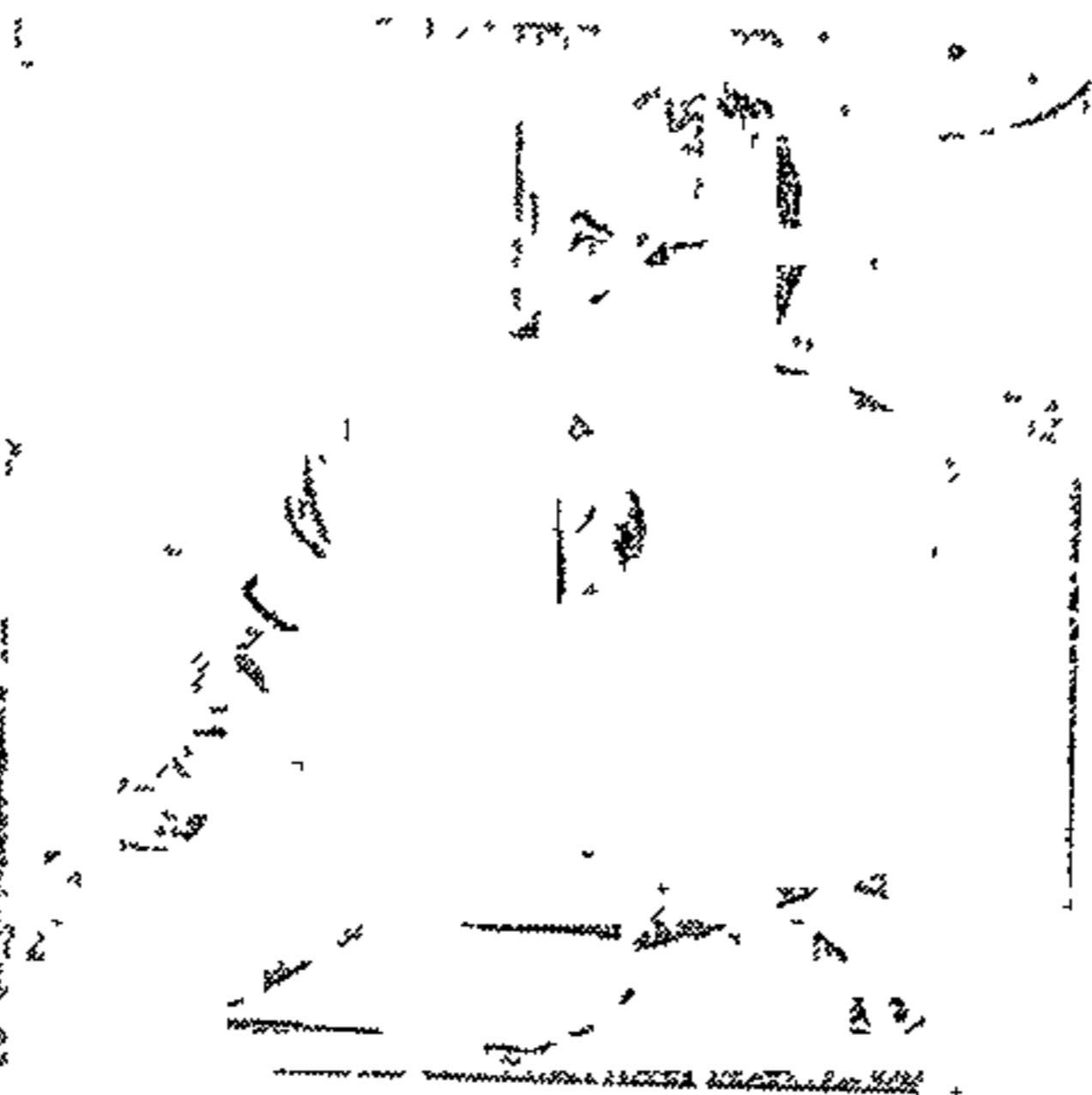
Maree, who took the reins in May 1985, with the formation of the Electricity Council, says that August that year was an auspicious month in the life of Escom. That was when the debt standstill was imposed — forcing, in his words, "a major rethink of the corporation's funding strategy. We had planned on borrowing R1 400m overseas last year. But suddenly this money was no longer available to us. So we were faced with a situation of having to balance our books without placing too much strain on the limited local financial markets and pushing up interest rates."

In the event, Escom was able to revise its budgets, and cuts of R1 000m were made in operating expenditure with a similar amount in capital expenditure for the years 1986 to 1989 (see graph). This target was achieved last year. Staff cuts of 8 000 will account for savings of around R160m alone over the next couple of years. In addition, a planned R150m will be trimmed off the stores bill over two years. "Given the fact that the

John Maree's successes in other fields have been matched at Escom. In the face of the cut-off of credit lines, the electricity corporation has tightened its belt and planned soundly.

holding costs on these stores work out at R50m a year, that adds up to significant savings," says Maree.

In broad terms, he adds that the aim has been to run Escom like a business. "We have had to turn what was a bureaucracy into a



Escom's Maree ... dynamic tactics

meritocracy. Another priority has been to decentralise the organisation. There is no doubt that the man in the front line generally makes a better decision than someone sitting in head office. But that in turn means, on the one hand, you have to have the right staff at the front line, and management information systems must work properly."

Maree believes that people perform differently according to how they are structured and led, and on the level of internal communication within an organisation. "This brings into play the concepts of reward, promotion and motivation. The days when people at Escom received increases simply on the basis of number of years' service are gone. That no longer forms part of our thinking. Performance is the criterion now."

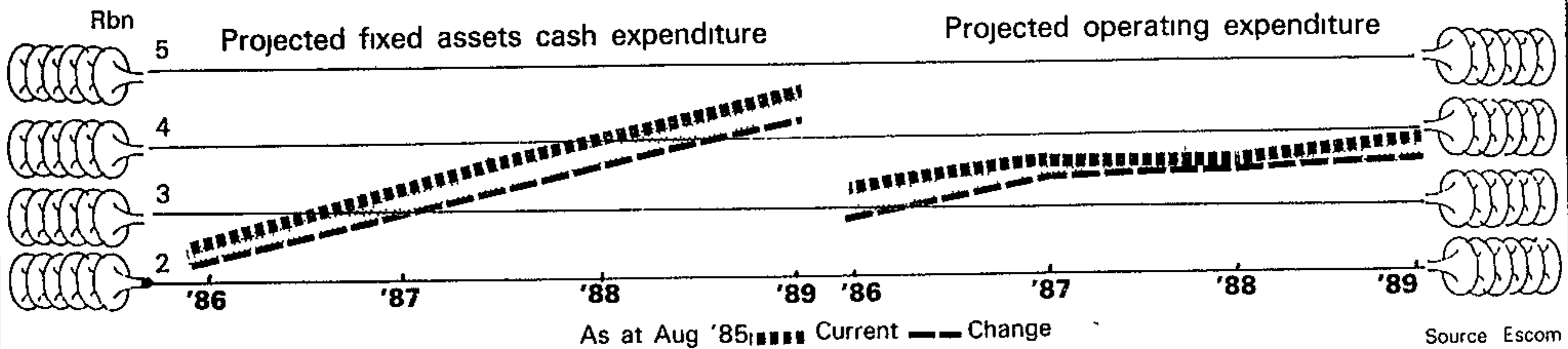
He adds "What matters is giving the organisation clear direction and getting the priorities right. In this regard we've put together numerous task forces to handle specific problems, and the result is a leaner but more efficient organisation."

This performance should provide a sound basis for further business orientation in the years ahead.

Escom at the moment has something of an overcapacity problem, with huge new 3 600 MW to 4 000 MW thermal power stations still coming on stream or being built. According to Maree "We originally anticipated that the growth in the demand for electricity would run at around 8% as it did

FINANCIAL MAIL MAY 8 1987

Trimming Escom's budget



for many years in the Seventies; but it has now slowed to 5%-6%. We are meeting the problem by running our new equipment at full output, while putting older units — particularly those which are not fed by their own tied mines — into what we call reserve storage. This is a form of short-term mothballing."

Maree does not foresee sanctions posing a threat to the supply of high-technology equipment to Escom — at least not in the short to medium term. In fact, as the *FM* has pointed out (May 1), many overseas suppliers are largely dependent on SA for orders, since SA is one of the few countries in the world with an electricity expansion programme in progress.

But, as Maree points out, technology is available on the local front to produce high-tech equipment — though probably not as big as the boilers and turbine-generator units being installed by overseas suppliers in stations like Lethabo and Tutuka. "But, in any event, supply of equipment from overseas is not a current problem for Escom."

What of exports? Last year Escom boosted sales of electricity to neighbouring states by 33% — "but these sales have to be seen in perspective," Maree notes. "For example, we currently supply all the power used by Maputo. But that amounts to a lot less power than the Carlton Centre in Johannesburg alone consumes. Total exports last year amounted to 541 MW. One big gold mine would consume that on its own. In fact, any two of our big new 3 600 MW stations in the eastern Transvaal could supply enough power for the whole of Africa north of the Limpopo."

With a total generating capacity of 28 000 MW, Escom ranks in the top 10 among electricity utilities in the world, behind Germany, France, England/Wales (Central Electricity Generating Board), Japan and Italy. It is, for example, far bigger than anything in Australia or the Netherlands.

Maree emphasises that Escom is also recognised technically as being in the top 10 — and as being the leader in the areas of low

grade coal burning and dry cooling.

He adds that it is highly unlikely that SA will see another atomic power station after Koeberg much before 2025. "Naturally we are always looking at possible sites but our appraisal of SA's coal resources has a higher priority at the moment."

Maree is also proud of what he calls the "quality of Escom's electricity." To the layman it would appear that you either have electricity or you don't, but it is not quite that simple. Continuity of power is all-important. Says Maree "The optimum figure here is 50 hertz and you can tell whether it is being maintained simply by looking at an electric clock connected to the mains. If it is telling the right time, you have the right continuity of power. If it isn't, you haven't."

This kind of lucid thinking lies behind Maree's success at Escom. With the able backing of chief executive officer Ian McCrae, he has completely transformed the corporation on sound business lines in the wake of his earlier successes at Armscor and Barlow Rand Electricity, we've got

Professor Gavin Stewart and assistants ... no sign of any black opinion picture: STEVE HILTON-BARBER

SATV gives Nats the better voice again

By PETER AUF DER HEYDE,
Grahamstown

SABC-TV gave the National Party, the government and the security forces more than half of all its live coverage on the nightly *News* and *Network/Network* programmes during the seven weeks of the white election campaign.

In the final week of the campaign, the NP's share of air time increased dramatically.

These findings were contained in a survey conducted by senior students in the Rhodes University Department of Journalism who monitored the news and current affairs programmes.

They found that in the final week of the campaign, NP speakers were directly or indirectly quoted for one

hour, 26 minutes and 27 seconds, the Progressive Federal Party and the New Republic Party together received only 44 minutes and eight seconds of live air time; the Herstigte Nasionale Party and the Conservative Party were given 30 minutes and 32 seconds

of air time; and Independent candidates received only one minute and 10 seconds.

Survey co-ordinator Prof Gavin Stewart said the most alarming factor was the total absence of television air time for blacks.

"Black people are most vitally affected by the election," he said, "but they had no opportunity of expressing

their opinion on it

"The interviewers also did not press the NP speakers to elaborate on the reform they were supposedly engaged in. They were given enough time to talk about the Acts which have been repealed, such as the Immorality Act, but they were not asked what laws they wanted to scrap next."

In contrast, "the PFP were particularly pressed on all aspects of their policy. Interviewers wanted to know about their policy on negotiations with the ANC. This tied up very neatly with the security and communism issue which the NP tried to make the most important issue of the election."

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R200 m spent on secret SA battery development

JOHANNESBURG — Hundreds of millions of rand have been spent on the secret development in South Africa over the past 10 years on a revolutionary sodium-nickel electric battery with "highly significant" world implications and applications

Prominent among the developers have been South Africa's R20 billion Anglo American Corporation Group (AAC) and the Council for Scientific and Industrial Research (CSIR)

This was confirmed yesterday by both the CSIR and AAC executive director, Mr Graham Boustred, following a "cast-iron leak" of information on the new power source

While confirming the development, Mr Boustred slammed a report in the technical newspaper, Engineering News, which said "The matter is a major scandal"

The paper claims the battery holds the key to the economic introduction of the electric car and many other new products

It says the battery has been kept under wraps for nearly 10 years while a deal was made with the AAC in partnership with De Beers to finance its development

After alleging the battery has been developed under such a veil of secrecy that it could well achieve less than it otherwise might have done, Engineering News has said "We believe the CSIR has no right as a state-owned organisation, to do such a behind-the-scenes deal"

"It should have declared the discovery after duly patenting it and invited tenders for its development

"Instead it has allowed Anglo to pussyfoot with what is an important South African discovery"

"In our view, heads should roll in Pretoria over what we regard as a scandal. We, as South African taxpayers, are part of what is developed by

the CSIR

"Heaven knows, too few good inventions come out of its hallowed precincts. Now when a good one has, it is passed on to a group which has worked at a snail's pace"

The newspaper concludes if the two organisations cannot do something quickly with this "dramatic" invention they should pass it on to someone who can

"You have boobed, CSIR. You have been given unfair advantage, Anglo American

"We think both of you should hang your heads in shame," it adds

Mr Boustred says the story is highly irresponsible and creates an entirely false impression

"There is an enormous amount of work involved in these projects and they absorb huge sums of money

"You therefore have to be very sure as you go along, step by step, that you really do have something big on your hands that will not lose money or be too easily copied, or pirate marketed

"For instance, the Ford Motor Company Group spent years developing a battery only a little less impressive than ours — the sodium-sulphur battery — which could have changed the face of the power storage business. But it eventually shelved the whole thing because oil prices came down making the battery less competitive

"I suppose we have so far spent the equivalent of at least R200-million on the development of our battery and another R200 million has been agreed

"We are proceeding carefully because we cannot afford mistakes. Also, there is a big difference between an experimental model of something like a battery and actual mass production of viable, durable, cost-effective units" — Sapa

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CSIR denies secret battery development was delayed

JOHANNESBURG — The president and chief executive officer of the Council for Scientific and Industrial Research (CSIR), Dr C F. Garbers, yesterday categorically denied accusations in the technical newspaper, Engineering News, about a revolutionary South African invention

According to the newspaper, the joint South African development partners dragged their feet for 10 years while spending hundreds of millions of rand over the production of their potentially world-shattering breakthrough in developing "Zebra" sulphur-nickel and sulphur-iron batteries

It regarded the secrecy and delay as a "scandal" and alleged that the battery had been developed under such a veil of secrecy and that it could well achieve less than it otherwise might have done

The CSIR said yesterday that it is "in fact justifiably proud of our contribution towards the development of the unique high energy density battery, the 'Zebra', in the remarkably short time of 10 years without foreign competitors becoming aware of it"

Dr Garbers said that at no time had anyone "pussyfooted" over the development

"On the contrary, the research and development programme was been diligently pursued"

He said Dr Johan Coetzer began working on high energy density cells at the CSIR 10 years ago. Out of hundreds of possible chemical combinations, he and his research team decided upon one concept that looked promising both theoretically and practically

The CSIR realised the potential commercial world impact of the invention. To develop the technology to the stage where it could be successfully applied in the marketplace was, however, beyond the resources of the CSIR's budget

An approach was made to a company with a strong track record in successful high technology implementation — the De Beers group — to help support further research and de-

velopment of what was a high risk but promising idea

Both the CSIR and De Beers had sufficient commercial foresight and the scientific expertise to evaluate the idea and jointly invest risk funds

"Choosing a suitable partner to help develop new ideas is standard practice in our extensive collaboration with South African industry," said Dr Garbers

He added that all partners had realised from the beginning that because throughout the world large sums of money were being spent on developing various forms of high energy density batteries, any leak of information on the local research would be snapped up by competitors abroad and a potential world market-winner would be prejudiced

So the project was kept secret to forestall foreign competitors — who were being funded by their governments

Full secrecy was maintained until such time as the partners were reasonably satisfied that the technology — made up of more than basic related discoveries — had been protected by a suitable portfolio of patents filed internationally.

The partners decided to make the first scientific announcement about it at an international conference on electro-chemistry held in San Diego, California, during 1986

The development of the "Zebra" battery, its suitability for use in electric vehicles and other applications, was publicly announced in South Africa by the Minister of Trade and Industries, Dr Dawie de Villiers, at a conference in Pretoria during October, last year

Dr Garbers said researchers in countries overseas have been working on high energy density batteries for 20 years — some even longer

"Their average annual budgets sometimes far exceed the total amount spent on the battery over 10 years. Yet the 'Zebra' battery has technological advantages over foreign developments, giving it a competitive edge," Dr Garbers said

Nats nab box bandwagon

THE National Party received over 50 percent of SABC TV's coverage of the white election during the hehs and Network in the seven weeks leading up to the election

This was revealed by a survey conducted by the Department of Journalism and Media Studies at Rhodes university in Grahamstown

The PFP commissioned survey was conducted on a weekly basis by senior students in the department

They monitored the 8pm news bulletin and Network

In its findings for the last week from April 27 to May 3, the survey states that the National Party broadcast time more than doubled

Party speakers were directly or indirectly quoted for 1 hour, 26 minutes and

Rhodes students protest the vote

OVER 1 000 Rhodes University students decided to boycott lectures to protest against the whites-only general election

Students had earlier called on the administration to protest against the detentions and as a result the vice-

chancellor issued a statement on behalf of the executive of the senate expressing its vigorous opposition to detentions.

And at a mass meeting on Tuesday, they also decided to demand that the vice-chancellor, Dr Derek Henderson,

and other members of the university administration, demand the release of Rhodes University detainees.

A sociology lecturer, Ashwin Desai, was detained under the Internal Security Act last week. Three other Rhodes students are currently in detention. — Albany News Agency.

10/5/77 *AV*

the total time given to them was 1 hour 48 minutes and 58 seconds

The PFP only received 44 minutes, and 8 seconds

Independents received only one minute and 10 seconds

The monitoring group also mentions that a motor accident involving the son of the State President was the second lead on the news two nights in a row

Both night included live 27 seconds

With government, security forces and other National Party supporters, footage of the accident scene and footage of the President and his wife going to visit their son in hospital

The co-ordinator of the survey, Professor Gavin Stewart, head of the Journalism Department, said that the most alarming fac-

10/5/77 *AV*

tor of the survey was that blacks were given no time on SATV

"This is very alarming but not at all surprising. Black people are most vitally affected by the election but they had no opportunity of expressing their opinion on it"

"The interviewers also did not press the National Party speakers to elaborate on the reform they were supposedly engaged in. They were given enough

10/5/77 *AV*

time to talk about the acts which have been replaced, such as the immorality act, but they were not asked what laws they wanted to scrap next."

"The PFP, on the other hand, were particularly pressed on all aspects of their policy

"Interviewers especially wanted to know about their policy on negotiations with the ANC. "This tied up very neatly with the security issue

which the National Party has tried to make the most important issue of the election," he said

Opposition spokesman on media, Dave Dalling, said that the findings of the survey confirmed allegations made by his party against the SABC

"The survey confirms the allegations made by the PFP over many months that the SABC has become nothing more or less than part of the propaganda armory of the National Party

"It is clear that the SABC is run by the National Party and not for the people of South Africa," he said

"If the PFP comes to power, or has a say in the next government, the current Board of governors of the SABC will not last 10 minutes I will deal with the matter personally," he said. — Albany News Agency.

CSIR 'revolution' will produce

The Council for Scientific and Industrial Research, South Africa's foremost scientific think-tank on Pretoria's eastern hill slopes, is going through a quiet revolution, a profound shake-up which aims to turn it into a new force

On the surface the palace revolution, which grew over more than two years from initiatives inside the council and not from outside pressures, hardly looks world-shaking but is perceived as a major break with its established ways

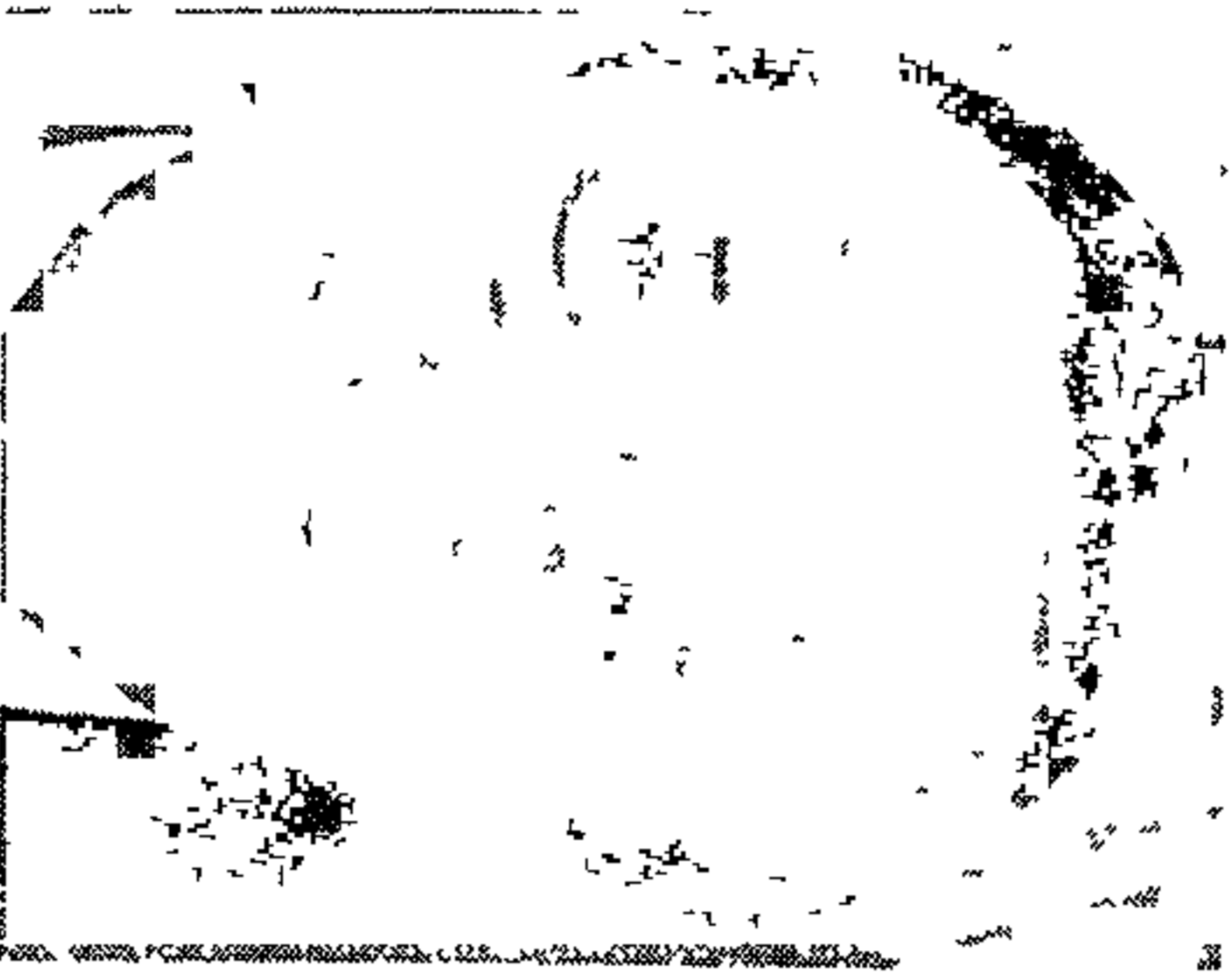
The council's traditional institutes, ranging across a wide spectrum from physical research to timber, will be abolished, integrated and restructured into 11 divisions. There will also be two centres for information services and advanced computing and decision support

The fresh names of these divisions already give an indication of the new market-related direction the new CSIR will be taking: there are divisions for community housing that will help meet demands of the socio-economic kind from the population explosion and Third World sectors, to microelectronics and communications technology which could help the country survive sanctions

New divisions among others will also specialise in materials science, aeronautical systems, coal and electric power, food science, water and production technologies. These, says CSIR president Dr Chris Garbers, will be vortexes of interdisciplinary know-how, each covering a field of critical importance in which the CSIR will make a decisive impact

major changes

The head of the country's leading scientific think-tank explains to Jaap Boekkoi the new direction the organisation will be taking.



Garbers . . . infectious enthusiasm

Expertise not available for programmes or projects within one division will be contracted from other divisions or from outside experts, which will require elements of a "matrix management" system

The CSIR head talks with infectious enthusiasm of his born-again organisation which will be complete by April next year, the way it is

being accepted by most employees despite the inevitable insecurities which such drastic changes can bring, through, for example, termination of research projects, the launching of new ventures, training and retraining programmes

Dr Garbers stresses that the decision to accept the challenge by the White Paper on Industrial Development Strategy served as the main stimulus for the restructuring

Equally inevitable is the belief among some that with South Africa's shrinking international contacts the changes should also reflect scientific laager formation

To this Dr Garbers referred in a recent speech at the University of Cape Town when he said that the new CSIR had also been born out of "deteriorating relations between South Africa and other countries"

But further facts that led to the change in course by the CSIR were the "challenges to our scientific and technological communities" (which) are almost overwhelming; the necessity of expanding the country's industrial basis, the changing climate in industry, and quite plainly "the creation of wealth" to meet the

demands of a fast growing population

More of that wealth, at a time of reputed and future expected government economies, should also come to the CSIR itself, Dr Garbers believes, especially through market-related and contract research which earned the organisation R87 million last year.

"We are looking at increasing further the CSIR's contract income and to bring a new dimension to our national and international reputation," he says

"In making the CSIR a less bureaucratic, more competitive, creative and innovative body, with regular reviews of the work of divisions and centres, with heads only assured by proven excellence and achievement, and with greater contract earnings, we will also enjoy greater autonomy and less micro-control from outside"

Dr Garbers is at pains to stress that as a market-driven organisation it will be selling the fruits of its expertise in research, development and technology transfer in science and engineering to its markets in the public and private sectors

Longer-term needs

Basic research has an important role to play, particularly to meet longer-term market needs for which basic knowledge is required but does not exist. "Thus basic research is of vital importance to the CSIR's strength in the longer term," he explains

"Some people have incorrectly assumed that basic research no longer has a place in the restructured CSIR

"Through its talent-spotting Foundation for Research Development, which will have an extended brief in funding research, and also runs such prestige institutions as the Astronomical Observatory, the Radio Astronomy Observatory at Hartbeeshoek and the National Accelerator Centre at Faure, handsome grants are made for own-choice research at universities, museums and technicons

"Generally speaking the present climate in South Africa favours the use of funds for supporting practical, utilitarian development. Therefore funds for own-choice research will have to be jealously guarded"

'SABC a propaganda arm of the National Party'

AKG 12/5/87

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In the aftermath of the election, media analyst Ruth Tomaselli of the University of Natal, Durban, studies the effect of government-controlled television

THE PFP leadership has ascribed its losses in the white general election largely to the government's control of the most salient media — television

Robin Carlisle, the marketing brain behind the PFP's publicity campaign, avers that the SABC was used as a direct propaganda arm of the National Party.

In electioneering terms, continues Carlisle, there is no answer to radio and television

Print advertisements, no matter how carefully used, come way down second

There is nothing new or extraordinary about the assertion that television serves dominant and repressive interests in society

However, this argument obscures the fact that as viewers we interpret what we see in terms of our wider socio-cultural experiences

The media are unable to present meanings ready-produced, packaged and available for immediate consumption without reference to broader socio-political processes

While these are influenced by exposure to other media — particularly newspapers — they are determined largely by factors quite outside the media's control

'Perceived vulnerability'

In the context of this election the factor most clearly influencing voters for the National Party was FEAR — fear of the loss of white privilege and the perceived vulnerability to threats from both within and without our borders

It was this fear which won wavering white voters — many of them English-speaking ex-NRP supporters — for the National Party

Using the crisis of their own making, the National Party was able to mobilise white voters around the easily identifiable discourse of white dominance, white security

The PFP/NRP alliance campaign had nothing concrete to "sell" to essentially conservative white voters conditioned to seeing communists behind every bush and the ANC as ogres secretly supported by the PFP

Television has played no small part in the legitimising the National Party's reform discourse, with its differentiated racial policies

This legitimisation comes through every conceivable type of broadcasting material soaps, magazines, documentaries and most clearly, the news, or *Network*, as it is now labeled

Market research surveys have shown that television

news readers have a white audience trust just below that of judges

Throughout the election, SABC-TV worked to mobilise voters to the NP through emphasis, selection, omission and misrepresentations

Character assassinations of both the PFP and CP candidates were carefully presented in quotations from government sources, thus excusing the SABC from blame

One of the most despicable was carried on the SABC on the eve of the election, equating Colin Eglin and indeed the whole of the PFP with the aims of the ANC and the South African Communist Party

When interviews were graciously granted to members of the opposition, the line of questioning was tough, questions were pursued until the interviewer got the answers he wanted and attacks on the government both implicit and direct were challenged by them

'The most potent trick'

Nationalist candidates, however, were treated far more leniently and allowed to use the interview as a platform from which they could state their prepared argument, without having its basic premise challenged

The most potent trick in the SABC's collusion with the National Party was however, the bogey of the ANC/Communist onslaught, allegedly aided and abetted by the PFP

In news broadcast after broadcast, we were subjected to a blustering Pik Botha predicting the eminent invasion of South Africa by highly trained insurgents and terrorists, and warning foreign governments of the dire consequences of allowing their territories to be used as "springboards" for such an invasion

Because Pik Botha has such a high TV profile he also has a high viewer credibility.

On the night of the election itself, the "crime and bomb-blast report" of SABCTV news reporter Chris Olkers took us through an inventory of "weapons of terror" confiscated from an insurgent crossing the Zimbabwean border

This item came just in time to "prove" Pik Botha's accusations against the ANC

That television broadcasts of the SABC were biased towards towards the NP to a greater extent than ever before has been proved by the quantitative analysis undertaken by Rhodes University

There can be little question of the "diabolical alliance" Colin Eglin says exists between the NP and SABC.

The result, he observes, is that the SABC secured support from the National Party not only through their uneven coverage, but more fundamentally through the way "in which it presented and selected a totality of news"

Television shapes responses, but this does not occur in isolation of determining social processes



Joe

SAR

13/5/87

Cosatu attacks SABC

The Congress of South African Trade Unions (Cosatu) has sharply criticised the SABC for fanning hostility against the federation and discouraging management negotiations with the labour movement

Reacting to allegations made by the SABC in its editorial comment yesterday, Cosatu said the corporation had followed the National Party's lead in "exacerbating ignorance and hatred which are stumbling blocks to a peaceful resolution of South Africa"

Commenting on weekend police claims that more SA Transport Services (Sats) workers may have been killed in Cosatu House after returning to work following the transport strike, the SABC alleged there was "incontrovertible" evidence that "the intimidation of workers who will not accept the dictates of a faceless militant element in a part of a trade union movement is now openly murderous"

Such a situation made a mockery of any talk of negotiation between management and unions as normal industrial relations, said the SABC

...organisation represents the urban black opinion-maker."

LONDON — Iscor is set to win an order to supply Turkey's State railways with 50 000 tons of rails

The order, worth R75m, will be finalised when the Turkish Treasury and Foreign Trade undersecretariat approves the sales credit conditions being offered by Iscor.

Other companies which had been in the running for the supply of the rails of 16m, 18m and 32m lengths included British Steel Corporation, Japan's Marubeni, Yugoslavia's Progress, Canada's Algoma Steel, France's Material de Voie and Italy's Deltasider

Iscor set to win big Turkish deal

260

B. Day

13/5/87

Own Correspondent

Further contracts for rail supply are likely to be placed next year.

The London-based Metal Bulletin reported this week that eyebrows had been raised in trade circles by what is thought to be a recent increase in Turkish imports of South African semi-finished products, which were being rolled in Turkey for possible export.

Taxpayers get respite until June 30

TODAY is the deadline for 2.3-million individual taxpayers to return their buff forms.

But Inland Revenue will not hit them immediately for non-returns — they will be given until June 30 before a tougher line is taken and penalties imposed

Inland Revenue chief director Schalk Albertyn says his department realises there are delays in the distribution of IRP 5 forms

"We will take no recovery action until after June 30, then the normal proce-

GERALD REILLY

dures for dealing with laggards will be followed," Albertyn says

Normal procedures include a R100 fine for a first offence, a penalty of double taxation for a second offence, and a maximum fine equal to double the amount of tax owing

With new accounting machinery and better-trained staff, the bulk of assessments should be posted to taxpayers by end-December, Albertyn says.

260 (S) STAR 75/987

Govt firm on decision not to renew reporters' work permits

Embassy seeks reprieve

By David Braun, Political Correspondent

CAPE TOWN — The British Embassy was today attempting to meet the Government at high level to request that a decision not to renew the work permits of two British television reporters be reconsidered

Government sources, however, today indicated the decision not to allow permission to Mr Michael Buerk of the BBC and Mr Peter Sharp of ITN to continue working in South Africa was taken at the

highest level and was firm

Although no reasons were given for refusing to renew the work permits, it is believed the Government was particularly angered by an ITN documentary on "evidence of police torture" in South Africa, while the BBC is in the dogbox because it screened film showing police action against University of the Witwatersrand and University of Cape Town students

The ITN documentary included an announcement that footage was being screened in contravention of South Africa's emergency

regulations

Minister of Home Affairs Mr Stoffel Botha said last night Mr Sharp and Mr Buerk were not being expelled. He said their temporary work permits were about to expire and these would not be renewed

He said no reasons would be given for the decision

A spokesman for the British Embassy confirmed that instructions had been received from London to approach the Government to request the decision be reconsidered

The Progressive Federal Party spokesman on information Mr Peter Soal today rebuked the Government for its decision

"Mr Sharp and Mr Buerk are highly thought of and well-respected journalists," he said

"If there has been any contravention of any law or regulation they should be prosecuted"

'Expulsion' widely condemned

The decision not to renew the work permits of two foreign television correspondents has been widely condemned.

The Foreign Correspondents' Association said the Government had resumed an attack on Press freedom in South Africa that was unparalleled in recent times

The Black Sash was appalled at the further "attack on the freedom of speech" saying the move would damage the country's already tarnished image abroad.

The Five Freedoms Forum said the Government had picked a bad time to act against the British Press. Mrs Margaret Thatcher had announced a general election and it was impossible to imagine she would close her eyes to the action

The Southern Africa Society of Journalists said the move would result in a further erosion of the quality and credibility of information disseminated both in and out of South Africa.

British political leaders from the Conservative, Labour and alliance parties were united in their expression of criticism and regret

Extensive reports on the "expulsions" were the

first items on both the BBC and ITN television news programmes last night, and Fleet Street gives the action wide coverage today.

ITN editor David Nicholas said: "South Africa's action would seem to be designed to silence the voice of British television in South Africa"

BBC editor Ron Neil said the decision made it "virtually impossible to cover properly one of the world's most important stories"

Tory party chairman Mr Norman Tebbit said. "I think it is very sad. There are few things improved by censorship of that kind." SDP leader Dr David Owen said he believed that "having lost in the courts, the Government is now taking administrative action to stifle fair comment"

Mr Buerk told BBC's prime-time audience: "We are effectively being expelled. It is a major step for a government which has prided itself on upholding Western civilised values in Africa."

Mr Sharp told viewers the decision to file reports on the recent student unrest was "not taken lightly", but only after "careful deliberation with lawyers" who considered the coverage legal.

Escom chief tells Rotarians.

Business must set pace of SA change

JOHANNESBURG. — The business sector must set the pace of change to the SA of the future, the chairman of Escom, John Maree, said last night.

Making it clear that he expected business to play a leading part in the decision-making process, Maree said. "It will be a relatively small step to expand the positive things we do in business — setting goals through strategic planning, teamwork, anticipating and managing productive change; negotiating with other colour groups as equals — to the wider political environment where national decisions are made."

He was speaking to 700 SA Rotarians and overseas guests at the 66th annual conference of Rotary International at Sun City.

"By fulfilling its role with excellence and boldness, the private sector will be serving in a way which I believe will astound us all when we look back to these times," he said.

Nations caught up in the crisis of fundamental change could learn from the survival techniques of business.

"It is a proven fact that businesses which survive the trauma of major change and disruption and then go on to greater growth have three things in common. A clear direction; a common vision and consensus on the direction, and good communication up and down

the organization," he said.

The success of business lay in its sensitivity to the real needs of people and thus also to the changes which took place in society.

The superior quality of life enjoyed by many millions was directly attributable to the machinery, books and medicines that were born from business initiatives.

"But there is also a deeper need that business fulfils — the human requirement for professional development.

"The training in skills, the opportunity to reach out and undertake new challenges, the mental and emotional growth that takes place in a healthy business environment are benefits that enrich individuals beyond measure."

Maree said all South Africans realized that they were on the road to a new future. They might not be able to discern its shape but it was impossible to return to the past with its outdated concepts.

Discussing the role of energy in the SA context, Maree said many people overlooked the fact that Escom supplied power in varying degrees to every state in southern Africa including Zimbabwe and Mozambique.

"Let's face it, our interdependence in Southern Africa goes beyond just sharing energy and includes many other aspects of economic development."

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Comp. Times 18/5/87

TV ban helping tourism claim

CNE Times 19/5/87

260

Staff Reporter

SINCE the ban on visual coverage of unrest in June last year, overseas visitors are returning to South Africa in "droves" with local tour bookings up by between 15% and 25%

This was said by Mr Gunter Dettweiler, director in international tourism promotion for the South African Tourism Board (Satour), during an interview after the opening of the Indaba '87 Travel Market Expo in Durban yesterday

Mr Dettweiler also attributed the "turnaround" (figures for 85/86 were 24% down) to an unprecedented R8-million Satour

advertising campaign launched five months after the ban on "negative visuals"

"People overseas became fed up with what they were exposed to (unrest coverage) Our target market, which is basically the conservative people, put their thinking caps on and got their own facts right," Mr Dettweiler said

Asked for available percentage increases in local bookings, Mr Dettweiler cited Austria (40%), Italy (18%), Holland (11%), Belgium (17%) and Taiwan (45%)

While unable to quote United Kingdom or United States figures, Mr Dettweiler said that the cancellation of SAA landing rights in the US had set back the

"stabilization process" considerably

It had taken until February-March this year for US visitor figures to return to levels experienced 12 months earlier

"Of course, it is not only the perception of the situation in this country, but unrest has also dropped dramatically, as the Bureau for Information will tell you," he said

Asked if Satour catered for overseas people wishing to tour South African townships, Mr Dettweiler said he "knew of" tours into Soweto organized by the Transvaal Administration Board, but of no others

"Everyone wants to see Soweto," he said

Priest sues SABC, newspaper

THE detained secretary-general of the South African Catholic Bishops' Conference, Father Smangalis Mkhathshwa, is to claim a total of R50 000 from the South African Broadcasting Corporation and a Johannesburg morning newspaper.

His legal representative, Mr Brian Currin, confirmed summons has been served on the SABC claiming R30 000 and the *Citizen* claiming R20 000.

The claim arises from alleged wrongful broadcasts and publications with the intent to defame

SA PRESS ASSOCIATION

Father Mkhathshwa

Father Mkhathshwa's claims follow radio and television news broadcasts and a report in the *Citizen* during May last year dealing with his arrest on a charge of unlawful possession of arms and ammunition

On May 16 1986 the SABC broadcast a report, in a radio news

bulletin, that Father Mkhathshwa had been arrested for unlawful possession of arms and ammunition

Cache

On May 18 of the same year a television news report stated that arms and ammunition cache had been found in Kru-

gersdorp with details of foreign arms and ammunition which are generally associated with forces hostile to South Africa

Directly afterwards it was reported that Father Mkhathshwa had been arrested on a charge of illegal possession of arms and ammunition

Father Mkhathshwa issued summons against

Mr Meyer Johnson, editor of the *Citizen* and the *Citizen* for an alleged wrongful report with the intent to defame him. The article was about his arrest in connection with a charge of illegal possession of arms and ammunition

Father Mkhathshwa (47), of the Soshanguve parish, was detained on June 14 last year, immediately after the launch of the state of emergency. He is being held in Pretoria Central Prison. Five Supreme Court applications have been made in an attempt to secure his release, but all have been unsuccessful

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Iscor man: tax on fictitious profits

BLOEMFONTEIN —The government's tax policy, and particularly the lack of a provision in the tax rules for inflation, meant industrial companies were taxed on fictitious profits at relatively high rates, the chairman of Iscor, Mr F Kotzee, said here

Opening the mining and industrial sector congress of the Afrikaanse Handelsinstituut, he said this policy could have no other result, particularly in present economic conditions, than that industries were gradually "bleeding to death"

Among the industrialist's important assets were plant, machinery and stocks, assets that had to be regularly replaced at rising prices. The tax authorities did

not take this into account, to the detriment of industry as opposed to other sectors for which it was a lesser problem, Mr Kotzee said

The GST factor aggravated the problem, and effective tax rates were as high as 60 per cent and more, compared to 25 per cent in Taiwan, 20 to 33 per cent in Korea and about 20 per cent in the US

Mr Kotzee said one of the greatest challenges for industry, and the country as a whole, was the normalisation of industrial relations

Labour relations must be improved in all organisations by purposefully formulated training of the entire management, with the

emphasis on the creation of good human relationships and the recognition of the human worth of all employees; the creation and maintenance of direct communication channels to all employees on a proactive basis, improvement of negotiating skills; extended knowledge of the legal aspects of labour relations; nurturing of sound relations with trade union officials and appreciation of the social and political problems and aspirations of blacks — Sapa

no 22/5/82

Cosatu hits out at SABC in advert

JOHANNESBURG — The Congress of South African Trade Unions, in an advertisement in some daily newspapers today, spoke out against what it described as a campaign of orchestrated innuendo by the SABC aimed at destroying the organisation

In an open letter to employers, Cosatu said it was the country's largest trade union federation, yet until a few weeks ago it had been a "non-organisation to the SABC"

"This changed very suddenly as the SABC set about painting a distorted picture of Cosatu"

The union was being depicted as an instrument of the ANC, promoting violence and carrying out brutal murders, and innuendo went so far as to suggest that Cosatu was implicated in the bombing of its own headquarters

"Cosatu's clear condemnation of the murders and its numerous attempts to settle the Sats strike are brushed aside"

The union had called for the unbanning of the ANC and other organisations because it believed "this is the only basis of a democratic political solution to SA's tragic crisis"

In a society that enjoyed freedom of expression this would have been the union's crime by implication

"The Press are gagged by draconian restrictions. Regrettably some newspapers all too often contribute to the tide of anti-ANC hysteria

"So is there little wonder that a bemused, frightened and ignorant white electorate was dragooned to the right?"

"Equally, there is little wonder that blacks will become more radical and desperate in their resistance"

In being refused permission to hold "living wage" and May Day meetings, Cosatu also found itself "accused, tried and condemned by shadowy security police officers"

8/Day 22/187 (260)

Atomic Energy Corp to fire 700

GERALD REILLY

THE Atomic Energy Corporation (AEC) was to scale down its operation in a move which would involve the retrenchment of 700 workers, a spokesman said yesterday.

They would include engineers, scientists, technicians and administrative staff. AEC declined to say how large its labour force was, but the retrenchment could affect 10% of the workforce.

The spokesman said because of the economic and financial stresses of the past few years, adequate funds to maintain all the corporation's programmes "had not been available."

Workers fired would be given three months notice and a "satisfactory" severance package deal.

The spokesman said vital programmes would be continued.

"The corporation is not shutting down. We merely have to trim our programmes to what is affordable," he said.

treatment, (b) to whom and (c) when,
(5) whether he will make a statement on the matter?

†THE MINISTER OF LAW AND ORDER
(for the Minister of Justice)

(1), (2), (3), (4) and (5) The circumstances surrounding an incident on 5 May 1987 at the Durban Prison of the nature referred to in the question, are the subject of a motion application brought before the Supreme Court in Durban on 18 May 1987

The hon member will probably agree that the information asked for may form part of the facts to be considered by the Court and that it will not be in the interest of the administration of Justice to pre-empt the process of litigation

Group Areas Act

*12 Mr R M BURROWS asked the Minister of Constitutional Development and Planning

- (1) Whether, since 12 February 1987, his Department has received any applications from couples who entered into mixed marriages for the issue of permits in terms of section 26 (3) of the Group Areas Act, No 36 of 1966, to reside permanently in White areas and to be exempt from the provisions of the said Act, if so, how many as at the latest specified date for which information is available,
- (2) whether any of these applications have been granted; if not, why not; if so, how many as at the latest specified date for which information is available,
- (3) whether any such applications have been refused, if so, for what reasons in each case;
- (4) whether he will make a statement on the matter?

The DEPUTY MINISTER OF INFORMATION (for the Minister of Constitutional Development and Planning)

HOA

(1) No Applications for the granting of permits in terms of section 26 (3) of the Group Areas Act, No 36 of 1966, are dealt with by the different Provincial Authorities. The information for each Province is as follows

Transvaal and Orange Free State

- (1) None
- (2) and (3) Fall away

Natal

- (1) Two applications have been received
- (2) Both applications are still under consideration
- (3) Falls away

Cape Province

- (1) Six applications have been received
- (2) Yes—One application granted
- (3) Yes—Five applications have been refused. The applicants are in terms of section 12 of the Act disqualified persons to acquire and/or occupy immovable property in a proclaimed white area
- (4) No

†Mr F J LE ROUX Mr Chairman, arising out of the hon the Minister's reply, could he perhaps give us an indication as to what criteria are applied in the granting of applications of this nature?

†The DEPUTY MINISTER: Mr Chairman, obviously I cannot answer that question and I will appreciate it if the hon member would put the question on the Question paper [Interjections]

Temporary Removal of Restrictions on Economic Activities Act

*13 Mr R M BURROWS asked the Minister of Economic Affairs and Technology

Whether any action has been taken in terms of the Temporary Removal of Restrictions on Economic Activities Act, No 87 of 1986, if not, why not, if so, (a) what action and (b) in respect of what date is this information furnished?

†THE MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

Yes but these actions have not yet resulted in the issue of proclamations in terms of the Temporary Removal of Restrictions on Economic Activities Act, 1986

(a) Information in respect of actions taken up to 13 February 1987 was given in my written reply to Question No 307 on 23 February 1987

In addition the Competition Board has completed its investigations in regard to the preparation and sale of foodstuffs, licensing of taxis, legislation pertaining to Black businessmen, business licensing and hours of business

The recommendations of the Board in regard to the regulation of

(i) foodstuffs were accepted by the Minister of National Health and Population Development and the relative old regulations were substituted by less restrictive new regulations,

(ii) taxis were accepted by the Government and have already been incorporated in the White Paper on National Transport Policy which will be implemented by the Minister of Transport Affairs,

(iii) Black businesses have been referred to the Ministers of Constitutional Development and Planning and of Education and Development Aid who will institute the necessary further actions,

(iv) business licences and hours of business were referred to the four Administrators for comment and the necessary further actions will be taken as soon as the comments have been received and processed

Four further petitions for the issue of proclamations were received. Three of these are in respect of the pro-

cedures which must be followed to obtain permission to use land for business purposes. The Competition Board has already started an investigation into the use of land for business purposes in general

The fourth petition is in respect of an industrial centre and will be submitted for consideration by a parliamentary committee as soon as the necessary investigation has been completed

(b) 22 May 1987

SATV News/Network: monitoring

*14 MR P G SOAL asked the Minister in the State President's Office entrusted with Administration and Broadcasting Services

(1) Whether he has taken note of the findings of the monitoring by Rhodes University journalism students of the coverage given by SATV News and Network programmes to political groupings during the election campaign, if not, why not, if so,

(2) whether he has taken any action as a result, if not, why not, if so, what action?

THE MINISTER IN THE STATE PRESIDENT'S OFFICE ENTRUSTED WITH ADMINISTRATION AND BROADCASTING SERVICES

- (1) Yes
- (2) No further action will be taken on account of the reasons mentioned in my speech in the No-confidence debate

Rent/service charges in arrears

*15 Dr W J SNYMAN asked the Minister of Constitutional Development and Planning

What total amount was owing to organisations under his control in respect of arrears (a) rent and (b) service charges in Black areas in the Republic, as at the latest specified date for which figures are available?

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Ciskei slams SABC news

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22/8/82

Dispatch Reporter

EAST LONDON —The Ciskei Government has accused SABC's TV2 channel of "mischievous and biased" reporting for the way in which it covered the policy speech by President Lennox Sebe on Monday night

In a statement released by Ciskei's directorate of communications yesterday, the television channel was also accused of portraying "distorted facts for sensationalism"

An SABC TV news spokesman denied the accusations, saying that TV news was restricted by time and that a number of other important reports had to be covered by the news bulletin

The Ciskei Government statement said: "The policy speech of Dr L L Sebe covered important issues involving internal economic development and foreign matters. The President re-affirmed the Ciskei government's support for the Ciskei/Transkei/South Africa peace pact. He clearly rejected amalgamation and gave reasons for this stand

"The SABC TV2 report overlooked all other important issues and highlighted the rejection of amalgamation only

"The SABC TV2 report of Monday was therefore mischievous and biased and the Ciskei Government is seriously watching the reports of the SABC TV2 local representative

"The Ciskei Government is concerned with the apparent tendency to portray distorted facts for sensationalism," the statement concluded

In reply to the Ciskei Government's press release, the Editor-in-Chief of SABC TV's News and Public Affairs Department, Mr Johan Pretorius, said yesterday "We could not reflect every point President Sebe made because of time restrictions

"We think he was given fair coverage in a bulletin containing several other important news stories"

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SCIENTISTS in SA and the US believe they have made major breakthroughs in superconductivity

Council for Scientific and Industrial Research (CSIR) scientists say they have developed a ceramic chip which will revolutionise the application of electricity

In the US, a researcher says he has used new materials that allow the threshold temperature for super-conductivity to be raised by nearly 100 degrees fahrenheit to levels that can be reached with ordinary refrigeration techniques.

Superconductivity permits electricity to pass through a material without losing energy to resistance and occurs when materials are cooled to very low temperatures and molecular motion slows down

If operating temperatures can be raised to practical levels, superconductivity offers cheap electricity, efficient electronics and powerful magnets.

The CSIR ceramic chip was developed after a week of high-speed testing and follows a discovery made six months ago in Austria, the CSIR said in a statement yesterday.

Ceramics division head Stewart Hart said attention would be focused on exploiting the technology for SA needs The

CSIR makes 'super chip' breakthrough

Business Day Reporter

development put SA on a par with US, European and Japanese researchers.

He said the SA superconductor, which is a ceramic chip super-cooled in liquid nitrogen was tested successfully on Monday for the first time.

Hart said that in SA, a key application would be in making super-magnets for use in refining mineral ores.

He said companies throughout the world were looking for commercial versions of superconductors, but it would be several years before they were in widespread use

In the US, a University of Houston researcher said yesterday he had found a materials which lost all resistance to electricity on part of their surfaces at 54 degrees below zero fahrenheit — about 100 degrees higher than most previously tested substances

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RCI records a rise

SCIENTISTS in SA and the US believe they have made major breakthroughs in superconductivity.

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RCT records a rise

Escom poses dilemma for black Africa

White-ruled South Africa could paralyse Maputo, capital of neighbouring black-ruled Mozambique, simply by throwing a switch

Maputo, centre of a Marxist nation that ex-coriates practically everything that South Africa stands for, is vulnerable because it gets virtually all its electricity from its neighbour

Similarly Botswana and Zimbabwe — like Mozambique members of the anti-Pretoria "frontline" states — swallow their pride and buy their politics and electricity from the country they stridently condemn

The company which provides the power that black Africans would prefer to do without, but cannot, is Escom, a huge firm by any standards and a giant in the context of Southern Africa. Escom, which is state-owned, says it generates 60 per cent of all the power produced

throughout Africa, it has the continent's only nuclear power plant, and could comfortably supply enough electricity for every country south of the Sahara

Escom is thus a symbol of the dilemma facing black Africa, which abhors white-controlled South Africa but at the same time relies heavily on it

Escom, which boasts that its annual turnover is bigger than the gross domestic product of most black African countries, is also a reminder of the immense economic strength wielded by South Africa at a time when it is hunkering down beneath a welter of international opprobrium

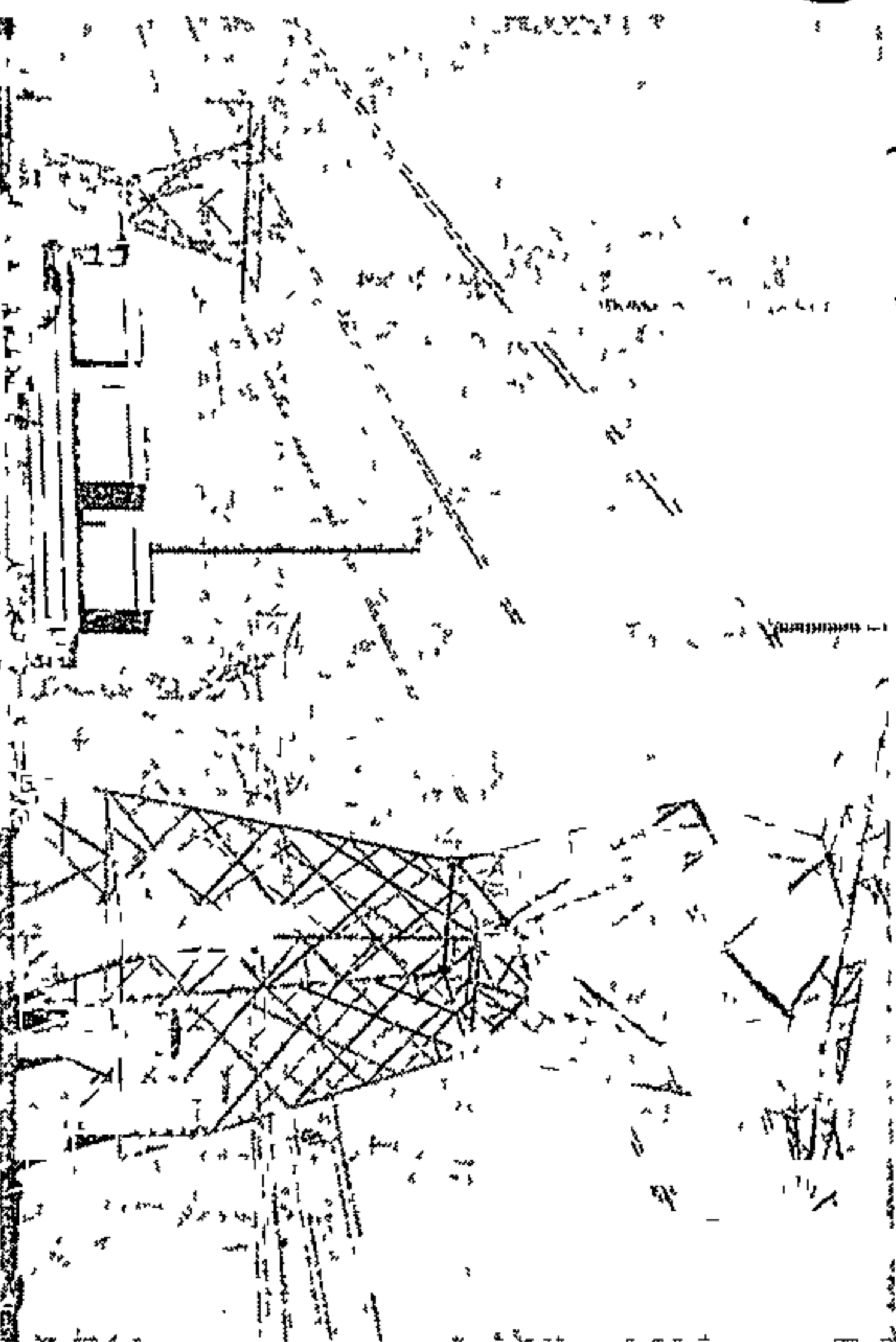
But Escom is a giant that threads its way carefully through the thickets of this region's politics. For example it would never dream of threatening to black out Maputo, even though that particular client is

Escom has a vision of an integrated electricity network in Southern Africa, but that vision may be no more than a mirage in the present political climate,

writes Reuters correspondent Jonathan Sharp in a report from Johannesburg

sometimes a little late paying its Escom bills, according to company officials

As a gesture to its foreign customers, Escom



has invited power companies from half a dozen neighbouring countries, most of which have no diplomatic ties with Pretoria, to send senior representatives, plus their

wives, to visit South Africa next month

"There is a lot of talk about co-operation (with other countries) below the political level," an

Escom official told reporters "They can't live without us, so why don't we get together?"

He said it was ludicrous for countries like

Zambia and Zimbabwe to talk about imposing sanctions against South Africa

"Our railway system already serves the whole of Southern Africa without that rail network the whole area would come to a standstill"

Embarrassed by this dependence, South Africa's black neighbours have recently revived talk of reopening the Benguela railway, which could ferry exports through Angola to the Atlantic coast from countries that now have to route them through South Africa

But, like many South African white business and political figures, Escom officials are openly scornful of black Africa's ability to reduce its reliance on South Africa either for trade or basic necessities as electricity. Instead they tout the advantages of co-operation with South Africa, international pariah though it may be

"We have a vision. We would very much like to see the establishment of an integrated Southern Africa electricity network," said an Escom spokesman, Mr Chuck Thal. "That network is already partially in place because of our sales to some countries, and it would make very good sense to complete it"

Good economic sense, maybe, but a political impossibility in the present climate, even the most optimistic Escom employee would agree

Escom workers are reminded of the obstacles blocking the path to the company's vision of regional harmony every time they negotiate the tight security at the utility's 27 power stations. Some of those plants have been targets for insurgent groups who draw support and success from some of those countries that Escom is so keen to do business with

Cosatu launches anti-SABC campaign

CALC Trans 2/6/72

26d

By CLARE HARPER

THE Congress of South African Trade Unions, the largest labour federation in South Africa, has launched an extensive national advertising campaign — "Hands Off Cosatu" — to raise public awareness of "the propaganda campaign against Cosatu".

Advertisements launching the campaign appeared in Cape Town newspapers last week and accused the SABC of waging "a vicious propaganda war" against the federation.

The latest advertisement, entitled

"A Message to All Democrats", expresses the fear that if the public were persuaded to doubt Cosatu's legitimacy, repressive legislation and actions against it would appear to be justified.

Cosatu charges the SABC with portraying it as a "a clique of violent criminals" and calls for support from employees and democrats. It says it is being depicted as an instrument of the ANC, as promoting violence and carrying out brutal murders, "and goes so far as to suggest that Cosatu was implicated in the bombing of its own headquarters".

Cosatu said it stood "accused, tried and condemned by the SABC" and charges the SABC with "painting a distorted picture of Cosatu" through statements, interviews and innuendo.

The manager of media relations at the SABC, Mr Willie Visagie, said yesterday that the SABC "did not comment on advertisements, nor the allegations contained in the advertisements".

In recent weeks the following action against Cosatu members and offices has been reported.

□ Cosatu head office was hit by two bombs on May 7, causing R2m

damage.

□ Forty members of the S A Railways and Harbours Workers' Union (Sathwu) were detained on May 11 in Bloemfontein, while on May 25 in Johannesburg national president Mr Justice Langa was abducted.

□ Police raids on university residences in Johannesburg — linked to "recent bomb explosions" — followed a raid on Cosatu offices on April 29.

□ In Kroonstad six shop stewards were held for questioning and forced to burn union publications.

□ East London offices have been vandalized, and since then seven

trade unions affiliated to Cosatu have been served with notice to vacate their offices in central East London by June 30.

□ Union offices have been raided in various parts of the country and others vandalized by unidentified individuals.

Cosatu information officer Mr Frank Meinjies said the campaign would focus attention on the threat to the labour relations system, make the public aware of the propaganda campaign against Cosatu and assert the legitimacy of the trade union federation.

Cosatu to take SABC to court, considers return to offices

Dispatch Correspondent
JOHANNESBURG

The Congress of South African Trade Unions (Cosatu) will decide this week if it will move back into its Johannesburg head offices which were devastated by a bomb blast last month.

Cosatu's press officer, Mr Frank Meintjies, said affiliates were discussing whether to move back into the building or find new premises and are expected to reach a joint decision before the end of the week.

Mr Meintjies said Cosatu's executive had recommended its unions move back into Cosatu House as the building "represented an important symbol for workers".

Repairs to the build-

ing are likely to take seven months and the total cost has been estimated at R1 million.

Meanwhile, Cosatu has announced it intends taking the SABC to the Media Council for alleged biased reporting on events at Cosatu House at the time of last month's railway strike.

Mr Meintjies said details of Cosatu's case against the SABC would be made public at a conference here today.

Cosatu is also planning civil action against top Inkatha officials in relation to the alleged killing of three members of its Metal and Allied Workers' Union in the township of Mpopo-
meni in December last year. — Sapa

Why SABC dumped debate on ANC

200 WP
6/6/87

Weekend Post Reporter

"TOPICALITY" was the reason for the SABC making a last-minute change to yesterday's scheduled *Microphone-in* discussion about holding talks with the ANC in favour of a debate about the Sullivan Principles.

According to radio announcements, the topic of this week's programme, which was on the air from 8pm, was to have been whether discussions should be held with the ANC.

The deputy director-general (news) of the SABC, Mr Kobus Hamman, said in Johannesburg today the programme's producers decided on the change due to the prominence given in the news this week to the Rev Leon Sullivan.

Mr Sullivan declared this week that he was abandoning his code of fair employment for United States firms operating in South Africa and called for a total economic embargo of South Africa.

Concerning the programme change, Mr Hamman said "It is standard procedure with *Microphone-in* to compile a short list of possible topics beforehand.

"Then, at the latest moment, a decision is made as to which subject is most topical and this is then used as the topic for the programme.

"The decision to change to a discussion on the Sullivan Principles was made since the producers felt that this was more topical than the ANC."

He added that another factor had been the possibility that the programme might lead to problems because of the restrictions imposed by the emergency regulations.

M-Net to go national from July

DON ALBERT

M-Net will go national from July 1

Through negotiations with TV4, the pay station will now be available to viewers throughout the country, and on Wednesday July 1, "The Best of M-Net" will be screened at 6 pm

This will feature excerpts from popular programmes

At this stage, Johannesburg viewers will still pick up the station on the M-Net open-time channel from 5 pm as well as on TV4 from 6 to 7 pm. The rest of the country will be able to pick up the open-time viewing only on the TV4 channel from 6 to 7 pm.

Comedy will fill the Thursday hour slot with "My Sister Sam" followed by "Newhart" and sports fans will be catered for on Fridays.

MYSTERY

Saturday will take viewers into the "Twilight Zone", a place of fantasy and mystery with each multi-story episode a journey into the world of make-believe where the extraordinary is accepted as ordinary and anything can happen

"The Bastard", a mini-series based on the John Jakes novel of the same name, is about the illegitimate son of a French actress and an English nobleman. This series will be screened on Sundays.

Monday nights will be best seller-time starting with Harold Robbins' six-part series "79 Park Avenue" — the saga of an innocent girl's slide from naive teenager to infamous madame

"Hawai Five-O" supplies the action for Tuesdays and top government agent "Adderly" will fill the Wednesday night slot

The full M-Net service for subscribers is due to come into operation in Durban from August 1 and Cape Town from September 1.

MONDAY, 8 JUNE 1987

Ministers' Council of the House of Representatives (4)

†Indicates translated version

For written reply
General Affairs



Ministerial Representatives

17 Mr S S VAN DER MERWE asked the Minister in the State President's Office entrusted with Administration and Broadcasting Services

- (1) (a) How many Ministerial Representatives have been appointed for (i) general and (ii) own affairs in respect of each of the Houses of Parliament.
- (b) what are their names and (c) with effect from what date are these appointments effective.
- (2) (a) what (i) remuneration and (ii) allowances are paid to these persons and (b) what will be the amount of the pensions they will receive.
- (3) whether these persons will qualify for any fringe benefits, if so what fringe benefits?

Mr F L Erasmus
Mr J Scholtz
Mr A W Stowman
Mr J J A Smith
Ministers' Council of the House of Delegates (3)

Mr M Mohanlall
Mr A G V Naidoo
Mr P P M Chetty

(c) 1 May 1987

(2) (a) (i) R37 522 per annum (salary)

(ii) R14 599 per annum, as well as a housing allowance of R18 000 per annum

(b) Pension benefits will vary according to the circumstances of every case in accordance with the provisions of the Members of Parliament and Political Office-bearers Pension Scheme Act, No 112 of 1984

(3) Yes, inter alia accident insurance, a motor financing scheme on the same basis as for a private member of Parliament, and eight single domestic air journeys per household per annum

Escom Management Board

39 Mr P G SOAL asked the Minister of Economic Affairs and Technology

Who were the members of the Management Board of Escom as at the latest specified date for which information is available?

THE MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

Escom's Management Board was appointed by the Electricity Council as follows with effect from 1 May 1987

- Mr T Gunning
- Dr E H Venter
- Dr G A Hosking
- Dr L van der Watt
- Mr J M Otto
- Mr R Dercksen

(1) (a) (i) None

(ii) and (b) Ministers' Council of the House of Assembly (6)

THE MINISTER IN THE STATE PRESIDENT'S OFFICE ENTRUSTED WITH ADMINISTRATION AND BROADCASTING SERVICES

- IC McRae
- J L Rothman
- H Hedeling
- J S Els

- Chief Executive
- Senior General Manager
- General Manager (Strategic Projects)
- General Manager (Strategic Planning)

260

Howard

8/6/87

EH Ralph
RA Forbes
LCH Harper
Dr GF Lindague
PJT Oosthuizen
PM Semark
AJ Ham

General Manager (Strategic Technologies)
General Manager (Distribution and Marketing)
General Manager (Finance and Data Processing)
General Manager (Human Resources)
General Manager (Services)
General Manager (Generation)
General Manager (Engineering)

Development Bank of Southern Africa

92 Mr J J WALSH asked the Minister of Finance

As at the latest specified date for which figures are available, what total amount had the Development Bank of Southern Africa (a) invested in and/or (b) granted in loans to each specified development re-

gion where decentralisation concessions or incentives are applicable?

The MINISTER OF FINANCE

The loan amounts granted by the Development Bank of Southern Africa as well as the total investment value of all projects approved up to 31 January 1987, per development region, are as follows

Region	Number of loans approved	Loan amount (R)	Estimated total investment value
Region A	1	940 000	1 128 000
B	45	168 622 360	190 205 000
C	19	96 313 940	113 844 000
D	142	564 614 434	809 762 000
E	42	251 935 368	271 040 000
F	9	40 757 850	59 359 000
G	79	231 251 074	323 127 000
H	18	90 515 365	97 485 000
J	2	1 339 000	1 606 000
Total	357	1 446 289 391	1 867 556 000

Land and Agricultural Bank

106 Mr R J LORIMER asked the Minister of Finance

(1) How many (a) Coloured (b) Indian and (c) Black farmers (i) applied for loans from and (ii) were granted loans by the Land and Agricultural

Bank in each of the latest specified three years for which information is available.

(2) what was the total value of the loans so (a) applied for and (b) granted in respect of each of the above population groups in each of these years?

The MINISTER OF FINANCE

Year	1 (a) (i)	1 (b) (i)	1 (c) (i)
1984	17	35	None
1985	9	6	None
1986	7	27	None
	1 (a) (ii)	1 (b) (ii)	1 (c) (ii)
1984	15	25	None
1985	6	6	None
1986	1	15	None

Hummond 8/16/87

1984 Coloured farmers
1985 R379 700
1986 R176 150
R762 400

2 (a) Indian farmers
R1 922 034
R821 600
R3 405 300

2 (b) Coloured farmers
R302 900
R119 350
R7 800

2 (b) Indian farmers
R1 443 500
R739 900
R1 650 300

TUESDAY, 9 JUNE 1987

†Indicates translated version

For oral reply

General Affairs

State President

Report on Group Areas Act

*1 Dr C P MULDER asked the State President †

(1) Whether the President's Council recently referred a report on the Group Areas Act No 36 of 1966 back to its Committee for Constitutional Affairs, if so, (a) on what date and (b) what progress has since been made in this connection.

(2) whether this Committee submitted certain recommendations with regard to the Group Areas Act to the full President's Council earlier this year, if so, on what date,

(3) whether the recommendations have been made public, if so, on what date, if not, why not?

†The MINISTER IN THE STATE PRESIDENT'S OFFICE ENTRUSTED WITH ADMINISTRATION AND BROADCASTING SERVICES (for the State President)

(1) No (a) and (b) Fall away On 4 February 1987, the President's Coun-

H.O.A.

cil confirm the correctness of the decision of the Steering Committee namely that the draft report on the Group Areas Act and related legislation be referred back to the Committee for Constitutional Affairs to finalise, within the guidelines of the original request, those matters which the Committee itself recommended should be further investigated

(2) No

(3) Fall away

*2 Mr S S VAN DER MERWE—State President [Withdrawn]
Ministers

Question standing over from Tuesday 26 May 1987

Pietersburg: escort club

*16 Dr W J SNYMAN asked the Minister of Constitutional Development and Planning †

(1) Whether an organization under his control received (a) received and (b) granted an application for a licence to run an escort club on premises at Pietersburg, if so, (i) what organisation, (ii) when in each case (iii) where are the premises situated and (iv) under what conditions was the licence granted.

(2) whether he will furnish the name of the person to whom this licence was granted, if not, why not; if so, what is the name of the person?

H.O.A.

260

LABOUR
AFFAIRS
DICK
USHER



Privatisation not grounds for paying lower wages

Wt AKG us 13/6/87

PRIVATISATION, sometimes billed as the great road to efficiency and economy, can have major drawbacks for the workers concerned

The arguments for privatisation, in the public mind, probably run on the lines of seeing State and municipal bodies as large, inefficient bureaucracies in which the workers have a high degree of job security and are therefore not strongly motivated to work hard and productively

Private enterprise, still thinking with the public mind, is run on efficient business principles and therefore the workers are more highly motivated and therefore can more cheaply perform services carried out by public bodies.

Ergo, take functions away from inefficient public bodies and let them out to private businesses and the public saves money. Possibly

That the private business may perform these functions at lower cost than the public body is probably undeniable, and it's often argued that this is due to economies of scale

However, some instances I've come across recently seem to indicate that this is not because of superior efficiency and better business methods but because private companies are paying workers the lowest wage they think they can get away with

In one instance workers were being paid about R280 a month for a privatised service, while the minimum wage in the public body is about R500 a month. The public body is unionised while the private concern is not.

It's not that the workers involved were taken from one concern at one rate of pay and then found themselves working for someone else at a lower rate. Reductions would have been more than likely over a move like that

But through work being turned over to a private non-union concern, a service previously performed by a group of workers protected against exploitation is now being done by workers without any protection.

With privatisation having become something of a buzz-word with all the talk about selling off bits of Sats and other parastatals or contracting services out, it's quite likely that unions will be taking a hard look at conditions of pay and service in the private companies when discussions about the process take place

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Commission sets out govt policy

Approval for privatization

CML Trade 16/6/87 260

By CHRIS CAIRNCROSS

GOVERNMENT has given its approval in principle for 26 public sector activities to be privatized, the Commission for Administration has announced in its annual report tabled in Parliament yesterday.

The commission provides no details of what these activities are, but it does set out what government policy now is concerning the forms of privatization it is prepared to consider, and what criteria will be applied.

The commission reports that it has now completed a total of 28 investigations and aims to have all the activities of government departments investigated by

the end of next year.

Activities under scrutiny are those which fall within the ambit of the Public Services Act of 1984.

They do not extend to any other public sector institutions and undertakings, the commission stresses.

The commission says the emphasis is on identifying activities rather than functions, and stresses that all proposals for privatization approved by it in the first instance are submitted to the responsible political authority with whom the final decision rests.

Forms of privatization which government is prepared to consider include

□ **Transfer:** The activities concerned, together with assets and liabilities, and possibly even personnel, are handed over (sold) as a going concern, by agreement, to private enterprise.

□ **Withdrawal:** The public institution's responsibility for supplying a specific service or product is terminated or limited.

□ **Concession:** A private undertaking is authorized to satisfy a need on a concession basis and for its own account.

□ **Joint undertaking:** A public institution forms a partnership with a private concern to supply a

specific service or product.

□ **Joint use of facilities:** Private concerns are allowed, by way of appropriate agreements, to make use of under-utilized capacity and facilities in public ownership, either temporarily or on a permanent basis.

□ **Farming out:** The public institution retains responsibility for supplying a specific service or product to its "clients", but does not itself do the work.

□ **Presence of private enterprise:** An essential activity can be privatized only if

□ An offer is made by the private sector to take over the activity,

□ The private sector can be persuaded to take over the activity.

□ Structures can be established to allow the activity to be performed by the private sector.

□ The service or product can be delivered on a continuous basis.

The commission stresses that interest and capacity are of utmost importance.

□ **Risk to State security or internal order**

□ **Presence of competition:** The commission says that what will be significant in this regard is the influence of competition or its absence, what steps can be taken to remedy the lack of competition,

World

260 477 18/6/87

Unrest, violence 'made research difficult'

CAPE TOWN — Unrest, tension and violence in South Africa severely handicapped the collection of research data from the different population groups in 1986, the HSRC annual report said

The Human Sciences Research Council's 1986 annual report was published in Cape Town on Tuesday

"The increasing politicisation of South African society led to the reading of ulterior political motives into the HSRC's research on topical social issues," said the statement by the president of the HSRC, Dr J G Garbers.

"Matters were complicated further by the fact that in certain sections of the media research findings were interpreted according to political persuasion"

Isolation and sanctions against SA were extended to the academic and research community to the extent that "canceling of visits by researchers from abroad was the order of the day"

FORUMS

There were also moves to bar SA researchers from international forums

In some cases South Africans' non-attendance or participation was determined not on merit, but on their perceived political and ideological affiliations.

Fortunately there were leading scientists who believed the unity of the scientific community and contact between scientists should be maintained at all costs

The HSRC strove to further such contact, said Dr Garbers.

Optimal communication was the basic management objective for 1986. This included communication with a large variety of groups within the research and decision-making communities

Sapa

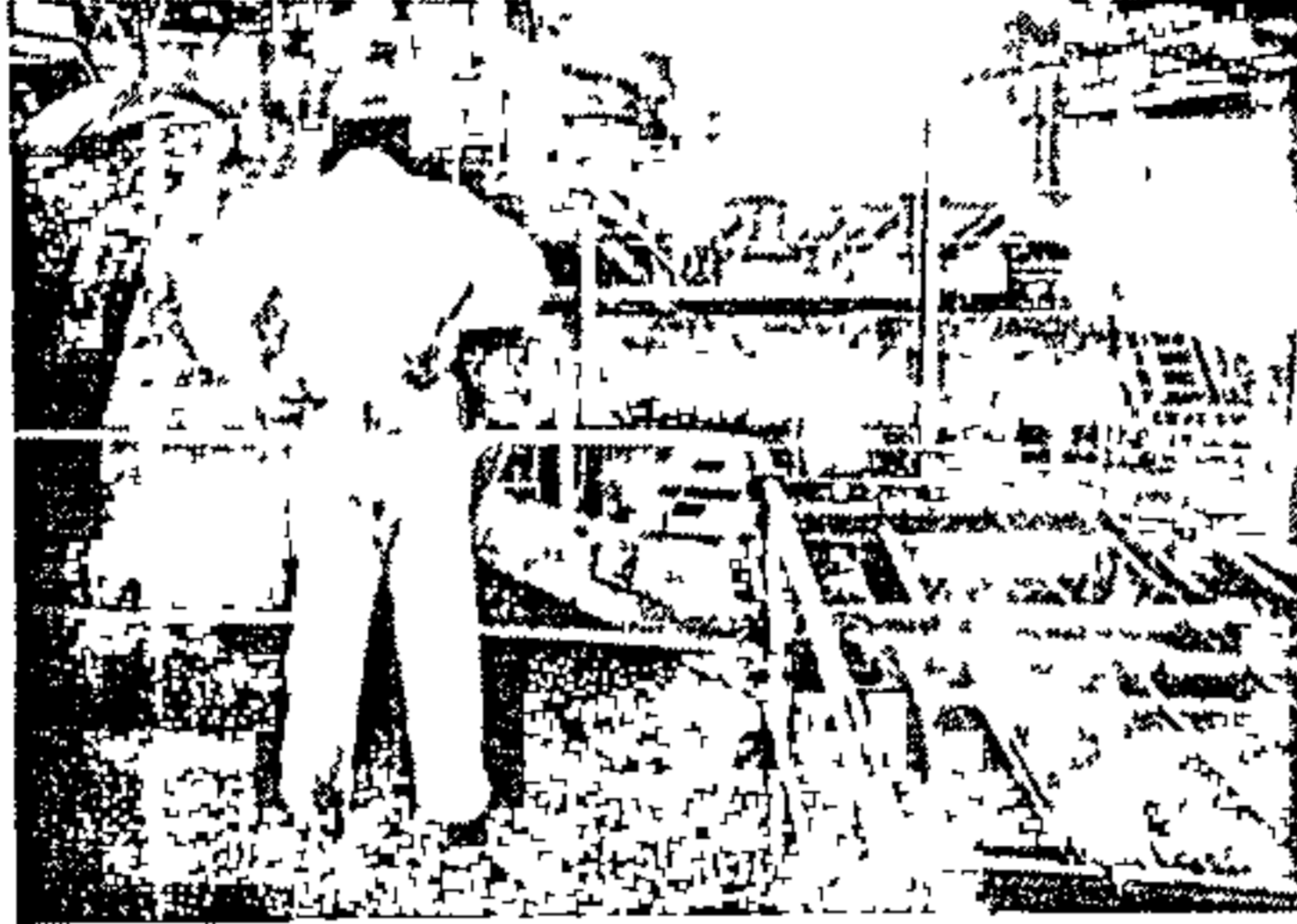
FM
19/6/87
SISHEN MINE

260

Still near capacity

The Sishen-Saldanha scheme, commissioned by government a decade ago at a then cost of R700m, may never have fulfilled the great expectations set for it. But, after recent rationalisations, it is still far from being a white elephant.

Originally Iscor hoped to export up to 18 Mt of iron ore a year through Saldanha. But even in the early halcyon days no more



than around 15 Mt a year passed through the port. Today that figure has fallen right back to 8,88 Mt a year.

However, the mine is still producing over 16 Mt of ore a year with 7,2 Mt now being either processed by Iscor's own mills at Vanderbijlpark and Newcastle, or sold on the local market.

The old south beneficiation plant has been closed down and all production is now centred on the much more modern north plant that was the basis of the original export scheme. This plant has the capacity to treat up to 18 Mt a year and is consequently currently running at close to full capacity.

Iscor tells the *FM* that, in view of the decline in steel production in the Western world, it can be expected that the existing iron ore surplus will continue until at least 1995. "This situation creates little hope for higher sales volumes from Sishen. In fact, there is no likelihood that the original export target of 18 Mt a year will ever be met," says Iscor.

Nonetheless, trains are still leaving Sishen at a rate of three a day, though the length of the trains is regulated in accordance with demand and optimum electricity consumption.

Meanwhile, Iscor's seemingly evergreen Thabazimbi iron ore mine is still producing 2,3 Mt a year, virtually all of it going to the old Pretoria works. ■

Notifiable Diseases
 Viral Hepatitis A
 Viral Hepatitis B
 Viral Hepatitis (undifferentiated)
 Yellow fever

Infant mortality

	Whites	Coloureds	Asians	Blacks
Infectious and parasitic diseases	149	51	15	57
Ill-defined symptoms	44	76	18	171
	224	164	60	365
	0	0	0	0

127 Dr M S BARNARD asked the Minister of National Health and Population Development

(a) What are the major causes of infant mortality for (i) Whites, (ii) Coloureds (iii) Indians and (iv) Blacks and (b) what was the percentage of deaths from each of these causes in respect of each race group for the latest specified period of 12 months for which figures are available?

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT

Period 1 January 1985 to 31 December 1985

(a) and (b)
 (i) Whites

Certain conditions originating in the perinatal period
 Congenital anomalies
 Diseases of the respiratory system

(ii) Coloureds

Certain conditions originating in the perinatal period
 Infectious and parasitic diseases
 Diseases of the respiratory system

(iii) Asians

Certain conditions originating in the perinatal period
 Infectious and parasitic diseases
 Congenital anomalies

(iv) Blacks

Certain conditions originating in the perinatal period

Scheme	Divisional Council	No of points	Length of line	Quote date	Start date	Completion date	Scheme accepted
Bermoli	Postmasburg	8	23	—	—	1986	Yes
Witboom	Postmasburg	22	65	—	—	1986	Yes
Gamagara	Postmasburg	15	38	—	May '87	Jun '87	Yes
Lovedale	Postmasburg	32	140	—	Aug '87	Dec '87	Yes
Perth	Kuruman	4	12	May '87	—	1987	Not yet

Scheme	Divisional Council	No of points	Length of line	Quote date	Start date	Completion date	Scheme accepted
Grasvake	Postmasburg	25	50	Jun '87	Aug '87	Dec '87	Not yet
Roosval	Olifants-hoek	17	58	Jul '87	—	—	1988
Bikfontein-Streilly	Kuruman	112	332	Aug '87	—	—	1988
Van Zylstrust	Kuruman	61	167	Sept '87	—	—	1988
Van Zylstrust B	Kuruman	112	325	1988	—	—	1989
Liliveld	Postmasburg	8	28	Oct '87	—	—	1988
Korannaberg	Postmasburg	36	165	-1988	—	—	1989

* If the scheme is accepted
 The following schemes will be investigated and quoted from 1988 onwards
 — Kuruman area
 — Olifantshoek area
 — Postmasburg area

Extensions in existing networks will be installed as follows

1987 Kuruman 1 km and Postmasburg 23 km 1988 Kuruman 34 km and Postmasburg 25 km

Abortions

137 Mrs H SUZMAN asked the Minister of National Health and Population Development

How many women had legal abortions in 1986 in terms of the Abortion and Sterilisation Act No 2 of 1975?

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT

792

Housing units

139 Prof N J J OLIVIER asked the Minister of Constitutional Development and Planning

(a) How many housing units in Black townships were sold in freehold to Blacks during the latest specified 12-month period for which information is available and (b) in which townships are these houses situated in each case?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

(a) No housing units have thus far been sold to Blacks under the freehold system

(b) Falls away

Vacant posts

143 Mr R M BURROWS asked the Minister in the State President's Office entrusted with Administration and Broadcasting Services

(a) How many posts were there in the Public Service as at the latest specified date for which figures are available (b) how many such posts were vacant as at that date and (c) what percentage of persons employed in the Public Service are not White?

THE MINISTER IN THE STATE PRESIDENT'S OFFICE ENTRUSTED WITH ADMINISTRATION AND BROADCASTING SERVICES

Information with regard to posts/persons in the Public Service during September/October 1986 was as follows

(a)	270 119
(b)	33 722
(c)	62%

Foreign media

175 Mr J VAN ECK asked the Minister of Home Affairs
 Whether since 1 January 1987, any appli-

guessing, and I would therefore not try to guess at this point

Attorney's Fidelity Guarantee Fund

*18 Mr D J DALLING asked the Minister of Justice:

- (1) Whether his Department recently held discussions with the officers of the Attorneys' Fidelity Guarantee Fund, if so, when,
- (2) whether he intends introducing any legislation arising from such discussions during the current session of Parliament, if not, why not?

†The MINISTER OF LAW AND ORDER (for the Minister of Justice)

- (1) Yes, 4 November 1986
- (2) Yes if time and circumstances so permit

Staff establishment

*19 Mr C W EGLIN asked the Minister of Law and Order

What was the (a) actual and (b) authorised staff establishment of the secretariat of the State Security Council as at the latest specified date for which information is available?

The MINISTER OF LAW AND ORDER:

The hon member is referred to the answer to Question No 2 on 23 June 1987

Non-Whites at hostel

*20 Mr F J LE ROUX asked the Minister of Economic Affairs and Technology †

- (1) Whether members of more than one population group are permitted to reside at a certain hostel, particulars of which have been furnished to the Minister's Department for the purposes of his reply, if so, (a) why, (b) (1)

members of which population groups are so permitted and (ii) from what date in each case, (c) how many (i) Whites and (ii) non-Whites are residing at the hostel at present, (d) what is the name of the hostel and (e) to whom or what body does the hostel belong,

- (2) whether the decision to admit non-Whites to the hostel concerned was taken with the approval of his Department, if so, (a) by whom was the decision taken and (b) what bodies or persons were involved, if not, what are the relevant particulars,
- (3) whether he will make a statement on the matter?

†The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

- (1) According to my information members of more than one population group were allowed, as an interim emergency measure, to reside at the particular hostel for a limited period
 - (a) Due to a shortage of suitable accommodation, as well as transport problems encountered by the five persons concerned They are highly qualified and experienced Two of the persons have obtained BSc degrees with the aid of ISCOR bursaries
 - (b) (i) Asiatics
 - (ii) The first person was allowed into the hostel on 2 February 1987 and the last person left on 31 March 1987
 - (c) (i) 570
 - (ii) None
 - (d) Huis Edelstaal, which is a hostel for apprentices
 - (e) The South African Iron and Steel Industrial Corporation Ltd
- (2) (a) and (b) No Iscor made the arrangement on its own responsibility as an interim measure in view of the circumstances mentioned in (1) (a)
- (3) No

Witbank police station building

*21 Mr W J D VAN WYK asked the Minister of Law and Order †

- (1) Whether there is a shortage of space in the present police station building at Witbank,
- (2) whether it is the intention to erect a new police station building at Witbank, if not, why not, if so,
- (3) whether building plans for a new police station have been drawn up, if not, why not, if so, (a) when are the building operations expected (i) to commence and (ii) to be completed and (b) what is the estimated cost of the project?

The MINISTER OF LAW AND ORDER

- (1) Yes
- (2) Yes
- (3) No, but architects were already appointed to start with the planning thereof

(a) and (b) A building complex with accommodation for the uniform branch, criminal investigation department, security branch, riot unit and district garage as well as a mortuary and single quarters for members of the Force, at an estimated cost of R22,5 million is being planned and is expected to be completed towards the end of 1992

Aids: mineworkers tested

*22 Mr W J D VAN WYK asked the Minister of National Health and Population Development:†

- (1) Whether workers from other African countries coming to work in South African mines are medically examined with a view to Aids, if so, (a) how many cases have been tested positively and (b) what action is taken in respect of such cases, if not, why not,
- (2) whether he contemplates applying a medical test for all such workers from other African countries, if not, why not, if so, (a) what test and (b) as from when?

†The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT

- (1) Yes All recruits undergo physical examination
 - (a) 7 cases of clinical Aids have been diagnosed 940 persons were found to have positive blood tests for Aids
 - (b) Cases are handled like any infectious disease appropriately treated and hospitalised when indicated This corresponds to international practice Persons with positive blood tests are initially hospitalised, clinically examined (including immunological assessment), rigorously counselled on individual basis regarding the prevention of spread of the disease and followed up on six monthly basis This holds for foreign as well as South African miners As far as possible sexual contacts are traced and tested The mines have launched an extensive educational campaign on Aids
- (2) No The responsibility for medical tests on mineworkers lies with the mines
 - (a) and (b) Fall away

†Mr J H VAN DER MERWE Mr Chairman, arising from the hon Minister's reply, I should just like to ask him if he intends to consider submitting legislation in order to make it compulsory for that class of workers to whom the second part of the question refers—that is the workers who are already here—to undergo these tests as well

†The MINISTER Mr Chairman, for the information of the hon member for Overvaal, I can mention that at this stage we have already examined 45 000 mineworkers and we are still attending to these examinations What ought to put the hon member's mind at rest too, is the fact that mineworkers' who

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guessing, and I would therefore not try to guess at this point

Attorney's Fidelity Guarantee Fund

*18 Mr D J DALLING asked the Minister of Justice

- (1) Whether his Department recently held discussions with the officers of the Attorneys' Fidelity Guarantee Fund, if so, when,
- (2) whether he intends introducing any legislation arising from such discussions during the current session of Parliament, if not, why not?

†The MINISTER OF LAW AND ORDER (for the Minister of Justice)

- (1) Yes, 4 November 1986
- (2) Yes if time and circumstances so permit

Staff establishment

*19 Mr C W EGLIN asked the Minister of Law and Order

What was the (a) actual and (b) authorised staff establishment of the secretariat of the State Security Council as at the latest specified date for which information is available?

The MINISTER OF LAW AND ORDER

The hon member is referred to the answer to Question No 2 on 23 June 1987

Non-Whites at hostel

*20 Mr F J LE ROUX asked the Minister of Economic Affairs and Technology †

- (1) Whether members of more than one population group are permitted to reside at a certain hostel, particulars of which have been furnished to the Minister's Department for the purposes of his reply, if so, (a) why, (b) (i)

members of which population groups are so permitted and (ii) from what date in each case, (c) how many (i) Whites and (ii) non-Whites are residing at the hostel at present, (d) what is the name of the hostel and (e) to whom or what body does the hostel belong,

- (2) whether the decision to admit non-Whites to the hostel concerned was taken with the approval of his Department, if so, (a) by whom was the decision taken and (b) what bodies or persons were involved, if not, what are the relevant particulars,
- (3) whether he will make a statement on the matter?

†The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

- (1) According to my information members of more than one population group were allowed, as an interim emergency measure, to reside at the particular hostel for a limited period
 - (a) Due to a shortage of suitable accommodation, as well as transport problems encountered by the five persons concerned. They are highly qualified and experienced. Two of the persons have obtained BSc degrees with the aid of ISCOR bursaries
 - (b) (i) Asiatics
 - (ii) The first person was allowed into the hostel on 2 February 1987 and the last person left on 31 March 1987
 - (c) (i) 570
 - (ii) None
 - (d) Hus Edelstaal, which is a hostel for apprentices
 - (e) The South African Iron and Steel Industrial Corporation Ltd
- (2) (a) and (b) No Iscor made the arrangement on its own responsibility as an interim measure in view of the circumstances mentioned in (1) (a)
- (3) No

Witbank police station building

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The MINISTER OF LAW AND ORDER

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SABC lose R30m as ad cash trails

CMK THIS 24/6/87 (260)

Political Staff

THE SABC has reported an increased operational loss of almost R30 million for 1986, compared with losses of R27,1 million recorded the previous year, according to its annual report tabled in Parliament yesterday

Total income last year amounted to R410,1 million, about 7% higher than it was in 1985

This was derived mainly from advertising (up 6% to R259,8 million), licence fees (up 26,2% to R104,3 million) and recoveries from the State for the external radio service (up 7,6% to R20,1 million)

Operating expenditure

amounted to R438 million, or 7,1% more than in 1985.

SABC chairman Dr Brand Fourie explains in the annual report that the main reason for the organization's weakened financial position is the failure of advertising revenue to keep pace with the rate of inflation

He excused the sharp increase in licence fees as being due to the fact that the increase was from a low base

"Taking inflation into account, there has been a sharp decline of approximately 60% in the price of broadcasting services to the consumer over the past 10 years," he said

Dr Fourie warned that in spite of ongoing drastic cutbacks in operating costs the SABC's operating loss will not be reduced in the

next few years — unless real income increases, and/or a status quo is maintained in the programme service.

He said that should realities force the SABC to cut back still further, it would inevitably have a negative effect on the local content of TV services, and on the nature of radio and TV services that are still possible

But, at the same time, he gave a clear indication that the SABC is thinking of introducing substantial increases in licence fees, to bring them closer to those imposed in Western Europe

Dr Fourie says that intensive discussions have begun with the Post Office to introduce monthly licence fee payments, and methods to combat pirate viewing are also being investigated

TV retailers hard hit by tax rebates

DEALERS in television sets "are taking a big knock" in losses incurred since the Government's introduction of the ad valorem tax rebate last month.

This was said today by Mr Frank Whiteman, financial director of a Port Elizabeth retailing firm

"We're losing up to 20% in profits on TV sets, both

colour and black-and-white. But there's no point in complaining. The rebate has been announced and that's that."

This state of affairs would continue until existing stocks were exhausted, Mr Whiteman said.

Dealers in Durban want the major manufacturers in South Africa —

Tek, Barlows, Telefunken and Tedalex — to compensate them for financial losses incurred since the introduction of the tax rebate.

Most retailers had sets in stock when the rebate was announced and were forced to sell old stock at the new prices, losing about R150 on each set.

The managing director of Govan Mam in Durban, Mr Hudson Bhika, said he had approached manufacturers about the matter but had been refused compensation.

"They said they had paid the tax when they sold the old stock to us and they could not compensate us."

OK Bazaars' marketing director for furniture and appliances, Mr Arthur Solomon, said it was the Government which should be offering compensation.

"It is unfair of the Government to ask the retailer to take this tremendous knock without any form of compensation."

Although it was understood that larger retailers could probably absorb it, the smaller retailer would find it crippling to his business.

The joint managing director of Price Furnishers and senior vice-president of the Furniture Traders Association of South Africa, Mr Dave Reece, said that

the furniture retailing industry had worked out a total estimated loss of R3 million on existing stocks of televisions.

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26/6/87

NACTU HITS AT SABC STAND

THE National Council of Trade Unions has suggested that the SABC is preparing its listeners for state action against the United Democratic Front and the Azanian People's Organisation.

In a statement yesterday Nactu said it was "quite clear" that the SABC "is preparing its listeners for action against the UDF and Azapo".

NACTU accused the State of "acting against the forces which are attempting to build democracy and a new vision of our country".

"The deafening silence of employers together with the massive support provided at the general elections leaves us under no doubt that the majority of white persons prefer their race privileges and support apartheid — no matter what the cost to the dignity of the vast majority of the oppressed and exploited."

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Nactu slams SABC

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THE Government, through the SABC, was preparing its listeners for a clampdown on political organisations opposed to its policies, the National Council of Trade Unions said yesterday.

Nactu's general secretary, Mr Piroshaw Camay, said in a statement

"It is quite clear that the SABC — surrogate of the State — is preparing its listeners for action against the United Democratic Front (UDF) and the Azanian People's Organisation"

Misquoted

He was referring to a television broadcast which claimed that the African National Congress (ANC), had admitted on Radio Freedom that it set up the UDF and the South African Young Congress

The ANC later denied that and said it was misquoted

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