PUBLIC SECTOR - ~~GOVT.~~ STATE INTERPRISE

1989

JAN - MAY

eight years it had increased by

Way cleared for govt borrowing

B/Day 4/1/89 260

GRETA STEYN

ESKOM, Sats and the Post Office are taking a smaller slice of the funds available on the capital market, making it easier for central government to borrow more.

Corporations' spokesmen said yesterday massive cutbacks in capital and operating expenditure had been the main reason for a reduction in their capital market borrowings.

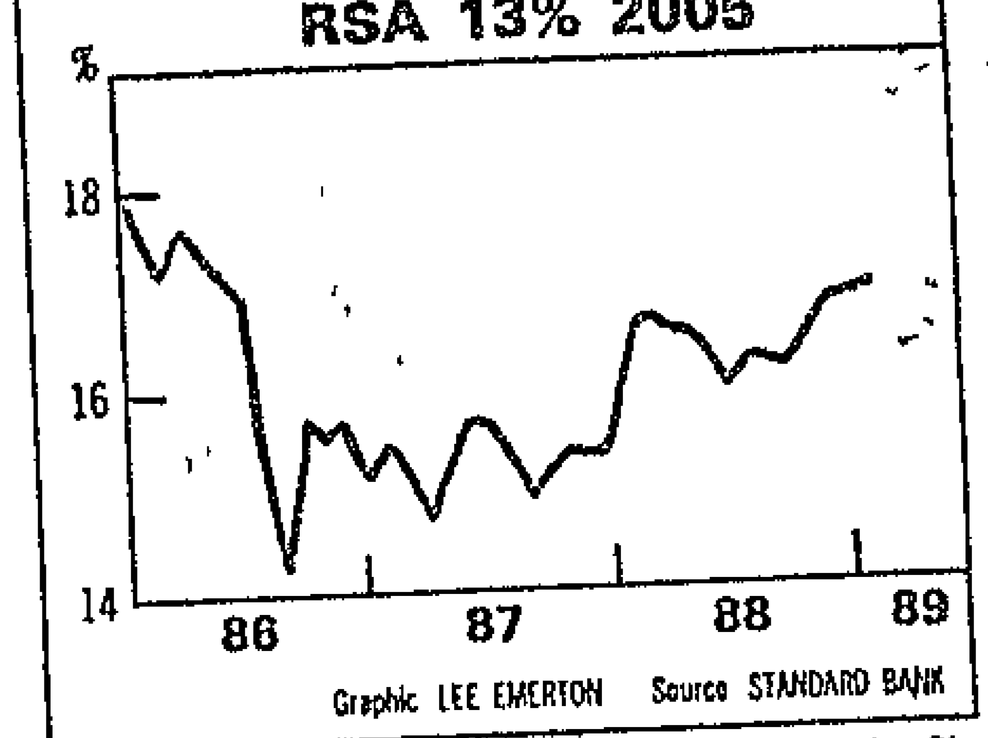
Eskom's new stock issues were slashed by more than half to R700m in 1988 from 1987; the Post Office reduced its borrowings from R600m in the 1986/87 fiscal year to an estimated R200m in the current fiscal year.

Spokesmen said another reduction would be impossible in 1989 but increases would not upset the market.

Senbank capital market researcher Heinrich van Wyk said: "The state corporations' needs are small compared with central government's expected borrowings of more than R7bn in the next fiscal year — a massive increase from last year's budgeted new borrowings of R4,35bn."

Analysts said expectations of higher borrowing by government had fuelled bearish sentiment last year.

The new year began with sentiment uncertain, in spite of "a gentle drift upwards", dealers said. The RSA 13% 2005 opened at 16,70% and closed at 16,75%.



NEXT MOVE ? RSA 13% 2005

"Government's borrowing needs will be met easily, because the institutions are flush with cash," Van Wyk said.

One analyst noted that prescribed investments alone would more than cover central government's new borrowing.

Van Wyk said government had exceeded its budgeted borrowing last year, having raised R5,8bn (excluding the discount on face value). This could rise to as much as R7,5bn this year, he said.

Eskom, Sats and the Post Office should raise an estimated total of R2,3bn in new loans in 1989. Sats spokesman Peet van der Walt foresaw borrowings of R500m in 1989, compared with R300m in 1988. Eskom indicated it would need R1,5bn in new loans, while the Post Office also expected an increase

State enterprises ripe for the picking

5/Times 15/1/89

260

Business Times Reporter

ISCOR is expected to be at the front of a queue of Government bodies seeking privatisation this year

Merchant bankers have told the Government that the time has never been riper for privatisation

Institutions have more than R20-billion of investment money and the stock market is recovering fast to record levels

Merchant banks have told the Government there will be a clamour for high-quality assets whether they are listed on the JSE or auctioned off piecemeal

Taxes

Another attraction of major privatisations is that they can reduce the need for Finance Minister Barend du Plessis to raise taxes in his March Budget

If there is to be an early election Mr Du Plessis is expected to grab any chance he can to reduce tax

Of all the Government's major assets Iscor can be most easily privatised It has been converted into a tax-paying company It is not a monopoly and is making profits and a reasonable return on investment. Its prospects are improving

An announcement about the privatisation of Iscor is expected when Parliament opens on February 3

Iscor is expected to be valued at R3-billion The State is unlikely to reduce its stake much below 50%, so the most it would absorb would be R1 5-billion to R2-billion

Another prime candidate for privatisation is phosphate producer Foskor Its proposed listing has been delayed for some years because of depressed conditions in phosphoric acid, but conditions are improving

Forests

State forests could also be privatised by sale to timber operators The biggest privatisations so far have been Sasol and State housing

This week the State announced that the R250-million-a-year sorghum beer industry would be privatised

Merchant bankers say that in spite of the good intentions expressed by President Botha at last year's opening of Parliament, it will take some years before Eskom, Sats and the Post Office can be privatised

Eskom chairman John Maree has slimmed down the operation and put it on a business-like footing, but its monopoly and its size prevent quick privatisation

Postmaster-General Johan de Villiers he wants privatisation as soon as humanly possible" The Post Office still has to be made into a tax-paying company and then the matter of the phone and postal monopolies will have to be addressed

Sats has divided itself into five separate "business units" After announcing last week that it intended to privatise, Sats will outline its plans tomorrow

Assured

SA Airways is profitable and eminently privatiseable, although regulation and near-monopoly would have to be examined.

The Government can rest assured that the huge amount of insitutional money will not go away

Half of the R20-billion must go into prescribed investments, leaving R10-billion available for shares New money is flowing into assurers and pension funds all the time

But real fixed investment in new enterprises is still depressed and institutions cannot find large lines of existing shares Cash flows trapped by by exchange control are desperate for a home

But financial advisors say the Government cannot delay privatisation indefinitely If the market should fall for any reason, the terms on which it could privatise will deteriorate sharply

Unit trusts back on top

5/Times 15/1/89

By David Carte

THE surging stock market and a net inflow of more than R393-million of public money have boosted the value of South Africa's 30 unit trusts to R4,4-billion

The value of the trusts is not far short of the R4 8-billion reached before the October 1987 crash

Their value soared by R900-million from R3 4-billion in December 1987 and the number of holders reached 490 000

Performance

The average performance ...

The general equity funds had 47% of their money in industrial shares, 16% in mining finance and 6% in golds

The specialist trusts held 22% in gold 20% in mining finance 14% in other mining and 24% in industrials

The arch-bears among established general trusts were Sanlam Unit Trust (32% liquid) and Standard's general fund (27%)

Guardbank was the best performer on the year, giving holders a total return of 32% Runners-up were Sage ...

CARTE BLANCHE

5/Times 15/1/89

By David Carte, BUSINESS TIMES Editor

Family strife bedevils Rentbel

The battle for control of Rentmeesterbeleggings may not be over

The share price of the underperforming, low-profile, insurance, aviation, property and industrial conglomerate fell from a peak of 700c to the present 400c after it appeared that the present managing director, Joachim Vermooten, and friends had sewn up control

The Supreme Court, Pretoria ruled that former chairman Rossouw Snyman could not sell his half-stake in Rentekor, the controlling company to a raiding consortium headed by entrepreneur Jan Lombard, son of the Deputy Governor of the Reserve Bank without first offering the shares to his partners in Rentekor

Mr Snyman is appealing against the decision His argument is that he sold a private pyramid company Tjospomie which holds his Rentekor shares He maintains there was no "grandfather clause" prohibiting the sale of a holding company The appeal is expected to be heard in April

Rentekor holds 37% of Rentbel

Mr Vermooten, who has the support of the De Meulenaere family, told me this week that he and his partners could not forfeit control even if they lost in court

They fired Mr Snyman as executive chairman last year when he tried to sell his shares. They have run the company since then

Interested parties note that if Mr Vermooten prevails in court he has to find a large amount of money to take up Mr Snyman's shares

If another bidder is prepared to offer 800c which is close to net asset value Mr Vermooten and friends could be looking for nearly R5-million

The hope of more than one consortium still looking at Rentbel is that the Vermootens will not be able to raise the money Certain parties have travelled the platteland offering shareholders large premiums to the market price of R4

Rentbel produced a threadbare annual report last month — three months later than usual The auditors were late with one company explains Mr Vermooten

The skimpy amount of information in the report has been reduced A diagram of control and any mention of Trek or Luxavia have been removed There is no five-year record and no segmental reporting The report meets the minimum requirements of the Companies Act.

The directors value an unnamed associate company at R6-million It had no value the previous year

The Rentbel report shows that insurance funds account for R73,8-million of R128,4-million ...

M

Listing soon for Iscor, Foskor

B/Day 16/1/89

Govt to set privatisation ball rolling

ISCOR and Foskor could be listed on the JSE during the second half of this year.

HELOISE HENNING

Both profit-making state corporations expect a decision regarding their enterprises to be made known in President P W Botha's opening of Parliament address on February 3.

While a report by the Competition Board on possible monopolies in Iscor is still outstanding, and will be forwarded to Privatisation Minister Dawie de Villiers only at the end of February, government is nevertheless expected to give a clear timetable for the listing of both on the JSE by the year-end.

Sats has called a Press conference today to discuss the newly published Legal Succession to the Sats Bill. It could start by selling off its profit-making road transportation as a unit within the year.

Deregulation of air routes could follow shortly with private corporations given an opportunity for tender.

While Foskor would be the easiest of government enterprises to sell off because of its structure, informed sources believed a listing this year would be one year too soon. It has just committed capex for expansion, the returns of which would be visible only in 1990.

Government investigation into Foskor's privatisation was in only the second of three phases — investigation into Iscor was at phase 3 — but it functioned in a competitive market, was doing well on exports of both phosphate rock and copper and was able to deliver a five-year history of profitability. A listing after its June financial year-end was most likely.

Sources said Alusaf, a state enterprise in which IDC has majority holding, would most probably not be listed but sold to existing minority shareholders.

Market analysts believed the JSE was ripe for issues of privatised stock. Few blue chip industrials have gone to the market since the crash in 1987. The strong performance of the industrial index over the past few months has also been encouraging with fair to good valuation of industrial stock making the sale

To Page 2

Govt to set privatisation ball rolling

B/Day 16/1/89

From Page 1

of privatised industrials above their book value possible.

Institutional liquidity was also at "massively" high values, making ample cash available for new scrip.

Iscor's communications department spent the second half of last year preparing an image-building campaign for the organisation which will serve as a forerunner to privatisation. The actual launch of its listing will be handled by its major shareholder (government) and other tranche holders (the IDC last year acquired R600m of Iscor shares).

The entire communications programme is expected to run for at least nine months. This makes October the earliest date for Iscor's privatisation. However, the corporation usually announces its annual results in November.

In spite of production problems experienced since the inception of the current financial year, Iscor expected to achieve forecast profits on strong international demand for its product, which would all serve as a good send-off to the board.

Cape Times 16/1/89

260

Going private?

Year-end decision on JSE listing for Iscor, Foskor?

Own Correspondent

JOHANNESBURG — Iscor and Foskor could be listed on the JSE during the second half of this year

Both profit-making state corporations expect a decision regarding their enterprises to be made known in President P W Botha's opening of Parliament address on February 3

While a report by the Competition Board on possible monopolies in Iscor is still outstanding and will only be forwarded to the Minister of the Budget and Welfare, Mr Dawie de Villiers, at the end of February, the government is nevertheless expected to give a clear timetable for the listing of both on the JSE by the end of the year

SATS has called a press conference today to discuss the newly-published Legal Succession to the SATS Bill It could start by selling off its profit-making road transportation as a unit within the year

Deregulation of air routes could follow shortly, with private corporations being given an opportunity for tender Meanwhile, evaluation of all SATS assets is ongoing, with certain overlaps retarding the investigation

Foskor would be the easiest of government enterprises to sell off because of its structure Informed sources believe a listing this year would be one year too soon It has just committed capital for expansion, the returns of which will only be visible in 1990

Government investigation into Foskor's privatisation was only in the second of three phases — investigation into Iscor was at phase three — but it functions in a competitive market, is doing well on exports of both phosphate rock and copper and is able to deliver a five-year history of profitability A listing after its June financial year-end was most likely

Alusaf, another state enterprise in which IDC has majority holding, is ripe for the picking It would most probably not be listed but sold to other existing minority shareholders, notably Hulett Aluminium and a Swiss company, Alusswiss

Market analysts believe the JSE is ripe for issues of privatised stock. Few blue-chip industrials have gone to the market since the crash in 1987 The strong performance of the industrial index over the past few months has also been encouraging with fair to good valuation of industrial stock, making the sale of privatised industrials above their book value possible

Institutional liquidity is also at "massively" high values, making ample cash available for new scrip

Iscor's communication department spent the second half of last year preparing an image-building campaign for the organisation which will serve as a forerunner to privatisation The actual launch of its listing will be handled by its major shareholder (government) and other holders (the IDC last year acquired R600 million of Iscor shares)

The communications programme also includes detailed messages for Iscor employees. Iscor management does not envisage any further rationalisation of staff For this reason, a privatisation announcement should not have any negative effects on the white employees and electorate if an election is due later this year

The entire communication programme is expected to run for at least nine months This makes October the earliest date for Iscor's privatisation However, the corporation usually announces its annual results in November

Despite production problems experienced since the inception of the current financial year, Iscor expects to achieve forecast profits on strong international demand for its product, which would all serve as a good send-off to the board.

Other aspects that are likely to be highlighted in Mr Botha's address are be the relaxation of trading licences, which forms part of the deregulation programme the Competition Board has been involved in

Luanda's 'No' not a setback — Eskom

BDay 16/11/88 EDYTH BULBRING (260)

ESKOM says Luanda's rejection of a scheme to run cables through Angola from Zaire is not a setback to a planned southern Africa power grid.

GM strategic planning Bussie Els, responding to an AP-DJ report at the weekend, said Eskom officials visited Zaire last month to discuss importing electricity.

They had not canvassed the opinion of the Angolan government and would not consider its response a setback until they contacted Luanda.

Els said he hoped attitudes would change in the light of the Brazzaville accord and the return of peace and stability to the region.

He added Eskom had received a favourable response from Zaire, but Zimbabwe and Zambia were reticent.

Els said the most direct route was through Zambia and Zimbabwe.

Star 18/1/89

Iscor report on mine plan

(260)

By Therese Anders, Highveld Bureau

MIDDELBURG — An Iscor-funded environment report on its controversial proposed suburban opencast colliery 1,5 km from the up-market residential area of Gholfsig, was presented to Middelburg Town Council last night.

The leader of the report group, Professor Alfred Brown of the Department of Mining Engineering at the University of Pretoria, said he recommended that the mine went ahead

Blasting, vibration and dust would all be strictly controlled

The mine, which will have a 40 to 50-year lifespan, will use covered conveyor belts to transport coal to a rail siding 3 km away This would cut down on dust

CSIR HELPED STUDY

The report was called for by the then National Party council in September

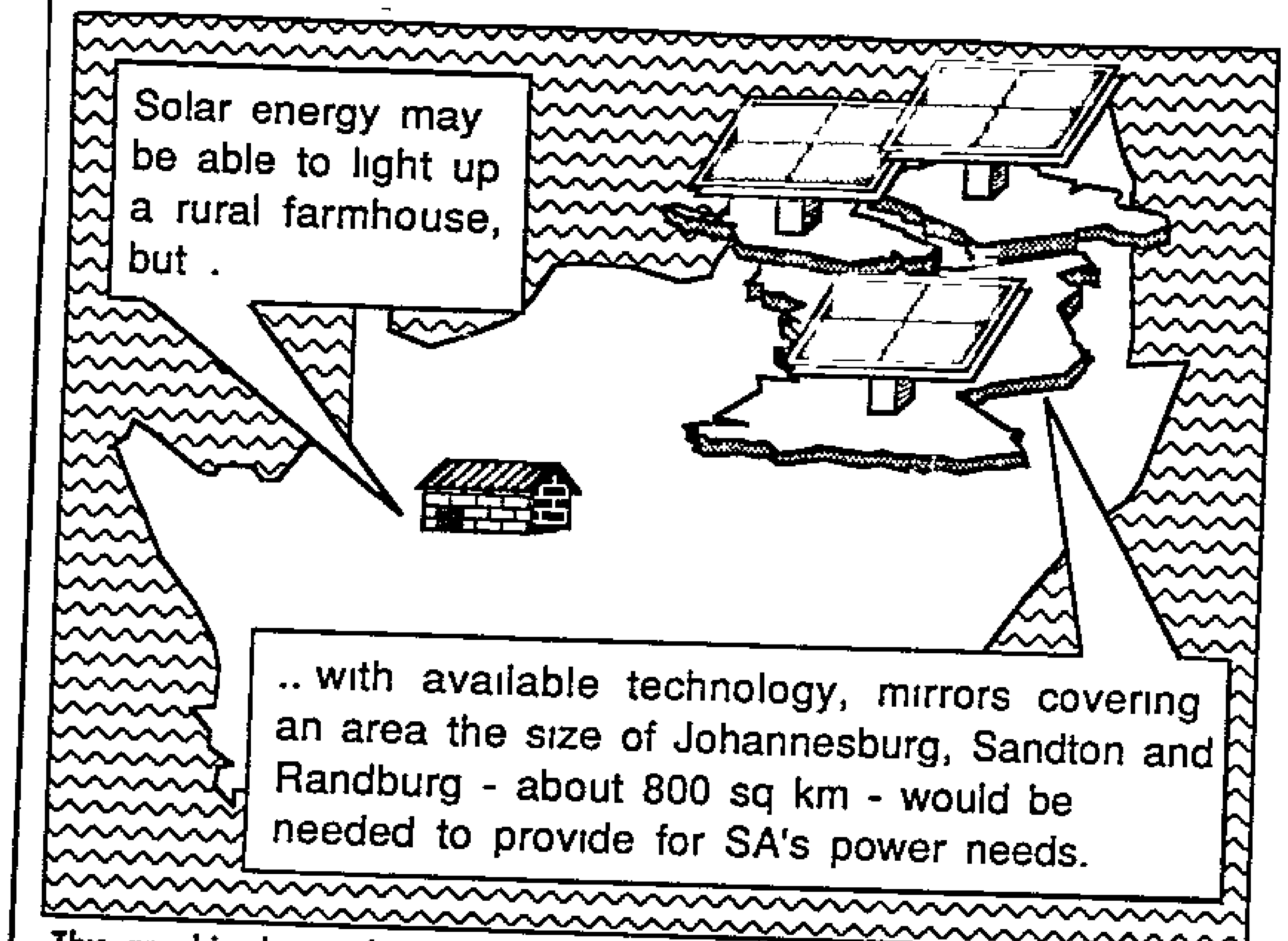
According to Professor Brown, it is now law that an environmental report is completed before tenders are called for the selling of mining rights

Asked why this had not been done in the Iscor-Middelburg case — the tender was awarded to Iscor last year - he said he did not know

The study was carried out by senior Iscor personnel with the University of Pretoria and CSIR

No date has been set yet for the Middelburg council — now controlled by the Conservative Party — to make a decision

Prospects for solar power not too bright



This graphic shows that while small solar-powered energy plants are viable, large-scale generation plants are not yet feasible

Star 18/1/87

260

Eskom set to experiment in northern Cape

Eskom will set up two experimental solar-powered farmhouses in the northern Cape this year to investigate the viability of this "free" energy source in remote regions But although the energy experts believe Eskom might break even if it provides solar power to remote farmsteads, large-scale generation plants are not yet on the horizon CLARE HARPER reports

Every 15 minutes the sun delivers to the earth enough radiant energy to meet all of mankind's power needs for a full year

But the harnessing of this sunlight — because of its diffuseness and variability with time of day, season and weather — poses formidable challenges for the technologists

According to the group executive of the National Energy Council, Dr Robert Scott, although solar energy is a facet of the overall energy programme in South Africa, and is seen as a potential future source, it will not assume early significance because of the high costs involved

Even the world leader in the use of solar power, California, could not have harnessed its sunlight competitively without the state's financial and tax incentives for investment in renewable energy systems

The Council for Scientific and Industrial Research (CSIR) is constantly evaluating and researching proposals for renewable energy forms

A South African construction company recently submitted a Belgian proposal for a five-megawatt solar power plant to the CSIR This has still to be evaluated

But, according to Dr Scott, even a one-megawatt system requires an enormous farm of mirrors to concentrate the energy in sunlight to yield temperatures high enough to convert water to steam to drive electric turbines

A surface area of about one square metre is required to generate one kilowatt of power Taking into account power lost in the conversion of solar to electrical power and the variability of sunlight, a plant which generated the equivalent power of Koeberg (2 000 megawatts) would require 80 sq km of mirrors

Considering that the maximum demand for electricity countrywide last year peaked at 20 001 megawatts, and an Eskom coal power station can generate up to 3 600 megawatts, the land usage alone would make the cost of solar-power stations prohibitive

But two recent studies have predicted that certain solar-electric technologies will become economically viable in the United States for bulk-power markets by the early to late 1990s

The most rapid technological advances are being made in the area of the silicon photovoltaic (PV) cells which convert solar radiation directly into electricty

It is towards this technology that Eskom is turning to find a means of supplying electricity to farmers in remote regions

PV cells yield a direct flow of current when the photons of sunlight strike the cells, knocking electrons free from the silicon atoms and drawing them on to a grid of metal conductors

Eskom's chief officer (demand site programmes), Mr Roy Moffitt, said the amount of solar power now generated in South Africa totalled about 100 kw

But Eskom, in response to requests from farmers for electricty, had decided to investigate the commercial viability of electricity alternatives by experimenting with two northern Cape farms

Eskom will buy and install photovoltaic panels on the roofs of the farmhouses with regulators, batteries and invertors, and see if the farmer's requirements are adequately met

"We feel there could be a break-even point where it is cheaper to put in photovoltaics than to lay a powerline," he said

(260) FMAC 20/1/89

ESKOM

Power to the Reds

Red China is negotiating to buy electrical generating equipment from obsolete Eskom power stations

The equipment, which includes boilers, generators and turbines, is up to 50 years old However, Chinese officials are desperate for generating equipment to supply power to the country's enormous population and growing industrial base They take the view that old plant is better than no plant at all

Eskom says it is still pondering what to do with surplus generating capacity Some plant has already been closed down, and more power stations will close in the next year or two as part of Eskom's policy to reduce excess capacity

Officials confirm plant from surplus power stations is available for sale to developing and Third World countries However, they stress it will come only from stations with small capacity They say equipment that is no longer powerful enough for Eskom is suitable for limited Third World needs

They won't confirm China is a potential customer, but that country has openly declared an interest in buying second-hand plant from almost any source

It is understood to be pursuing its interest through a third party, but there is no doubt that China is the ultimate customer.

Ters Oosthuizen, Eskom GM responsible for privatisation, says although the plant is old, its reliability appeals to potential buyers. He adds "We have many people interested in this redundant plant It is possible to refurbish used equipment and to restore it in order to prolong its useful life."

Eskom or its contractors are likely to carry out any refurbishment work that is necessary. Contracts may also call for dismantling and re-erection and recommissioning at the new site

Oosthuizen won't confirm who the potential buyers are but says. "We would be delighted to sell" He adds that even old equipment "is worth a lot of money." ■

HORTON RESIGNS

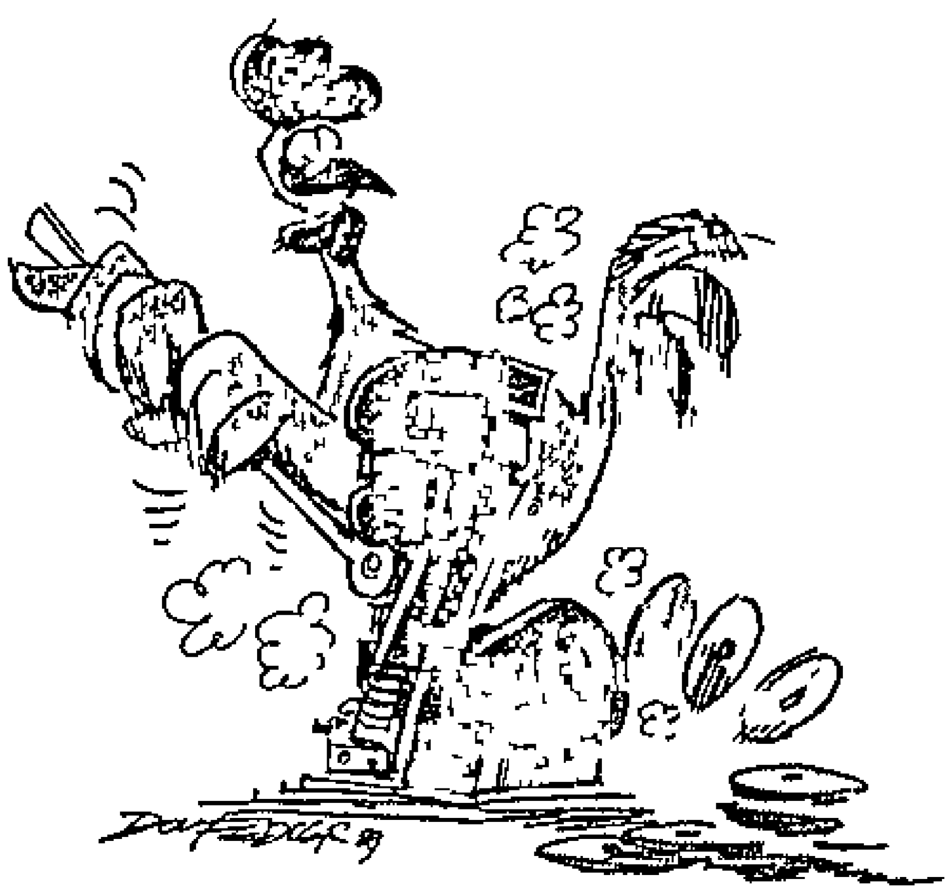
Five months after taking US-owned Unisys into the SA-owned Datakor group, Jack Horton has resigned as MD of the company, now called Unidata Datakor chairman Nick Frangos has taken over the reins as CEO

Frangos tells the *FM* the parting was amicable, but Horton won't give his reasons for his departure. He says he leaves the company after two years of excellent results during which all major objectives were achieved.

"I have a considerable amount of leave due to me and I shall use it to consider my future," he says. "A number of options are open, including going overseas, though I would prefer to stay in SA."

COMPACT DISCS

Gallo's record deal



Gallo Africa is ready to buy a R10m high-technology plant to manufacture compact discs (CD) in SA

Executive director of the music division John Sturgeon says CD sales are quickly approaching the level where local manufacture becomes feasible He adds that he wants the plant operating in Johannesburg by 1990

Director Geoff Engel says Gallo will probably buy the plant from Philips, the Dutch company that developed CD technology.

Sturgeon says local CD sales leapt from 46 000 in 1986 to 135 000 in 1987 and then to over 500 000 last year He says they now account for 25% of the record market, or 11% of the recorded market including audio cassette tapes

Dion MD Hymie Sibul says CD sales by his chain soared from 2 700 in December 1987 to 35 436 in December 1988 Over the same period, long-playing record sales fell from 41 500 to 31 220

Sturgeon says local CD manufacture is unlikely to meet the same problems as the local vinyl record industry, which was accused for years of producing sub-standard recordings

By using "top-of-the-range" international technology, he says Gallo will "start on the right foot"

CD manufacturers initially marketed their product by saying it would retain its quality indefinitely. Research since then has shown the aluminium-based discs deteriorate after about eight years.

Sturgeon says: "Nothing lasts forever and it is something we will have to live with But so far, if looked after, the discs have lasted almost perfectly

"The problem lies in inferior manufacture. In 1987, certain CD firms were exposed for cutting corners. Label ink was corroding the protective plastic lacquer and eating into the reflective aluminium-coated indentations, destroying the recordings" □

SHAREWORLD

Standard pulls out

Standard Bank has called up its R43m loan facility with Shareworld Education and Entertainment Ltd — the problem-plagued multiracial, leisure and entertainment complex outside Soweto

The decision is bound to create a major new crisis for the Shareworld management already struggling to appease shareholders disgruntled by constant losses

Shareworld has been in the red since it opened a year ago Management blames the situation on poor promotional efforts, falling patronage and the fact that the centre failed in its objective of appealing to both blacks and whites simultaneously

Standard Bank says it was reluctant to intervene, but felt obliged to act once its commitment to the scheme reached the point where it was higher than the centre's economic value

A bank spokesman says "The bank's support has reached a level far beyond that judged prudent against normal commercial citeria"

All is not lost, however The bank believes it possible its interest could be taken over by a third party and the centre returned to profitability

Shareworld chairman Reuel Khoza is reluctant to comment, but it is understood discussions are under way with interested parties Southern Sun has been mentioned

Says a bank spokesman. "Naturally we don't want the place to be mothballed We would prefer that our interests were taken over and the centre kept as a going concern"

There is little doubt, however, that the bank will lose money on the project "We stuck our neck out, and now we're pulling it back in," he says

The development, conservatively valued at R17m, has eight cinemas, a water park, a

FMM 20/1/89

BUSINESS

(260) RMAC 20/1/88

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Politics thwart power-hungry Eskom

ARGUS 26/1/89 260

By KEN VERNON of The Argus Africa News Service in Johannesburg

SOUTH Africa has begun reaching out into Africa for crucial supplies of cheap, clean electricity to fuel future industrial expansion but is being blocked because of political objections

It ought to be a simple business transaction, South Africa has the need and the money, Africa has almost limitless potential power it cannot exploit because it has no money and no market

But the announcement by Angola last week that it would block any plan by South Africa to import electricity through its territory from Zaire, combined with a similar response by both Zimbabwe and Zambia, seems to have aborted an ambitious plan by Eskom chief executive Ian McRae to create a Southern African power grid that would hold tremendous benefits for the whole region

Eskom officals have downplayed the setback, saying that plans for the Southern African grid are a long term matter and political considerations could easily change in the future

But South Africa's "future" needs may not be that far off

From about 1950 to 1980 South Africa's demand for electricity has been doubling every eight years, and despite a slackening in demand over the past eight years it is anticipated that by the year 2020 — just over 30 years away it will have to increase its power capacity by almost 200 percent

In a recent paper written under the auspices of the Africa Institute, Professor D C Midgley calculates that to meet these needs entirely from local resources would require the use of virtually all of the country's non-renewable energy resources

He points out that the pollution problem represented by two times the number of fossil-fuel burning power stations would be immense, especially given that pollution from power stations in the Eastern Transvaal is already several times greater than pollution levels in the "dirtiest" of European countries

Every year Eastern Transvaal power stations spew out more than 50 tonnes of sulphur over every square kilometre of the region, and even with improved pollution control methods, that could easily rise to 100 tonnes per square kilometre if fossil-fuel is to light up our lives and power our electric tooth brushes in the 21st century

Air-borne sulphur is a major contributor to acid rain, already a serious problem in parts of Europe and America

A possible alternative is power produced by a string of nuclear reactors situated along the South African coastline, but these carry the possibility of heat pollution of the coastal waters as well as attendant risks of radio-active spillage.

The answer would seem to be hydro-electric power which is cheap, clean and available in abundance in Southern Africa — if only the politicans would allow it to be developed

Professor Midgley estimates that by the end of this century — just 11 years away — South African demand for electricity will reach 31 000mw, up from the present installed capacity of 28 000mw, and that the entire load could be supplied by just one large hydro-electric scheme at Inga on the mighty Zaire river

It is estimated that Southern African countries account for more than 75 of Africa's huge hydro-electric potential, yet less than five of that is at present realised

In the past South Africa has supplied much of the subcontinent with electric power, including Namibia, Botswana, Lesotho, Swaziland, Mozambique and Zimbabwe

But by the end of the century all of these countries with the possible exception of Swaziland will be able to meet their own needs — while South Africa, which at present consumes 60 of Africa's electricity production, will be beginning to feel the pinch of trying to do the same

Two hydro-electric schemes have already been built in neighbouring countries to supply South Africa with power, Cahora Bassa in Mozambique and Ruacana in Namibia/Angola, but both have at times been put out of action by political strife

However the installed capacity of both schemes is about 2500mw, a fraction of the power available in the mighty rivers to the north

But in order for the wasted power of these rivers to be tapped, a major political realignment will be necessary

The most direct route for Zairean hydro-power to reach South Africa would be via Angola, inter-connecting on the way with present and potential power supplies in that country and with the Ruacana scheme on the Namibian border

Fate of 'Late Night Live' yet to be decided — SABC

Star 28/11/89

(260)

PAT DEVEREAUX

THE controversial chat show "Late Night Live" is not dead — yet.

This was confirmed yesterday by Production Head of SABC-TV Music and Variety, Mr Ronnie Wilson

He contradicted reports earlier this week that the corporation had already decided to scrap the show

"We are waiting for producer Cliff Graham to return from leave on Monday Then we will discuss the programme's future," he said

He stressed that although there has been no decision to scrap the chat show "we are reconsidering the slot and there may be a whole new show in its place"

When approached by the Saturday Star this week after it was announced that Adrian Steed had refused to take over "Late Night Live", Tony Sanderson, the former presenter who was axed because the SABC believed he had lost popularity, said "Now that the SABC has declared I am not *persona non grata*, I presume I'm next in line for the show"

But Mr Wilson said "The SABC will not automatically reinstate Tony Sanderson as presenter just because Adrian Steed refused the job"

Sanderson was axed because, according to the SABC's independent surveys, he was not the public's choice Mr Wilson said "pilots" made by Kevin Savage and Adrian Steed were better liked

The Saturday Star attempted to obtain comment from Kevin Savage but he was unobtainable

Sanderson said "Nobody from SABC has told me anything Although Mr Wilson assures me 'the door is open' I have tried to make appointments with the SABC Director-General all week — to no avail"

Asked what he would do if SABC did not approach him again Sanderson said he might approach M-Net about the possiblity of hosting a similar show for them

Tony fights for his cause with some powerful ammunition

Tony Sanderson

THE saga of the three "S's" on "Late Night Live" continues, writes Don Albert.

Tony Sanderson was dropped, Adrian Steed turned down the position and Kevin Savage has been forgotten

Even the heads of the SABC do not seem to know what is happening One minute a spokesman states that the show has been dropped and the next day he is undecided.

Someone who is not undecided is Sanderson himself, who at this stage is waiting for an appointment with the heads of the SABC in order to make them an offer they can ill afford to refuse. He is going to them with a business proposition and a sponsorship for the programme tucked under his arm.

Should the SABC accept the sponsorship, it means they would have to reverse their decision to drop Sanderson, but they would certainly have to find a new position for producer Cliff Graham, the person who Sanderson feels was the prime mover in holding him back; the one who gave him inane questions to ask guests. The rift between the two is far too wide to mend.

Sanderson is appealing to the public to stand by him for support. He said: "I am not doing this for personal gain, I feel I am fighting a cause. The future of television in this country can depend on the outcome

"There must be an open-house at the SABC and not a closed-door attitude. Shows should not just be dropped because it's an inconvenience to someone there.

"If this attitude prevails there will be no chance for young and upcoming talent."

260 S/Times 29/1/89

Cheap fuel ban

By Don Robertson

ESKOM has been warned by the National Energy Board (NEB) to stop selling cheap petrol to some of its employees

Zenex petrol is being sold for 5c a litre less than the retail price at Eskom's Megawatt Park headquarters in Sandton

The matter was brought to the attention of the Motor Industries Federation (MIF) and the NEB by the owner of the Sunninghill service station, close to the Eskom offices

The MIF and the NEB say that the sale of petrol to individuals by a company contravenes the service station rationalisation plan, an agreement between oil companies and service stations

Companies which qualify for a commercial pump may sell fuel for their own "productive" uses, but not to individuals

It is alleged that about 1 000 cars, all of which are registered in employees' names, are being provided with the cheap petrol.

Garage owner Joe Fourie says that since cheap petrol was sold at Megawatt Park last August his sales have fallen by about 1 400 litres a day

A spokesman for the NEB says it was agreed at a meeting of the NEB, the MIF and Eskom that Eskom would abide by the service station rationalisation plan

Eskom has issued certain staff members with cards allowing them to buy fuel at petrol stations around Megawatt Park, but Mr Fourie says he was not part of this scheme

Eskom's response is that it does not sell petrol to employees for private use

The rand's world value

	R1 equals 27/1 /89	R1 equals 27/1 /88	One foreign unit equals (R) 27/1 /89	One foreign unit equals (R) 27/1 /88
US $	0,417	0,503	2,399	1,980
UK £	0,236	0,284	4,236	3,523
Deutschemark	0,772	0 844	1 295	1,185
Japanese yen	53,65	84,72	0,019	0,015
Swiss franc	0,656	0,684	1,524	1,462
French franc	2 626	2,834	0 381	0,353
Canadian $	0,495	0,646	2,020	1,548
Italian lira	564,27	619 775	0,002	0 002
Zimbabwean $	0,817	0,864	1,223	1,157
Australian $	0,476	0,707	2,101	1,114
Trade weighted value of rand, % change against 1974 base				42/49

Domestic interest rates

MONEY MARKET

	Friday 27/1 /89 %	Friday 20/1 /89 %	Friday 13/1 /89 %
SARB accommodation rediscount rate TBs	14,50	14 50	14 50
Treasury bill tender rate	15 08	15 16	15,22
Basic call of discount houses	14,75	14 75	14 75
Three-month banker acceptances	15,40	15,50	15 50
Three-month NCDs	16 70	16 65	16,60
Three-year RSA stock	15 03	14 99	15 00
Prime overdraft rate	18,00	18 00	18 00
All-in yield of finest acceptance credits	16,17	16 83	16,33

CAPITAL MARKET

SECONDARY MARKET — RATES ON MOST TRADED STOCKS

	Average Previous Month	As on Friday
Long-term RSA stocks	16,72	16,63
Long-term Escom stocks	16,56	16,50

Best sections this week

	Av % Mv	Av D/Y	Av E/Y
Curtailed operations	6,7+	0 4	0,0
Diamonds	5 4+	2,1	9 0
Other	5,3+	1,1	8,6
Printing & publishing	5,1+	5,5	20,7
Motor	4,9+	5,7	19,8

Sasol blast death toll reaches 11 — victims burnt beyond recognition

B/Day 3/11/87

216

DANIEL SIMON, BRUCE ANDERSON and ZILLA EFRAT

THE death toll in yesterday's Sasol 2 blast rose to 11 last night with one man still reported missing. Nine people were injured.

A Sasol spokesman said the names of the dead were being withheld pending identification and notification of their families.

He also declined to release names of the injured or details of their injuries.

The death of one victim, Chris Bosman, 38, of Secunda, was confirmed by his wife yesterday.

The Sasol spokesman said it was not clear whether the missing man was a Sasol employee or worked for contractors as the dead were burnt beyond recognition and identification had not yet been possible.

He refused to speculate on the cause of the explosion, but said foul play was not suspected.

The spokesman said Sasol 3 was functioning but certain parts had been shut down for security and safety reasons.

One synthol reactor was damaged.

The investigation into the cause of the fire would continue this morning.

Sasol's share price fell 35c a share from its high on Friday of 925c to close at 890c yesterday. This sharp fall was due to the combination of yesterday's fire at Sasol 3 in Secunda and the weaker trend of industrial shares in the wake of the gold price fall and sharp run up of these shares since the beginning of the year.

Sources told Business Day a faulty valve in a pipe caused the massive blast.

The valve had apparently caused pressure to build up in the pipe.

A Sasol employee said the 8.45am explosion caused a tremor and threw a tower of flame — visible 2km away — into the air.

Another employee, who declined to be named, said those working within the vicinity of the blast were told to evacuate the area for several hours. When she returned at about 1pm, the fire was under control.

Sasol firefighters then began the grim task of removing the dead, some of whom could only be identified by items of jewellery.

Of the nine injured, six had been released by last night. One man, suffering from a serious multiple fracture, was rushed to the nearby Trichardt hospital.

A hospital spokesman said the man, identified only as a white male, was still in theatre late yesterday.

A spokesman for the Economic Affairs and Technology Minister Danie Steyn said the minister would be sending letters of condolence to the families of those killed and injured.

Steel prices up an average 8,5%

B/Day 31/1/89 (260) (188) (204)

KAY TURVEY

STEEL merchants and manufacturers, already suffering lengthy delays in steel deliveries, are to suffer another blow when Iscor raises prices of steel products by an average of 8,5% in March

Hardest hit will be galvanised steel, which will rise by 13,9%, and cold rolled steel employed in the manufacture of motor vehicles and white goods, which will climb by 10,5%

Industry sources expect these increases to have an impact on the cost of durable goods and fuel inflation

Iscor public relations manager Piet du Plessis said the increases resulted from higher input costs In September Iscor raised prices by more than 6%

Manufacturers involved in exporting steel goods were unhappy that they had not been given sufficient advance warning of the increase, having only been notified earlier this month.

Responding to complaints that manufacturers were experiencing delays of more than eight weeks, Du Plessis said a number of difficulties were being experienced at the Vanderbijlpark plant

He said there had been problems with the blast furnace and the hot-strip mill had been closed for modernisation in December and was still in the running-in stage but would eventually improve quality and production

Lower volumes

It was originally planned to close the mill in August last year but this had been delayed until December in order to meet customers' orders

In December Iscor MD Willem van Wyk told Business Day production problems could result in volumes being 3% lower than expected at 5,3-million tons for the financial year to June 1989

Further, he expected the difficulties experienced with the blast furnaces in the first quarter to marginally dull turnover growth for the year

Sasol probes inferno as death toll rises to 11

Argus 31/1/89

260

The Argus Correspondent

JOHANNESBURG. — Sasol has launched an investigation into the inferno at its plant near Secunda which left 11 employees dead, one missing, and another nine injured yesterday.

The Sasol 3 accident, caused by a "mechanical fault", is believed to be one of the worst at a synthetic fuel plant belonging to the company

Six of the injured were discharged from the hospital at the plant yesterday. One of those still in hospital is in a serious condition with broken ankles and burns He was taken to the Medclinic in Secunda

The names of the dead were not available last night. It is believed some victims were so badly mutilated and charred that identification was impossible

Fireball

The names of the injured have not yet been released

The exact cause of the fire has not yet been established and investigators will only be able to inspect the scene once the area has cooled down. However, sabotage has been ruled out and Sasol has emphasised there was no explosion

The fire broke out at about 9 am and spewed a fireball of smoke and flames — seen 10km away — into the sky.

A Sasol employee broke his leg in three places after jumping four storeys yesterday to escape the fierce flames of the fire.

It is believed that three of the dead were not Sasol employees but were working at the plant on contract.

Pastor Keith Enslin of the Abundant Life Ministries in Secunda said he had just left a shop about seven kilometres from the burning installation when he saw a "second explosion"

"Smoke was already billowing from the installation when I saw a second explosion and saw a tremendous amount of smoke and flames mushroom into the sky A few seconds later we felt the shock waves," he said

Fire engines and emergency vehicles from surrounding towns, including Evander and Secunda, and Sasol's own fire-fighting teams were at the scene.

A Sasol spokesman said indications were that the blaze was caused by a mechanical fault in the plant

The extent of the damage had not been established, but only a small part of the plant was affected

The spokesman said Sasol Three continued functioning and only certain parts had been shut down for security and safety reasons One synthol reactor was damaged

Homes damaged as quarry blast hurls rocks 500m

The Argus Correspondent

DURBAN — Several houses were damaged when a blast at Ridge View quarry in Hillary, southern Durban, hurled rocks more than 500m into a residential area

Angry residents are taking up the issue with the Hillary Ratepayers' Association

At 2 pm yesterday quarry workers sounded a siren to warn people about the blast. The explosion was so loud, it shook buildings in Lewis Byron and Huntley roads.

The Rev Willem Barkley, of 16 Lewis Byron Road, was in his kitchen when a piece of rock the size of a tennis ball came crashing through his study window

At one house, Mr Barkley noticed a concrete wall shattered by a large rock

He said police collected rocks as evidence

Mrs Astrid Belford, who lives in Huntley Road, said she got a fright when the blast went off It shook the home and a rock crashed through the roof

She said rocks were strewn all over her property, and that of her neighbours

Sasol blast death toll jumps to 11

Cape Times 31/1/89 260

Own Correspondent

JOHANNESBURG. — The death toll in yesterday's blast at Sasol 2 rose to 11 last night with one man still reported missing.

A Sasol spokesman said the names of the dead were being withheld pending identification and notification of their families. He declined to speculate on the cause of the explosion, which also injured nine workers.

The death of one victim, Mr Chris Bosman, 38, of Secunda, was confirmed by his wife yesterday.

Sources said a faulty valve in a pipe caused the massive blast. The valve had apparently caused pressure to build up in the pipe.

A Sasol employee said the explosion caused a tremor and threw a tower of flame — visible from 2km away — into the air.

Only a small part of the plant was damaged by the fire, the spokesman said.

Investigations into the cause of the fire would continue this morning. No crime was suspected, he said.

An employee, who declined to be identified, said everyone working within the area of the fire was

To page 2

From page 1

Sasol fireball

Cape Times 31/1/89 260

told to evacuate the area immediately for several hours

Workers said that when the fire was under control, Sasol fire-fighters began the grim task of removing the dead, some of whom could only be identified by items of jewellery

Of the nine injured, six were released last night after treatment at the clinic. Two employees were still in the sick bay at Sasol 3 last night.

Another man with a serious multiple-fracture injury was taken to the Trichardt hospital, 5km from the plant.

The superintendant of the Trichardt Hospital said the man, identified only as a white male, was still in theatre late yesterday afternoon.

Both the hospital superintendant and a Sasol spokesman refused to release names of the injured or details of their injuries

A spokesman for the Minister of Economic Affairs and Technology Danie Steyn said that the minister would be sending letters of condolence to the families of those injured and killed by the fire and to Sasol management

Oil-from-coal plant provides many benefits

By Dawn Barkhuizen

Sasol 3 — part of the world's only commercially viable oil-from-coal production plant — is sited at Secunda in the Eastern Transvaal (260)

It operates in tandem with Sasol 2, also at Secunda, and Sasol 1 at Sasolburg, to produce a large proportion of South Africa's fuel requirements, according to a Sasol spokesman Exact production figures are restricted by the Petroleum Act

At present Sasol Ltd owns 50 percent of Sasol 3 The remainder is held by the Industrial Development Corporation Since privatisation in 1979, the state loan for Sasol 1 and 2 has been repaid in full with interest Star 3/1/89

The Sasol plants save South Africa more than R3 billion a year in foreign exchange and also have enormous strategic value in making South Africa less dependent on imported fuel

Sasol 3 was built in the wake of the Iranian revolution when the oil tap to South Africa was cut off Construction of the plant started early in 1979 The R3,3 billion cost was met largely by levies paid by motorists into the State Oil Fund

At today's prices, the replacement cost of for the Secunda 2 and 3 complex is approximately R23 billion

The Sasol 2 and 3 complex comprises 14 sq km and is the largest synthetic fuel plant in the world Along with Sasol 1, it is the only producer of synthetic fuel in South Africa, operating around the clock and employing 33 000 people

The Sasol 1 plant operates on two processes, one producing synthetic fuels (synfuels), the other producing unique waxes exported world-wide Sasol 2 and 3 are almost identical, mainly producing synfuels

The Sasol process produces synthetic oil, gas and chemicals, as well as numerous by-products such fertilisers, explosives, tar and solvents

The oil is refined into various fuels — the two main fuels being petrol and diesel

The price Sasol obtains for its product is linked to the international fuel price It does not operate on a cost-plus basis

Because of current international oil trends (prices are low and volatile) the group has committed itself to diversification and is now moving downstream to produce products with a higher added value, such as chemicals and plastics This will, however, not not lead to a reduction in synfuel production

Sasol also operates the world's four largest underground collieries at Secunda These produce enough to fill 2 000 railway cars a day

ANC calls for end to Mandela 'team'

By Kaizer Nyatsumba

The controversial Mandela United football club — which has reportedly caused major discomfort between Mrs Winnie Mandela, her imprisoned husband Mr Nelson Mandela and the leadership of the African National Congress in Lusaka — still exists, a reliable source informed The Star today Star 31/1/89

In a Sunday newspaper Mrs Mandela was quoted as saying the Mandela United team was disbanded as a result of "State harassment".

However, people who attended the funeral of former health secretary of the Azanian People's Organisation (Azapo), Dr Abu-Baker Asvat, in Lenasia on Saturday said Mrs Mandela was accompanied by between 15 and 20 young men wearing the Mandela United tracksuits

The source confirmed that the Mandela United's continued existence, and their alleged abduction of four children, has resulted in intervention by both Mr Mandela and the acting president of the ANC, Mr Oliver Tambo, through Mr Mandela's lawyer, Mr Ismael Ayob

Mr Tambo and the imprisoned ANC leader strongly urged that the Mandela United team be disbanded, the source said

Worker broke both ankles in bid to flee Sasol 3 blaze

Star 31/1/89

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By Craig Kotze and Paula Fray

A terrified worker jumped several floors to escape the inferno at the Sasol 3 plant outside Secunda, which left 11 of his colleagues dead, one missing and another eight injured yesterday

The unidentified worker suffered two broken ankles and burns in his fall He is now in the Hydromed Clinic in Trichardt, near Secunda

The fire at Sasol 3, blamed on a "mechanical fault", is understood to be one of the worst at a synthetic fuel plant owned by the company Sasol has already started an inquiry

The names of the dead — some of whom have already been identified — have not been released, but one of the victims is said to be process controller Mr Christo Bosman

Some of the victims are so badly charred they had to be identified by pieces of jewellery

The names of the injured have also not been released, although six of them have been discharged from hospital

Operations to cool down the affected area of the plant continued throughout the night and mopping-up operations began this morning, a Sasol spokesman said

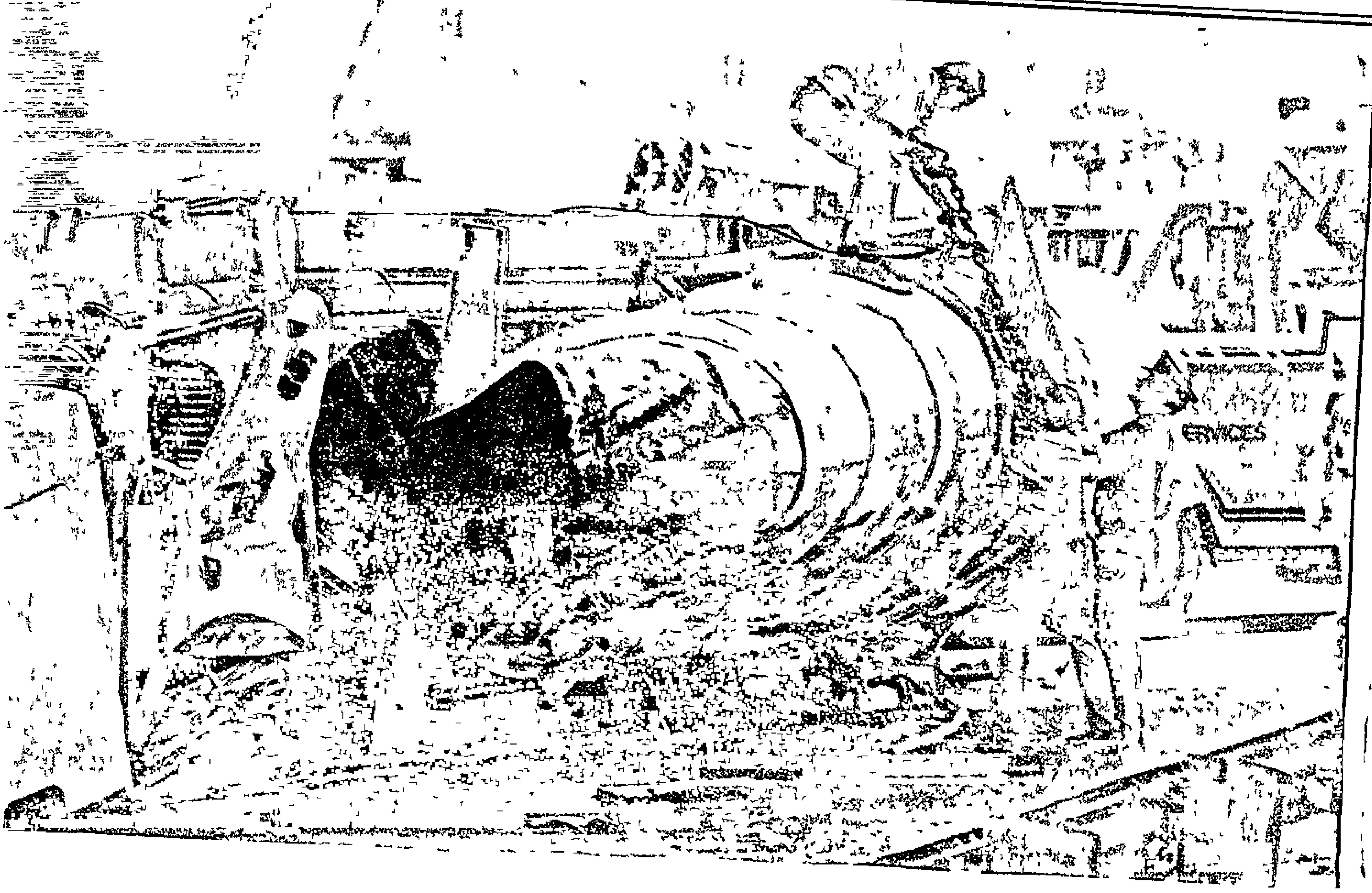
A security blanket descended over the plant yesterday and workers were reluctant to speak to the media

The fire broke out at about 9 am and spewed a ball of smoke and flames — seen 10 km away — into the sky

Pastor Keith Enslin, of the Abundant Life Ministries in Secunda, noticed the blaze when he walked out of a shop in town — about 7 km from the burning installation

"Smoke was already billowing from the installation when I saw a tremendous amount of smoke and flames mushroom into the sky A few seconds later we felt the shock waves "

Mrs Matie Hugo of Secunda said she first saw the column of smoke at about 10 am "I looked out of my window and saw this huge column of smoke and flames "



Sowetan 31/1/89

INFERNO

11 die, 9 hurt in Sasol blaze

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AT least 11 employees died and 9 were injured when a fire broke out at the Sasol 3 installation outside Secunda in the Eastern Transvaal yesterday, sending a huge fireball into the sky.

Fire engines and emergency vehicles from surrounding towns, including Evander and Secunda, and Sasol's own firefighting teams rushed to the scene after the blaze broke out at about 9am

One person is still missing and another is in hospital nearby Trichardt, in a serious condition, a Sasol spokes-

• To Page 2

Sowetan 31/1/89

Sasol blaze

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• From Page 1

man reported last night

Two more in the Sasol sick bay at the plant, while the six others have been discharged

The spokesman for the giant oil-from-coal plant, in the Eastern Transvaal, about 100 km from Johannesburg, told Sapa it was only discovered late yesterday that one worker was missing The possibility has not been excluded that he may have fled the scene in panic

The dead were burnt beyond recognition and identification had not yet been possible, the spokesman added No names will be released until they have been positively identified.

The spokesman emphasised that there had been no explosion and current indications were that a mechanical fault had caused the blaze

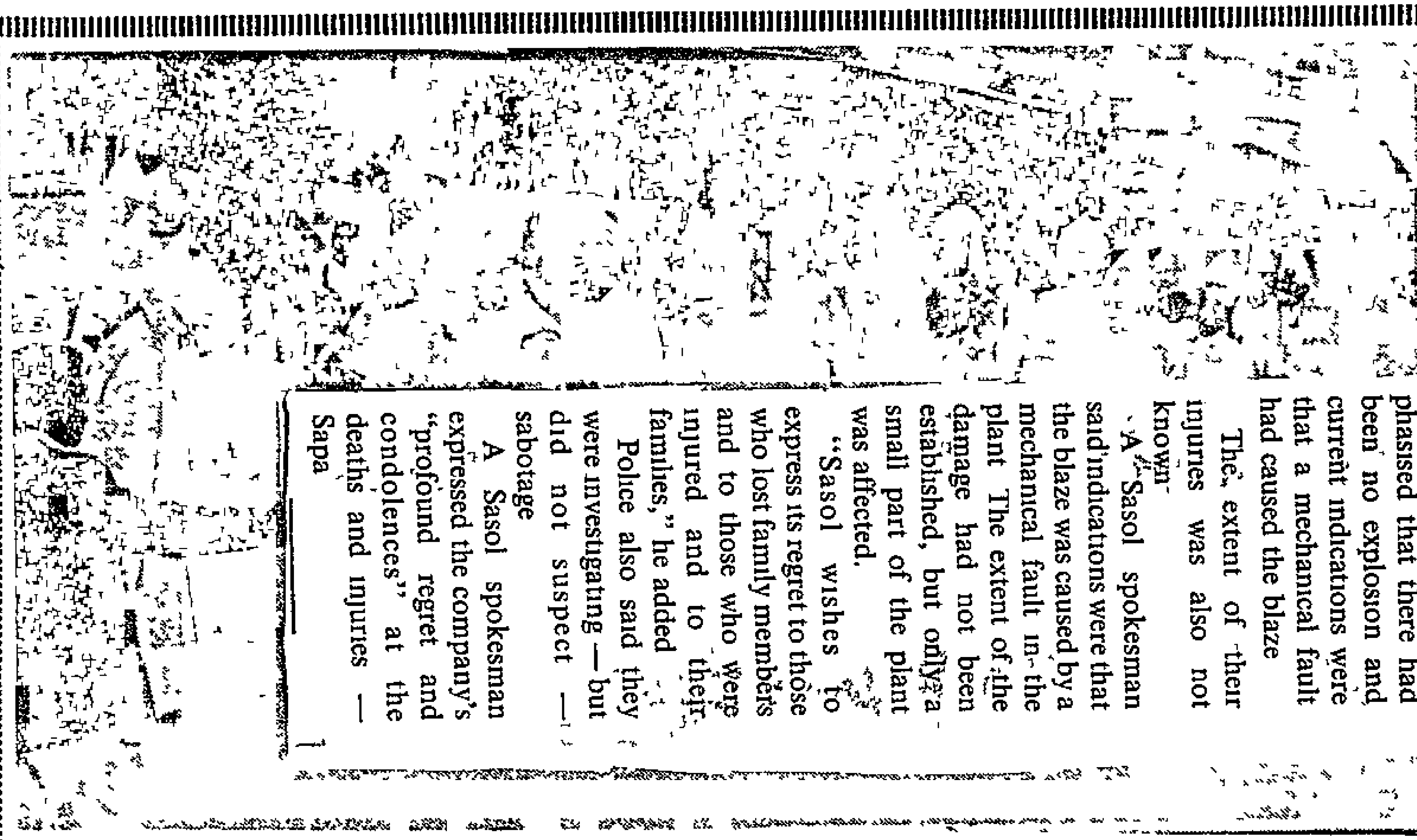
The extent of their injuries was also not known

A Sasol spokesman said indications were that the blaze was caused by a mechanical fault in the plant The extent of the damage had not been established, but only a small part of the plant was affected.

"Sasol wishes to express its regret to those who lost family members and to those who were injured and to their families," he added

Police also said they were investigating — but did not suspect sabotage

A Sasol spokesman expressed the company's "profound regret and condolences" at the deaths and injuries — Sapa



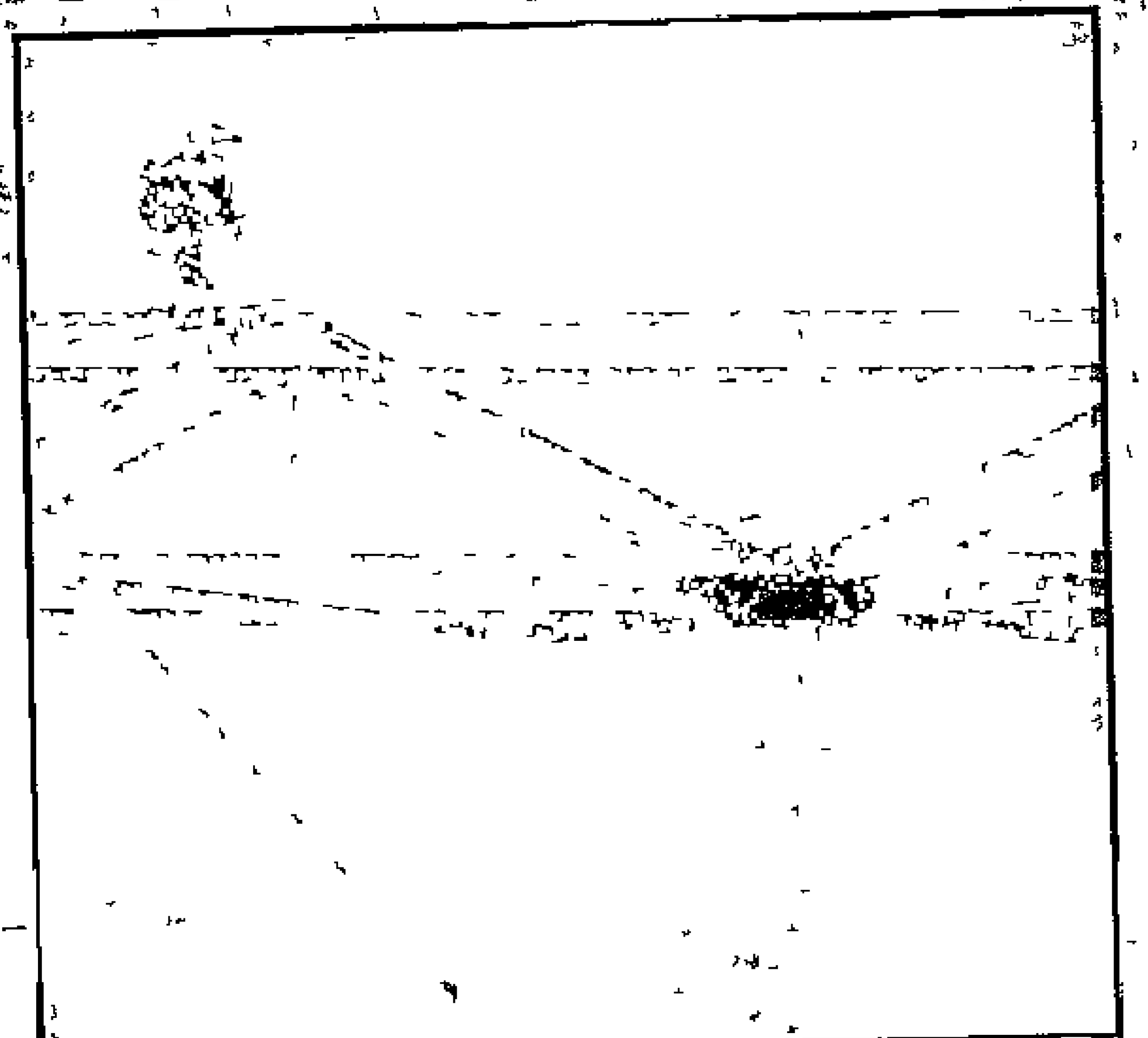
THIRTY-TWO Roman Catholic bishops, led by the papal envoy for Southern Africa, Archbishop A de Paoli, visited Soweto's Catholics on Sunday. Archbishop de Paoli conducted high mass at the Regina Mundi Cathedral where thousands of parishioners had converged. The bishops held a procession in the streets of Rockville where hundreds of children held a guard of honour for the church leaders. The bishops, all members of the Southern Africa Bishops' Conference, came from all over the country and the neighbouring states.

Pic by LEN KUMALO

Sowetan 31/1/89

Vultures return Eskom engineers' affection

Star 31/1/89 By James Clarke (260)



A vulture perches on a pylon near Kimberley.

One gets bird-lovers among even tough, phlegmatic engineers these days And now some tough, phlegmatic birds have become engineer-lovers

It began years ago when Eskom was plagued by power failures caused by Cape vultures. Although vultures never nest on the pylons they roost on them and sometimes brush live cables with their wings — and POW! (Poor old wulture)

Worse — at least from Eskom's point of view — is that towns are plunged into darkness.

The vultures — an endangered species — also coat insulators with their droppings, causing costly "flash-overs"

Eskom patrols used to shoot the vultures The patrols also demolished any martial eagle nests they found in pylons The eagle (an endangered species) builds an untidy nest whose dangling twigs can spark off power failures.

Some years ago Dr John Ledger, director of the Endangered Wildlife Trust in Johannesburg, approached Eskom. They agreed to form a committee with ornithologists Some engineers became so interested they are now active bird watchers

Eskom redesigned its pylons. Vultures have perches on which they can land safely and from which their droppings fall clear of insulators

The patrols now carry garden clippers and simply tidy up the martial eagle nests

The birds have responded by becoming friendlier That's the new problem.

At a Sappi-sponsored conservation conference in Sandton at the weekend, Dr Ledger announced that for the first time on record in South Africa, vultures are building nests on pylons.

"It is unprecedented," said Dr Ledger. "We have found a whitebacked vulture with a nest in a pylon in the Free State It will probably pass the habit on to its young and thus we may have a sub-species of pylon-nesting vultures — *Gyps africanus eskomensis*"

Sasol capacity hit — damage put at R50m

Business Day Reporter

SASOL'S Secunda plant, the site of a fire which killed 12 people on Monday, would be operating at less than full capacity for the next 150 days, Sasol executive director Dirk Mostert said last night.

He added the cost of repairs could reach R50m.

Mostert said the plant, after being down for one-and-a-half days, would operate at 40% capacity for the next week, at 60% for two months, and thereafter for five months at 75%.

The fire started when a pipe carrying gas and oil ruptured. Metallurgists and other specialists are investigating.

● See Page 3

Names of 8 Sasol dead released

BDay 1/2/89

(260)

ZILLA EFRAT

SASOL has released the names of eight employees who were among the 12 people who died in the fire at Sasol 3 on Monday

They were Christiaan Stephanus Jakobus Bosman, 38, Andries Johannes Wilhelm Cronje, 22, Andrew Douglas, 23, Jurie Josias Johannes Petrus Albertus Fourie, 53, Makwena Albert Mabotja, 36, Malcolm Daniel Marx, 43, Willem Petrus Visagie, 25, and William Cumming Campbell, 30 Three unidentified victims were employees of a contractor, Cheminfo and the fourth was an employee of Sasol

Identification of the victims had been hampered as the bodies were severely burnt, but pathologists were conducting forensic tests, said Sasol

J De Beer is still being treated in Trichardt's hospital for multiple fractures

Sasol 3 went into operation yesterday afternoon, but certain sections would only work once repairs had been completed

The fire had raged over an area of 50m by 20m Pipes in the immediate vicinity of the fire ruptured and led to localised explosions, said Sasol. Machinery around two of the eight reactors was seriously damaged

☐ ALAN FINE reports that the Chemical Workers' Industrial Union (CWIU), which represents most of the black workforce at Sasol 3, yesterday demanded full participation in the accident inquiry At least one of the deceased was a CWIU member It also said Sasol had so far failed to supply it with full information on the accident

A Sasol spokesman said it was unfortunate the CWIU should choose to attack Sasol at such a time The union had been informed of the accident immediately after it occurred The CWIU would be given the opportunity to visit the scene

Sasol has supplied this picture of the damage to the installations of the Sasol 3 plant at Secunda from Monday's tragic fire that claimed the lives of 12 employees.

ebruary 1 1989

Secunda in mourning for its 12 dead (260)

Star 1/2/89

Sasol inferno damage estimated at R50-m

By Janet Heard and Therese Anders

Output has been seriously affected at the Sasol 3 plant and preliminary estimates put damage from Monday's fire disaster as high as R50 million, Sasol executive director Dr Dirk Mostert announced last night

He said production at the oil-from-coal plant had been stopped for 1½ days and would gradually be started up again It would take about five months before plant production was up to 75 percent of full capacity He said Sasol was insured against such accidents

Giving the first official company explanation of what caused the fire, which was seen 10 km away, he said the inferno began when a pipe carrying an oil and gas mixture ruptured The pipe had been running from the synthol reactor to the next stage in the process

Normally there would have been few people in the area, but a maintenance team there Monday and this was the reason for the high loss of life

The Government Inspector of Machinery was on site yesterday to begin his investigation

The names of eight of the 12 dead have been released They are general worker Mr Albert Mabotja (36) of Acornhoek, senior process controller Mr William Campbell (30), senior process controllers Mr Christiaan Bosman (38) and Mr Willem Visagie (25), process controllers Mr Andries Cronje (22) and Mr Jurie Fourie (53), Mr Andrew Douglas (23) and Mr Malcolm Marx (43) all of Secunda

The names of the other dead have not been released Three were employees of a contractor, Chemınfo, while the other was a Sasol worker

In Secunda yesterday, the town was quiet and residents were in a state of mourning Most wives of the victims refused to be interviewed Homes were filled with friends and family

Mrs J F E Spanos, who lives in the same street as Mrs Rose Campbell (28), whose husband, Mr William Campbell was killed, said 90 peyrcent of Secunda residents were linked in some way to Sasol She said the town was alerted by loud sirens just after 9 am "This has never happened before, and it is going to take a long time for Secunda to recover from the tragedy," she said

Another neighbour, Mrs R Joubert, said Sasol officials visited Mrs Campbell last night expressing their condolences and explaining financial compensation "She does not want money — she just wants her man back," Mrs Joubert said

A grief-stricken Secunda medical sister yesterday spoke about how she had watched the inferno from her clinic window for several hours without realising her husband had died in the blaze

Mrs Marietjie Marx was the wife of Sasol production foreman Mr Malcolm Marx, one of the 12 men who died in Monday morning's fire

Yesterday Mrs Marx, a municipal clinic sister, said she had seen the huge Sasol 3 fire clearly from the entrance of the clinic where she worked

"But I just had no idea that Malcolm was then dead even as I watched"

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Iscor breaks turnover and profit records

B/Day 1/12/88

GERALD REILLY 260

PRETORIA — Iscor's 1987/88 financial year was marked by the highest turnover and largest profit since the corporation was established.

Iscor News reports that Iscor Limited's turnover increased by 17% over the previous year to R4,607bn and for the Iscor Group by 16,7% to R4,820bn.

Iscor Limited profits amounted to R274m before taxation of R81m, and for the Group to R341m before taxation of R92m.

The trading profit on the conventional historical cost basis was R661m and R757m, for Iscor and the Group respectively. For the first time since 1972 Iscor Limited paid income tax, as all accumulated losses had been wiped out.

Board chairman Marius de Waal commented: "Paying tax is also a measure of success.

"Cash flow was so satisfactory, according to the report, that not only could it provide for capital investment of R323m but also for the repayment of long-term loans amounting to R270m."

De Waal said a pleasing aspect of the debt position was that only R70m or less than 105% was in the form of overseas loans which were fully covered against possible exchange rate losses.

The debt, he said, was low judged by normal standards.

Death toll now 12 in Sasol fire

Cape Times 1/2/89 260

SECUNDA. — The death toll in the fire at Sasol Three yesterday has risen to 12, according to a statement released by Sasol.

Eight of the victims have been identifed. Three of the yet unidentified people killed were employees of a contractor, Cheminfo, and one was an employee of Sasol. — Sapa

Privatisation should be overwhelming success but . . .

What price Iscor?

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Str 14/2/89

DEREK TOMMEY

ISCOR's privatisation and listing on the Johannesburg Stock Exchange later this year should be an overwhelming success, investment analysts said last night.

The Acting State President, Mr C J Heunis, announced in Parliament yesterday that Iscor would be the first of the state and semi-state enterprises to be privatised.

Others in line for sale to private hands include Eskom, Foskor, South African Transport Services and South Africa Posts and Telecommunications.

"Iscor ranks among the world's top eight steel producers and must be an attractive investment, esecially if you believe the South African economy is just entering the expansion stage," said one analyst. "Apart from being a colussus of an organisation, it has depth of management and great technical expertise.

All financial institutions are likely to support Iscor's privatisation, but much discussion and negotiations between the Government and Iscor's potential buyers was likely before any agreement is reached.

There is some doubt in the market about how Iscor should be valued. If Iscor is valued on its net asset value it is worth some R6 billion.

Growth track

On the other hand, if it is valued on price-earnings ratio of 10, which is roughly the same as Highveld Steel, it is worth only about R2,5 billion on last year's taxed earnings of R250 million.

One could argue that Iscor is on a growth track and deserves to be on a high PE ratio, one analyst said. Additionally, Iscor was so huge that it warranted a better rating than Highveld. Possibly it should be rated not as an industrial shares but as a financial holding share.

The size of Iscor's exports in relation to total sales could be important in determining the privatisation price. With investors looking for rand hedge stocks this was likely to be a key factor.

Against this the export markets for steel were notable for their volatility which meant that some sort of discount had to be built into the price.

Another consideration was that Iscor has never been under the same pressure as a private organisation to produce outstanding results and its accounting and depreciation policies may have been tempered to this fact.

Once Iscor has to deliver the goods all this could change and Iscor profits could be more in line with the money invested in the organisation.

Investors would be closely watching two aspects of the planned privatisation, another analyst said. One was the extent to which the Government gave up control.

Negative factor

Although the institutions are reported to have some R32 billion available for new investment, it was unlikely that all of Iscor's shares would be sold to the private sector at one go. This meant the Government would retain some and therefore would also retain a say in the management of the company.

This would be a negative factor for many investors who would seem themselves merely as minority shareholders and with no say in the running of the organisation.

Another possible problem area could be how Iscor shares are allocated to employees and the conditions attached to these shares.

"We don't want to see shares issued to employees who immediately trasnfer them to the trade unions and used to vote against management," one analyst said.

Because of the labour structure at Iscor it would be necessary to keep a close eye on the organisation's social policies, an analyst said.

He welcomed the news that Iscor had already prepared video material examining the implications of privatisation and its effects on employees which is to be shown to every one in the organisation.

Iscor has also briefed all its managers so that they will be able to answer any employee questions, and is also publishing special issues of its house newspapers on Monday dealing with the planned privatisation.

Pouring molten steel into ingots. Iscor ranks among the top eight steel producers in the world

Week at a glance

SVEN FORSSMAN

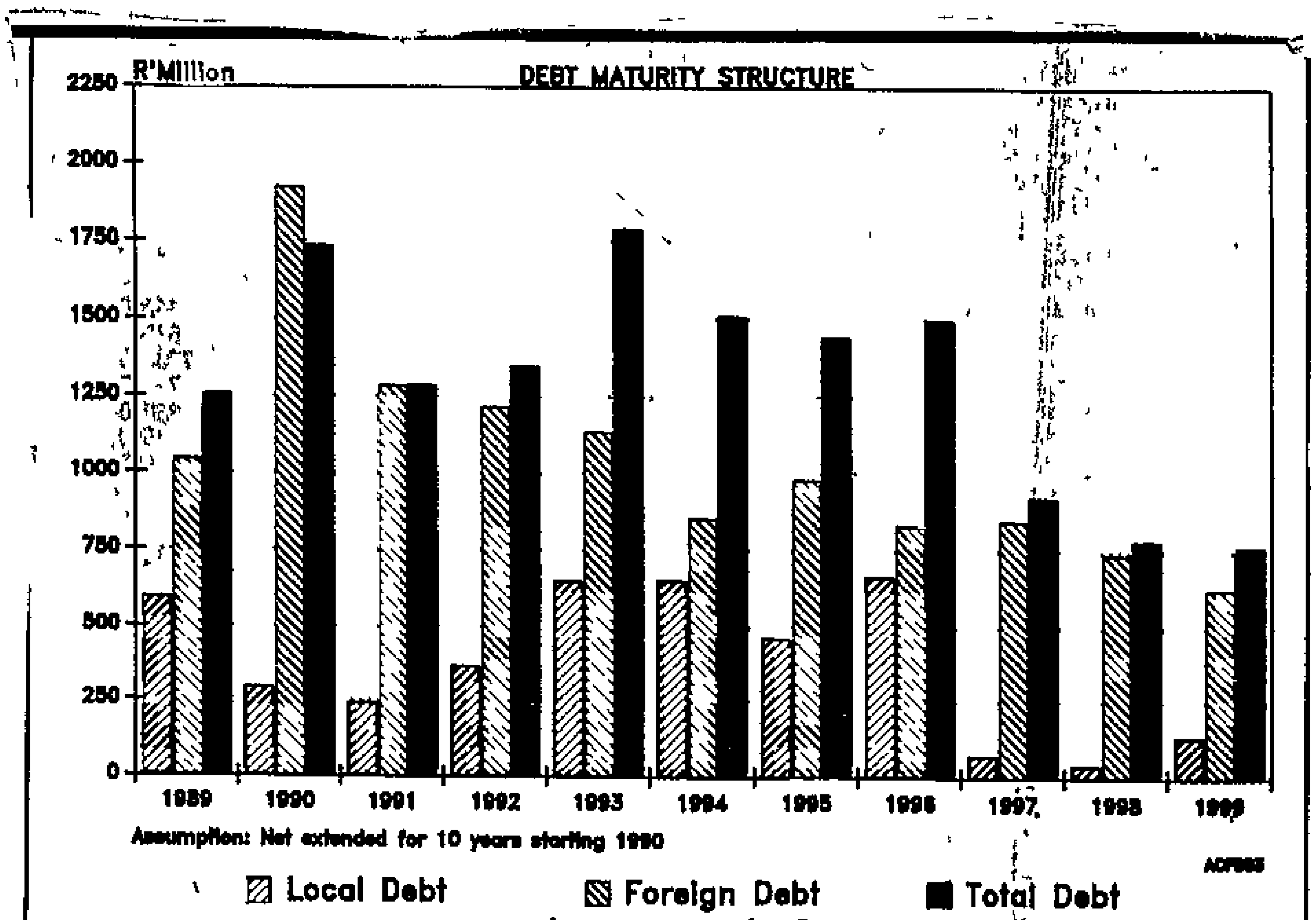
DOMINATING the news this week is the go-ahead for Minorco's £2,9 billion bid for Consgold. The share prices of both companies rise sharply on the JSE.

□□□

UK-BASED Tootal sells its 49,8 percent stake in textile group Da Gama to South African Breweries

Minorco expected to ...

2162



Star 6/12/89.

Eskom's borrowing needs show an increase of 58%

260

By Sven Forssman

Eskom's borrowing requirements for 1989 have increased by 58 percent from R2,4 billion last year to R3,8 billion

But borrowing requirements are expected to decrease from next year until 1993

Funding for 1990 is set at R3,5 billion, at R1,7 billion for 1991, at R893 million for 1992 and at R637 million for 1993

The estimates are based on, among other factors, projections by Eskom strategists in regard to inflation, exchange rates and interest rates

Inflation is expected to increase over the next four quarters, at an average rate of two to three percent more than the average for 1988

The rand should weaken against the dollar and it is predicted that interest rates, both long and short, should peak around the second quarter and then either remain steady or soften slightly

Another factor influencing the borrowing requirement is the cash flow resulting from rolling over forward-cover contracts

This inflow occurs when the rand weakens against the dollar or when the dollar weakens against a third currency

About R2,3 billion of swap cash flow is expected

The decision has been taken to apply about 50 percent of this inflow during 1989 to funding requirements

The maturity profile of Eskom's commitments reveals a notable amount due for repayment during 1990/91.

Provision is being made for this by investing surplus swap cash flows in prime instruments at favourable rates, or by buying back as much Eskom paper as is available on the local market.

Eskom seeks R1,5bn on capital market

BDay 6/2/89 GRETA STEYN (210)

ESKOM plans to borrow R1,5bn on the domestic capital market this year — more than double last year's R683m.

Financing manager Willem Kok is confident Eskom will raise the capital with ease

"Last year's borrowings were abnormally low and this year's needs should be judged from a longer term perspective Our capital market financing in 1989 is not much higher than it was in 1987, which implies a drop in real terms," Kok said.

Last year had been an exceptional year, with higher-than-expected electricity sales and drastic cutbacks in operational expenditure Interest and finance charges had been kept down and capital expenditure showed hardly any increase Loan repayments were low because of the rollover to 1989 of a R500m capital project bill facility.

● To Page 2

Eskom seeks R1,5bn on capital market

BDay 6/2/89 ● From Page 1 (210)

Eskom's share of total capital market borrowings has declined as government's has grown The corporation's share of institutional investment in prescribed assets has dropped from 47% in 1983 to a projected 11% in 1989.

With institutional cashflows projected at R31,6bn and investment in prescribed assets put at R14bn, Eskom's demand for R1,5bn would not put pressure on the capital market, analysts said

Kok did not foresee any problems in raising capital if prescribed assets were abolished this year

Apart from borrowing on the capital market, Eskom will use R981m in funds from the money market, R211m in the form of export credit finance and R1,1bn in swap cashflows This brings the total financing requirement for the year to R3,8bn — an increase of almost 60% on 1988 However, the overall financing requirement is still 22% down on 1985

Bulls brush aside political pessimism

HAROLD FRIDJHON

WITH the February 3 option trading on the Eskom 168 out of the way, the bond market closed on Friday in what appeared to be a burst of bullishness, probably induced by the easing of rates on the money market

(260)

For the past two weeks all activity had been focused on the Eskom options to the exclusion of domestic realities which, if they had occurred in world markets, whould have influenced the prices of and the yields on bonds

Bond markets traditionally reflect present perceptions of how current economic and political events might affect the future wellbeing of a country.

But the market brushed aside political uncertainty caused by President P W Botha's illness and the serious consequences a weak and falling gold price could have on the economy

Jobbers and dealers concentrated on buying and selling to lock into an option price homing in on 16,5% The option market was the tail wagging the dog.

Turnover soared as parcels of stock were bounced around the market to record a point or two rise or fall This hothouse trading induced a week's turnover in excess of R3,5bn with most of the trading confined to the Eskom 168, although there was some activity in the RSA 13% 2005

While some institutions were involved in option trading, there were no signs of any of the traditional buyers of bonds buying or selling stock

On Friday, free of the option incubus, the market went bull with the Eskom 168 breaking well below 16,5%, while the 13% 2005 remained aloof and, with most other maturities unchanged, leaving bulges in the yield curve

'Share offer well before year-end'

8 | Day
6/2/89

(260)

Iscor gets into gear for privatisation

CAPE TOWN — Iscor launched a national in-house communication campaign on Friday to inform and canvass support for its privatisation plans.

The trigger which set off the programme was Friday's announcement by acting President Chris Heunis that legislation was being prepared to privatise the steel producer this year.

Officials are confident steps are sufficiently well advanced to ensure the public will be offered shares well before the end of the year and that Iscor will be listed on the JSE by the year-end.

Merchant banks Senbank and Finansbank have been appointed to work out the financial details, such as placing a value on the assets of the organisation, establishing an offer price for the shares and all the other aspects necessary for a listing.

Iscor officials are also busy with preliminary work for drafting legislation enabling Iscor to change its status from a parastatal.

This will then have to be submitted to government's legal advisers for finalisation into a draft Bill, which will be submitted to Parliament later this session.

After Sasol, Iscor is expected to be one of the biggest shares issues to be made

CHRIS CAIRNCROSS

on the JSE. the steel manufacturer last year had a turnover of R4,8bn and taxed profits of R248m.

At this stage, officials say it is too early to predict the manner in which Iscor will be privatised

The legislation may, however, follow the pattern set by the draft Bill outlining the proposed changed status for Sats involving government shares and value of assets.

Security

Dawie de Villiers, the minister entrusted with responsibility for privatisation in the President's office, is expected to shed more light on this subject during this week's no confidence debate.

□ ALAN FINE reports that the question of job security has emerged as the issue foremost in the minds of trade unions representing Iscor employees in the period leading up to privatisation.

The unions, representing white and black employees respectively, have, meanwhile, taken differing views on the possibilities of employee share owner-

● To Page 2

Iscor gets into gear for privatisation

(260)

8/Day
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● From Page 1

ship which could become a factor in the process

An Iscor spokesman said privatisation would have no bearing on employment opportunities at Iscor Privatisation would also not affect employees' remuneration

But Numsa national organiser Bobby Marie, who recently attended a briefing by senior Iscor officials on the issue, was not convinced "For us the number one issue is job security We have already suffered through a massive rationalisation programme to dress Iscor up for privatisation And they could not give us any guarantees that private owners would not take it much further"

Marie also said the union was less than enthusiastic about employee share ownership

Confederation of Metal and Building Unions (CMBU) secretary Ben Nicholson, whose organisation represents mainly white artisans, said there was concern among members that job opportunities should not diminish

Nicholson also confirmed the question of employee share ownership was being mooted among CMBU members "There is a feeling Iscor should make shares available to employees, perhaps on the basis of service"

Eskom scale-down 'on schedule'

Star 21/2/89 (260)

By Adele Baleta

The scaling down of Eskom operations was on schedule with two power stations closed down and about 2 000 people laid off so far, an Eskom spokesman said yesterday

In September last year the electricity supply giant announced its intention to mothball 13 power stations and do away with 5 000 jobs in three years because of over-capacity.

Eskom spokesman Mr Peter Adams said yesterday that the coastal power stations, Umgeni in Natal and Westbank in East London, were the first of the 13 stations to close down.

The retrenchments led to a dispute between Eskom and two unions affiliated to the Congress of SA Trade Unions — the National Union of Mineworkers (NUM) and the National Union of Metalworkers of SA (Numsa) — who rejected the plan.

White unions say package is 'the best' in SA

2 000 workers at Eskom retrenched — get big payout

(260) Star 9/2/89

By Therese Anders and Adele Baleta

Eskom has recently laid off 2 000 workers in a retrenchment deal costing tens of millions of rands and described by some unions as the best negotiated in South Africa.

One power station artisan with long service has received a cheque for R56 000 after tax, and the "significant number" of middle and upper managers who have taken advantage of the package could, with long service, be taking home about R100 000

The retrenchment is the first phase of Eskom's scaling-down operation in which 13 power stations are to be shut down or mothballed because of over capacity

More to lose jobs

A further 3 000 Eskom workers are to lose their jobs in the next three years

White union officials have called the package the best negotiated in this country

The major black unions — the National Union of Metalworkers of SA (Numsa) and National Union of Mineworkers (NUM) — have rejected the plan, although it is believed that many black Eskom employees who are members of these unions have applied for voluntary retrenchment and accepted Eskom's severance pay

A black worker, formerly at an eastern Transvaal power station, is known to have received more than R20 000 and is now driving his own taxi Eskom has refused to issue details of the package

However, The Star has been given a copy of the retrenchment programme, which allows for either early retirement or voluntary retrenchment

Workers are guaranteed not less than seven months' salary, plus 2½ times the amount of money they have paid to Eskom's pension fund

For the lowest-graded Eskom workers on R600 month, the minimum they could get would be R5 000

But pay-outs for high-salaried executives with long service could run well over R100 000 before tax

An Eskom spokesman said that not all those employees, including managers, who had applied for the package had been granted it

When asked if the package was regarded as the best negotiated in South Africa, he said he could not comment as he had no basis for comparison

Unsatisfactory information

Numsa national organiser Mr Bobby Marie said "The pay-out, although sizable, is not the issue We are concerned about the long-term effects of the retrenchments, and the protection and development of job opportunities

"Our dispute with Eskom is that it never gave us satisfactory information justifying the need for the retrenchments"

Mr Marie said that although some employees would benefit greatly, there were semi-skilled and unskilled workers, mostly Numsa and NUM members, who, when they lost their jobs, would find themselves without employment for a long time

Econometrix director Dr Azar Jammine described the package as "extremely attractive"

"It is one of the best I have heard of, after the golden handshake for Members of Parliament in this country, and it compares favourably with the United Kingdom where retrenched workers often get only three months' full pay"

He said the millions said to have been paid out would not bleed the taxpayer Eskom was self-funding and, unlike government bureaucracy, was independent of taxpayers' money

The NUM was unavailable for comment at the time of going to press

The Star Finance

Star 9/2/89

Iscor, Highveld Steel expected to do well

260

By Neil Behrmann

LONDON — Iscor and Highveld Steel should do relatively well this year because of the boom in the world steel industry

Yet 1990 could be stickier because analysts expect steel manufacturers to experience lower activity from the second half of 1989 onwards

"A slow-down does not imply that there will be a slump," says Commodities Research Unit, a London metals consultants, "especially since internal Japanese expansion is keeping their steel industry buoyant."

Steelmakers worldwide have increased production to meet pent-up demand They have thus needed more iron ore.

And even though most forecasters contend that the world economy appears to be nearing the end of its prolonged expansionary phase, the steel market is forecast to remain tight for at least the first half this year

Commodities Research Unit says buyers of steel products, notably wire rod, hot roll coil, deformed bar and plate will encounter a sellers' market in the coming months and that prices should remain high, at least until June

Thereafter the market could ease, particularly if the world economy slows down

Yet the market will be unevenly balanced While economists expect slower growth in the US and Western Europe, particularly West Germany, demand from Japan is expected to remain high.

Japanese construction demand for steel is estimated at three million tons, 13,5 percent higher than a year ago Total Japanese crude steel production reached 26,2 million tons in the third quarter and output is forecast at 27,1 million tons in the final quarter.

This means that total crude steel production in 1988 was 106 million tons, well above earlier estimates, says Commodities Research Unit.

There is some concern that the Japanese domestic economy will not maintain its hectic pace

But exports are still buoyant and with a strong Japanese automobile industry, consumption of steel will hum

Yet with output rising rapidly, there are worries about potential oversupply

The European steel industry's order books are full until the middle of the year

Tightest markets are hot-rolled coil and galvanised sheet Flat steel products are generally firm and producers in the UK, France and Germany are all raising prices

There is a shortage of hot-rolled coil in all European countries and lead times are now at three to four months

Galvanised sheet demand is being boosted by the strong performance of the European car industry Widespread building construction and the surge in consumer durables are also buoying demand

Soon-to-be-privatised Iscor riding crest of a wave

222 (260) WMAIL 10-16/2/89

By BRUCE ALLEN

DESPITE acting State President Chris Heunis' announcement last week that Iscor would be privatised by the end of the year, it appears too early to predict the way in which ownership will be transferred

Stockbrokers, merchant bankers accountants and Iscor itself declined to speculate Some point out that government, as majority shareholder, will determine the process

It seems likely, though, that the public will be offered shares well before the end of the year and that Iscor will take its place on the JSE before the start of 1990

Evan Dold, of auditors Deloitte, Haskins and Sells, believes that if government had not been confident of its timing, it would not have committed itself to the programme "The authorities would not want to raise question marks about the credibility of the whole privatisation process by not meeting deadlines"

Dold believes that the selection of Iscor as an early target for privatisation relates to a number of factors "It is a sizeable organisation which has competed in local and overseas markets for a number of years

"The group's management team appears competent and won't need weaning to come in line with the methods used in free enterprise."

Iscor's recent profit performance bears this out It also helps explain the timing of privatisation, which comes in the wake of the corporation's most profitable year ever

For the year to the end of June 1988, Iscor turned in an after-tax profit of R249-million — well up on the previous year's R97-million.

And because accumulated assessed losses of previous years have been wiped out, Iscor payed tax for the first time since 1972

In fact, taking the declared dividend of R65-million and a general sales tax payment of R90-million into account, Iscor added about R247-million to the government's coffers

The performance has been attributed mainly to a 13,9 percent climb in domestic steel sales and a surge in demand on international markets

The financial year in question saw R323-million invested in plant replacement and new projects.

This, according to chairman M de Waal, "enabled Iscor to keep abreast of technological development and cater for new products and changes in quality to meet customer demands"

Future shareholders in Iscor will be buying into a group which is made up of two main operating divisions — steel and mining

During the year to the end of June 1988, Iscor supplied 5,49-million tons of steel products and 0,25-million tons of pool-iron and pig-iron to domestic and world markets.

Effort is being put into developing new markets, and action has been taken which will allow Iscor's products to be used in the future manufacture of agricultural implements

The corporation has also become involved in promoting the use of steel in the mass housing market.

On the mining side, Iscor is involved in the extraction of iron ore, coal and other raw materials like zinc concentrate, lead and tin

The past two good years have been the result of buoyant conditions in both local and overseas markets

De Waal explains "Private consumer expenditure on durable goods increased by 14,5 percent in real terms during 1987, resulting in a marked improvement in the local demand for sheet steel"

A boom in the canning industry saw dispatches of tin plate climb by 10,1 percent, while demand for steel products for the construction industry increased by about 30,7 percent

On the export side, management reports a shortage of steel products on international markets "Overseas demand for Iscor's steel products increased so rapidly during the year that it could not be fully met"

These circumstances are expected to continue for at least the duration of Iscor's current financial year Future years, however, may be less prosperous

The world steel industry tends to be volatile, with boom periods often followed by a sharp downturn

Prospective investors will, no doubt, take this into account before investing in Iscor

● Assocom said this week it supported the principle of privatising Iscor but the aim should be to retain as much competition as possible "In view of the dominant role played by Iscor in the steel industry, it will be necessary for consumers to be reassured that any tendencies in exercising adverse monopoly powers associated with privatisation will be prevented," Assocom said

Steel consumers face delivery delay and higher price

Star 11/2/89

Iscor's steel-price increases of eight percent, which take effect on March 1, apply only to orders placed after that date

"All contracts previously agreed to for delivery before February 28 — therefore including backlogs on this date — will still be delivered at the old price, irrespective of when the material is actually delivered," Mr Nols Olivier, Iscor's senior general manager, commercial, said yesterday

Mr Olivier said there might also possibly be confusion about the price increases among certain manufacturers of processed steel products for export purposes

"Steel prices for these sectors for the six-month period January to June had earlier been confirmed with those concerned

"Those prices remain unchanged and will not be affected by the increases on March 1," he said

● Local steel deliveries from Iscor's Vanderbijlpark works, currently an average of one month overdue, are expected to be back on schedule by the third week in March

The matter is being monitored on a day-to-day basis by top-level management

Mr Olivier said the delays were primarily due to production losses at Iscor's largest iron production unit between October and December last year

"This production unit — blast furnace D At Vanderbijlpark — is nearing the end of its cycle afteran active life of eight years, the average for a blast furnace It is scheduled for refurbishing in the second half of 1990 The problems have, meanwhile, been successfully solved," he said

"Due to the blast furnace interruption, the Vanderbijlpark works suffered a steel production loss of 160 000 tons

"This steel was destined to build up supplies within the works to tide us over the planned downtime required for replacement of equipment

"Due to continued high local demand, the downtime was postponed from September to December last year The replacement was completed on schedule, but the re-commissioning of this complex equipment is a time-consuming process, and it also takes a while to re-establish standard performance levels

"A large number of confirmed export contracts for the fourth quarter of last year, which were also delayed, as well as contracts for the first quarter of this year, were postponed for two to three months with the co-operation of Iscor's overseas clients

"They were simultaneously notified that Iscor would not accept new production contracts in the second quarter

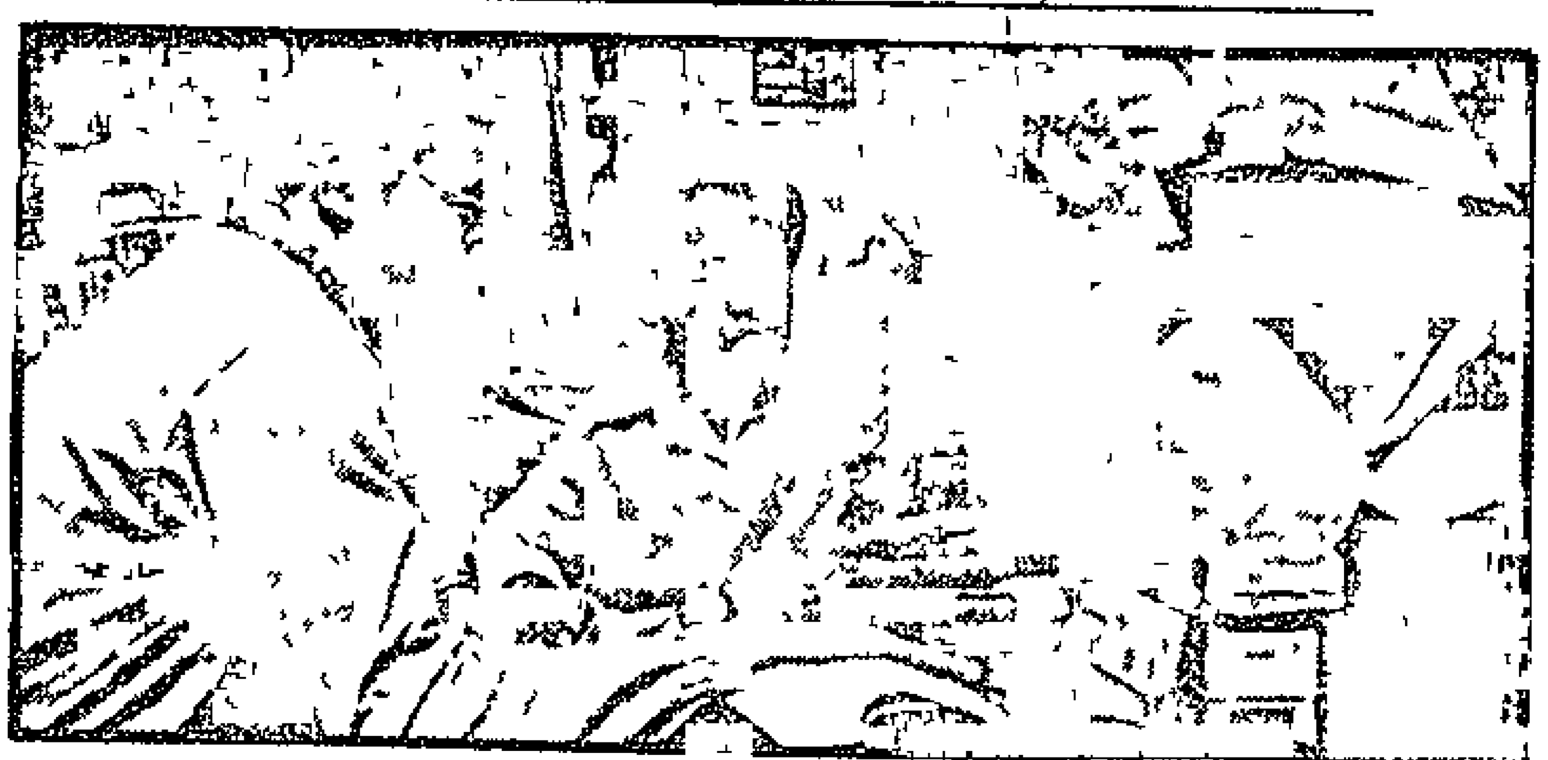
"These steps will enable us to deliver local orders as a first priority", Mr Olivier said — Sapa

Power to the people

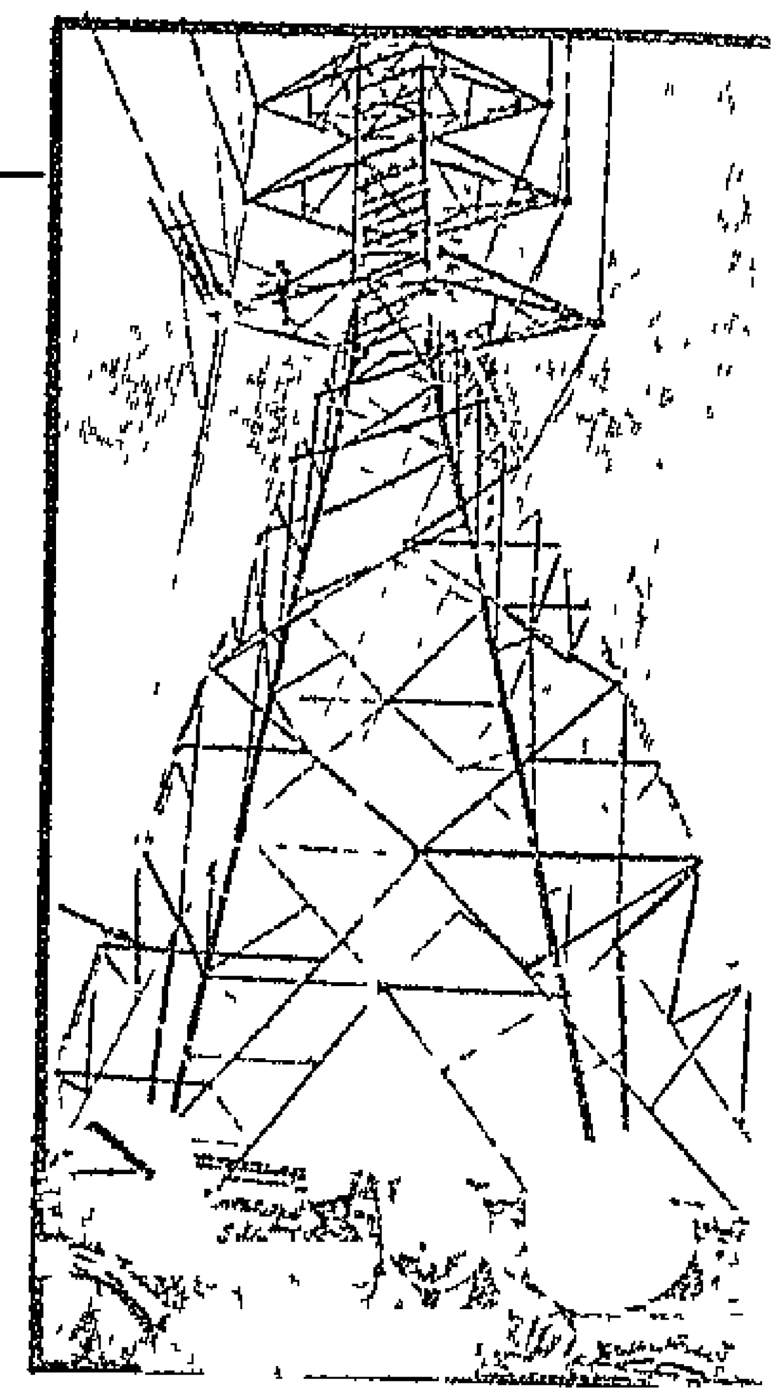
Argus 13/2/89

260

The Argus Special Correspondent GRAHAM LINSCOTT tells how Eskom is giving the revolutionary slogan a hopeful twist



Electricity is an essential prerequisite for the growth of small businesses — such as this thriving shop in Guguletu.



IMPOVERISHED black households spend more each week, per energy unit, on cooking their food and lighting their houses than affluent white suburban households.

The simple reason is that paraffin and candles cost considerably more than electricity

Rural women spend as much as six hours a day — a lifetime of work — collecting firewood and often destroying the ecology in doing so

Electricity would give them the time for more gainful employment It would allow them to establish home industries with electric knitting and sewing machines Their menfolk would be able to produce goods for sale or charge for repairs, using electric drills, arc welders and other equipment

The Second Carnegie Inquiry into poverty in South Africa identified access to electricity as a vital component in any upliftment strategy Electricity provides time for gainful employment and leisure It makes possible the quantum leap from the poverty-stricken despair of the Third World to the relative affluence and confidence of the First

Power lines sweep across most of the country today, but they mainly connect urban centres and white farmland It is commonplace to see African women walking beneath high tension cables, bundles of firewood on their heads

Eskom, the national electricity supply utility, has however embarked on its own version of the slogan "Power to the people" It plans to bring electricity to more than 200 000 black households this year — roughly a million people will benefit — increasingly making use of methods which are appropriate to the Third World

Many black townships have already been supplied with electricity, but the results have not always been happy Expensive installation methods appropriate to the First World have pushed up the cost Householders have been charged an "availability" fee, whether they take electricity or not. The official attitude has at times been high-handed and paternalistic

This has bred resentment Electrical installations are vandalised and there is little incentive in the local communities to prevent it.

However, Eskom believes it has found the answer in electrification of KwaNobuhle township, near East London, much of which will be connected by mid-year It has established a pattern which is likely to be followed elsewhere.

At KwaNobuhle an electricity supply company (Kwanolec) has been formed, the shareholders being Volkswagen (a major employer in the area), other members of the Cape Midlands Chamber of Industries and Eskom itself Kwanolec works closely with the elected local authority

Kwanolec has abandoned the expensive installation method of underground cables, instead conveying the current on overhead wires mounted on gum poles

Whereas it is usually dangerous to connect electricity to anything but brick dwellings, Kwanolec has developed a "ready board" which can be safely mounted inside any home, from a brick dwelling to a rondavel to a tin shack Electrical appliances can be plugged in at three 15-amp sockets, there is also a light socket and a switch

The ready board has on it a meter which is activated by insertion of a card (rather like a bus coupon) which purchases a set quantity of electricity A gauge shows the rate of consumption, allowing the householder to judge which appliances are wasting electricity and costing him money

No cash is involved as the meter card is purchased at a dispenser elsewhere, so there is no incentive for robbery There is no need for accounts

Nobody in Kwanobuhle is forced to accept electricity and there is no such thing as an availability charge Connections are easily made if a householder should decide at a later stage that he wants it

Each connection costs Kwanolec R400 but the consumer is charged R50 As electricity coupons worth R30 are thrown in with each new connection, it actually costs the householder only R20

About 11 000 households in KwaNobuhle are to receive electricity, the first by mid-year, according to Mr John Bradbury, Eskom's manager, reticulation market expansion

"We have already had approaches from 10 other local authorities to investigate the provision of power to 200 000 other properties on a similar basis"

Eskom is considering introducing the card meter payment system for installations in new white suburbs as well

Control of service comes under the spotlight

Eskom powers bid to defuse Soweto boycott

(260)

BDay 14/2/89

ALAN FINE

ESKOM is playing a leading role in a major new initiative aimed at normalising the supply of electricity to Soweto It could include privatising what has until now been a council function.

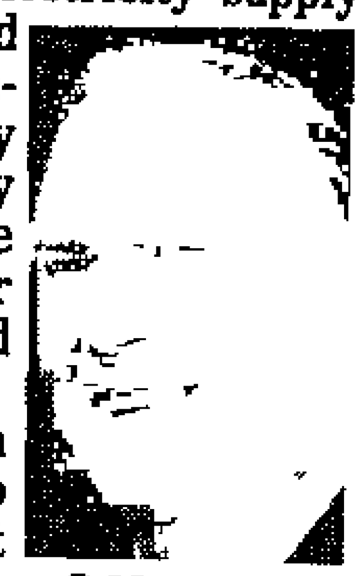
A committee — reportedly under the personal direction of Eskom CE Ian MacRae and comprising Eskom, private sector and Transvaal Provincial Administration representatives, Soweto councillors and businessmen — has been established to examine the matter

The future of electricity supply to Soweto has been endangered because of the boycott by residents of rent and service payments to the Soweto council

Committee members and MacRae have been seeking contact with Soweto community leaders to sound them out on ideas

Dr Nthato Motlana confirmed he was one of a number of Soweto community leaders who had been approached. He believed other contacts included SACC general secretary Frank Chikane

He said the initiative appeared to be modelled on a similar scheme at KwaNobuhle near Uitenhage where responsibility for electricity supply had been transferred from the local council to a company formed jointly by Volkswagen, the Midlands Chamber of Commerce and Eskom.



● MACRAE

He felt such a scheme was bound to be more efficient than the present one, but a discouraging factor was the suspicion of joint management committee (JMC) involvement

Committee member Ian Hetherington of Job Creation SA confirmed intensive discussions with community representatives were under way

He said the ultimate goal was some form of privatisation — but this was a wide term and no finality had been reached on its form It was intended to first discover people's preferences

He stressed that the KwaNobuhle model was not necessarily appropriate for Soweto But the general intention of privatisation was to depoliticise issues

Hetherington denied knowledge of a JMC presence in the project "If there is one, it certainly is not there in an identifiable form." He said the committee was hoping to issue a preliminary report by the end of March

The Urban Foundation's Mike Ridley, also a committee member, said he was in favour of any viable solution acceptable to the community He declined further comment

Soweto mayor Sam Mkhwanazi declined to comment until he had received a full report from the committee. Two council members are serving on the body

Comment from Eskom is awaited

Govt to float 50% of Iscor shares

Cape Times 14/2/89

260

Political Staff

GOVERNMENT plans to float off just over half of Iscor's shares when it goes to the market in the last quarter of this year, Administration and Privatisation Minister Dawie de Villiers said yesterday.

De Villiers said in an interview that the exact percentage of shares floated depended of market conditions, but "we believe just over 50% is about as high as we can go and even that is a little bit doubtful."

The pricing of Iscor shares will only be decided before the issue but it is certain to be SA's largest ever flotation, far exceeding the R525m Sasol issue.

Government, he said, would like to see as many Iscor employees as possible taking up shares.

De Villiers said the Iscor flotation would also be structured to make it possible for small shareholders to take up as many shares "as that sector of the capital market can cope with".

To prevent any group taking over Iscor, the number of shares available to individual financial institutions would be restricted.

De Villiers said Government would welcome foreign investment in Iscor.

Prices to be decided just before issue

50% of Iscor for listing in JSE record

B/Day 14/2/89 (260)

MIKE ROBERTSON and CHRIS CAIRNCROSS

CAPE TOWN — Government planned to float off just over half of Iscor's shares when it went to the market in the last quarter of this year, Administration and Privatisation Minister Dawie de Villers said yesterday.

Expanding for the first time on government's plan for the listing, De Villiers said the exact percentage of shares floated depended on market conditions, but "we believe just over 50% is about as high as we can go and even that is a little bit doubtful"


DE VILLIERS

The pricing of Iscor shares would only be decided before the issue but it was certain to be SA's largest ever flotation, far exceeding the R525m Sasol issue

While the Iscor flotation was to be the most important aspect of the privatisation calendar, good progress was also being made in other areas

De Villiers said Sats and Post and Telecommunications were to be turned into business units to establish the necessary management and financial structures before they went to the market.

Important steps were being taken to privatise cleaning, catering and gardening services A flexible approach was being adopted in this regard as some departments, such as defence, believed that for security reasons these functions could not be performed by the private sector.

The provinces had also been instructed to privatise road building and maintenance Within two years, up to 80% of these functions would be carried out by the private sector

De Villiers said the marketing campaign for the Iscor flotation would be handled by private-sector advertising agencies working with the merchant bankers and advisers appointed by government and Iscor.

Government would like to see as many Iscor employees as possible taking up shares. It was considering a number of schemes to facilitate this, but no firm decision had been taken It was likely employees who received shares would be subject to taxation.

De Villiers said the Iscor floatation would also be structured to make it possible for small shareholders to take up as many shares "as that sector of the capital market can cope with".

To prevent any group taking over Iscor and a further concentration of shareholding in the country, government would restrict the number of shares available to individual financial institutions

Star 15/2/89

'Give Iscor workers first option on shares'

260

By Michael Chester

The private sector has urged the Competition Board to ensure the 60 000 rank-and-file workers in the Iscor labour force be given first crack at owning shares when the R6 billion State steel corporation launches its privatisation programme.

The proposal forms a key theme in arguments put forward by the Association of Chambers of Commerce and Industry that the privatisation scheme be designed to ensure as wide a spread of shareholders as possible.

Assocom is pressing for shares to be listed on the Johannesburg Stock Exchange to give the general public a chance to buy a stake in the steel giant, rather than sales of huge blocks of shares in direct deals with the big financial institutions. Whatever the final shape of the State handover of the operations, Iscor workers should be offered a financial stake, says Assocom.

Dr Dawie de Villiers, the Minister handling the privatisation timetable, has hinted that the Government might back a share scheme for employees.

Assocom suggests consideration be given to a scheme granting one or more free shares for every one bought by an employee — up to a set limit.

In addition, thought should be given to allowing the phasing of payment for shares over a number of instalments.

Assocom advocates a 1990 deadline for the privatisation programme.

A submission to the Competition Board says the privatisation of Iscor had the alternative of either the outright sale of the enterprise by one huge share issue — or an agreement in which the State sells out its stake in phases.

"The fact is the South African economy is of relatively small size and in consequence if firms are to exist in industries such as iron and steel, where large scale is necessary, the existence of large companies is unavoidable and the number of firms will be few.

"In such circumstances, a degree of economic power concentration will become evident — and of course such a process would be greatly reinforced through the disinvestment campaign.

"However, the privatisation of Iscor, if carried out correctly, could facilitate some degree of deconcentration by providing a new investment avenue to the community Since access to international capital sources is restricted, the exercise will have to rely upon capital sources within South Africa

"A single share issue of that magnitude in any one year would put stress on the local equity market and Assocom would accord favour a progressive divestment exercise over a period of years," Assocom said.

The aim of the Government and the private sector must be directed towards the maintenance of as large a degree of competition as practicable

But against arguments that each of the seven huge Iscor plants could operate separately, overseas experience was that fragmentation of an industry could lead to plant closures rather than increased competition.

"The fragmentation of the corporation might create added difficulties in meeting competition on already-restricted international markets.

The question remained, however, about whether or not a privately owned Iscor would be able to abuse any monopoly powers.

"In view of the dominant role played by Iscor in the steel industry, it clearly remains necessary for consumers to be assured that any tendencies towards the exercising of adverse monopoly powers associated with the privatisation will be prevented," Assocom adds.

Iscor not worried by US export moves

260 B/Day 15/2/89

ANDREW BUDDEN

ISCOR's exports, which contribute significantly to income, would not be affected by a major US steel export move into the European market, Iscor MD Willem van Wyk said

He was reacting to reports in a recent issue of Metal Bulletin magazine which claimed that US steel producers, traditionally not large exporters, were casting their eyes to the European market.

The report said some US producers, faced with a weaker dollar and a buoyant European market, have expanded their exports in that direction, even selling at a discount to prevailing US prices

The report added that US producers were attracted to the prospect of a supposedly united post-1992 Europe with a population 40% larger than their own

Van Wyk discounted the effects of such a move, pointing out an apparent US inability or unwillingness to export steel

Pointing to the fact that annual US steel exports totalled only 1-million tons compared with imports of 16-million to 18-million tons, he said "This means that whatever the Americans export it can't have a significant effect on overall world figures"

Media GM Piet du Plessis added that since SA already faced blockages from the European market, Iscor did not actively export steel to Europe

Half-hearted Iscor share offer upsets the market

15/2/87 · Star (260)

By Derek Tommey

Investment managers are not too happy about Government plans to offer only half of Iscor's shares to the public

Dr Dawie de Villiers, Minister of Administration and Privatisation, said in Parliament yesterday the Government planned to float off just over half of Iscor's shares when it went public towards the end of this year

The exact percentage of shares to be offered for sale would depend on market conditions He believed just over 50 percent was about as high as it could go, and even that was a little doubtful

An investment manager said that if it was the Government's plan to privatise Iscor, it should go the whole way

He would be most disappointed if after privatisation he found the Government still had a major say in Iscor's affairs

It raised the question whether Iscor would be run on commercial lines or on lines the Government perceived as in the national interest

Other investment advisers voiced similar complaints They dismissed the suggestion that only 50 percent of Iscor's shares should be offered because the market would not be able to absorb a bigger quantity

One said that 10 years ago the then-smaller financial market was about to subscribe R525 million for shares in Sasol 3 — a sum probably equal to more than R5 billion in today's terms

If Iscor's track record turned out to be good enough to make its shares attractive to institutions, there should be no difficulty in selling off all its shares, he said

Should some institutions have difficulty raising sufficient funds at the end of the year to take up what they considered their proper amount of shares, it would be easy to make provision for the full payment to be made over two or three years

A claim of a shortage of funds in the capital market should not be used as an excuse for the Government to retain substantial control

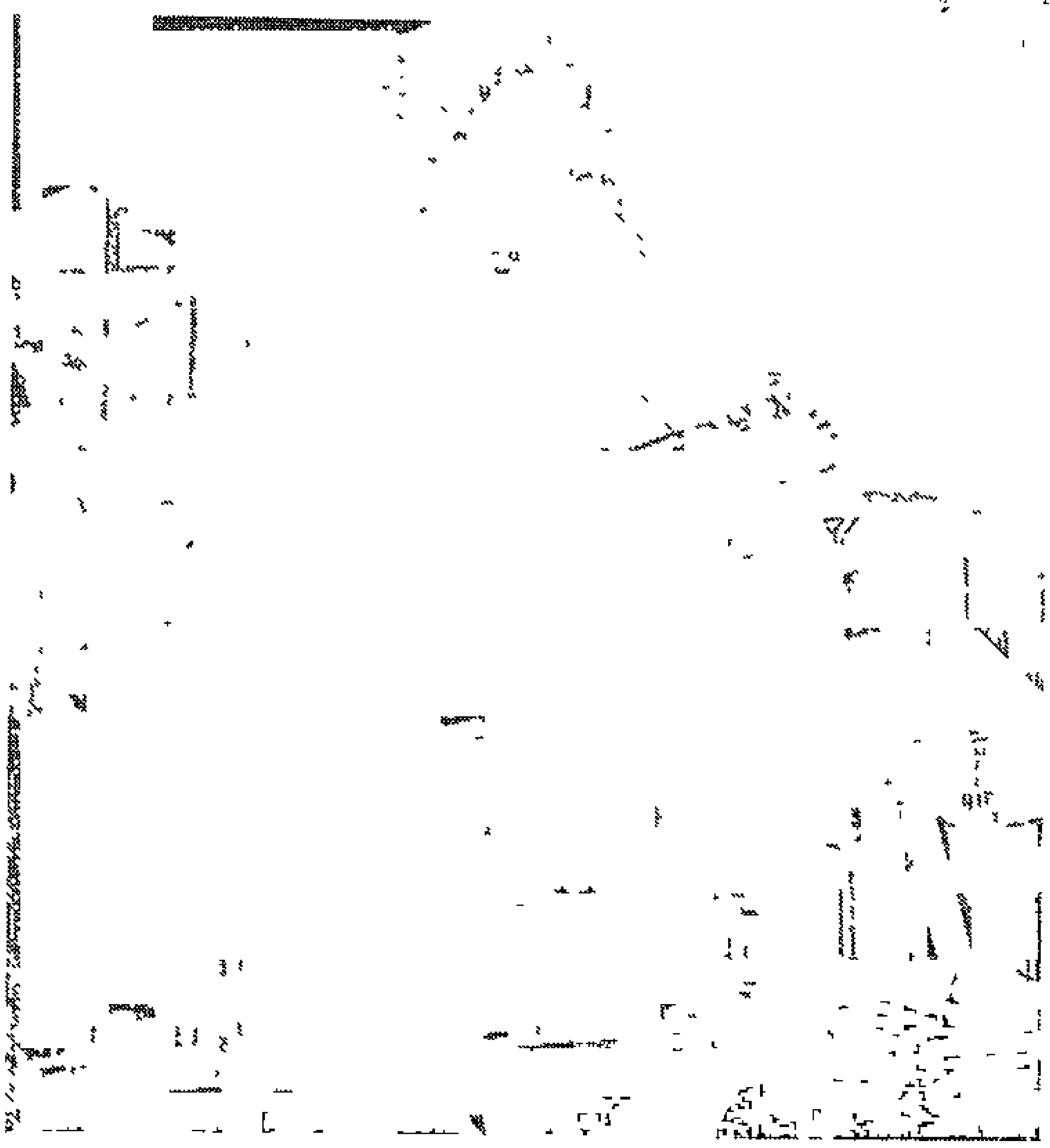
Initial indications suggest that the Iscor issue should be extremely well-received by the investment community

Highveld Steel, which, after Iscor, is SA's biggest steel producer, yesterday reported a 114 percent increase in net profit

While some of the increase came from higher sales of vanadium alloys, part came from increased steel sales, both in SA and overseas

Iscor too, should be able to report some good results this year

Speaking in Johannesburg yesterday, Dr de Villiers blamed heavy state investment in the 1970s and 1980s for part of today's economic problems



A part of Iscor you may not be able to buy into

Between 1970 and 1985, 63,7 percent of all net fixed investment was made in the public sector

At the same time, the efficiency of capital invested in the economy halved

These two developments highlighted the fundamental problem within the economy Future economic growth depended on changing these developments, he said

Among the consequences of these trends was the reduction in the relative tax base since most of the public sector enterprises did not pay tax, surplus capacity in most of the large state enterprises and a disruption of the capital market

See Page 16

THE giant electricity company, Escom, is to play a leading role in normalising the supply of electricity in the townships, including Soweto. The supply has been imperiled by the boycott of residents of rent and service charges.

Escom's chief officer for public relations, Ms Lettia van Staden, yesterday said that involvement was based on the company's vision of electricity for all in South Africa.

Huge Sasol fire insurance bill

B/Day 16/2/89 (260/88)

STEPHEN RICHTER

THE fire at Sasol Three in Secunda will result in a bill of about R400m for the insurance industry — the largest single loss in SA history, say industry sources.

The damage caused by the Natal floods was bigger in rand terms, but that involved many individual claims.

Eleven people died in the fire at Sasol's synthol plant on January 31.

The Sasol estimate was raised from an original R50m which took into consideration only material damage to the plant.

But the main insurers for Sasol, Guardian National, say that material damage could now range between R50m and R80m

Sasol will also be able to claim for consequential losses which are now estimated to be between R320m and R350m, and the inclusion of this figure accounts for the substantial deviation from the original estimate.

Guardian's deputy MD Keith Nilsson says it could take up to 18 months before final settlement is made.

A team of assessors and qualified professionals will be involved in working out the actual amount of loss due to the company.

Even though Guardian is the major insurer, it will not have to bear the majority of the loss.

Nilsson says as the capacity for the local insurance market is limited for a risk of this size and complexity, more than 50% of Sasol's insurances are placed on the overseas market

In addition, the local market would have protected itself by reinsuring portions of the risk both locally and internationally so that, ultimately, a vast number of insurers will share in the loss.

Strategy

The fact that the local insurance industry is sharing the Sasol loss with overseas insurers may help soothe the nerves of investors who hold short-term insurance shares.

Nevertheless the news comes at an unfortunate time for the industry as this month's flooding, coupled with the January fire at Frame and the M & R foundry explosion should significantly affect bottom-line performance for the current period, overshadowing the excellent results which most short-term insurers are expected to report for the period ended December 1988

Size of issue still to be determined BDay 16/2/89 (260)

Govt will relinquish all control of Iscor

CAPE TOWN — Administration and Privatisation Minister Dawie de Villiers said yesterday government was firmly committed to relinquishing all control of Iscor at the end of the year, regardless of the number of shares taken up by the market in its listing on the JSE.

He said government would prefer to sell all Iscor's shares to the public at the end of the year if the market was able to absorb such a large issue. But common sense and the guarded advice of consultants and the merchant banks had cautioned that it would be unwise to be too optimistic.

It was for this reason he had not pitched his hopes beyond being able to sell off much more than 50% of shares in a flotation which was destined to be SA's largest ever after Sasol. The size of the issue and eventual price would only be determined closer to the year-end.

Responding to criticism that the sale of only half the corporation's shares would negate the entire purpose of privatising in that it would not translate into a transfer of control, De Villiers told Business Day that any stake the state retained in Iscor should be viewed separately from where control might lie. He stressed that control would be handed over.

CHRIS CAIRNCROSS

Stagger

HELOISE HENNING reports that yesterday the private sector's liaison committee had one of its scheduled meetings with the Privatisation Unit executives in Johannesburg. The private sector expressed concern that the partial sale of Iscor's shares could mean that government intended to keep control.

But head of the unit, seconded merchant banker Pieter van Huyssteen, said he had assured representatives from Seifsa, FCI, AHI and Assocom that the decision to stagger the sale of Iscor was a commercial rather than a political decision.

To sell off all of Iscor could force the price of the shares down. The share issues needed to be made when the market could bear them.

Distinction needed to be drawn between ownership and control, Van Huyssteen said. Some government enterprises, such as Eskom and Iscor, were currently fully state-owned but were almost autonomous.

Following the meeting Seifsa economist Michael McDonald said he was still a little sceptical that government would relinquish control of Iscor completely.

MIKE ROBERTSON reports that Finance Minister Barend du Plessis said yesterday the R600m transfer of the state's holding in Iscor to the Industrial Development Corporation (IDC) should not be considered as part of government's privatisation programme. Du Plessis said that when Iscor was privatised and a share price established, the IDC's holding would be converted into shares.

Govt must temper hopes of windfall from Iscor

CHRIS CAIRNCROSS (260)

CAPE TOWN — Government will have to temper hopes of a windfall from the sale of Iscor this year

Its annual report tabled in Parliament shows the corporation owes R274m tax

Iscor records its after-tax profits for 1988 totalled R249m compared with R97m the previous year This enabled the country's biggest steelmaker to declare a dividend of 15c on all classes of shares for a total pay-out of R65m

Profit performance of the past year is expected to continue at the same pace.

Iscor's annual report is required reading for any investor interested in participating in its flotation and eventual listing on the JSE at the end of the year

Capex

The report shows Iscor had a turnover last year of R4,8bn, pretax profits were R423m, assets accounted for R5,9bn; shareholders' equity amounted to R4,1bn, long-term loans were R834m, and the debt assets ratio of 27,4% indicates fairly low gearing

Capital expenditure during the year reached R323m in plant replacement and new projects to improve efficiency This figure, together with R247m required for redemption of loans, came mainly from internal resources.

Chairman Marius de Waal records that, with the exception of R12m for import project financing, no use was made of any new external sources of funding Loan commitments decreased from R1,1bn to R896m at the end of June.

Major projects worth R1,5bn are in progress or have been approved.

De Vaal records the first Corex plant in the world to be used on an industrial scale for the production of liquid iron from ore, by charging coal directly into the smelting furnace, started operating at Iscor's Pretoria works in August.

This method is an alternative to the blast furnace technique in operation since the 19th century.

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W/ARK645 18/2/89

'Give Iscor workers the first option on shares'

By MICHAEL CHESTER

THE private sector has urged the Competition Board to ensure the 60 000 rank-and-file workers in the Iscor labour force be given first crack at owning shares when the R6-billion State steel corporation launches its privatisation programme

The proposal forms a key theme in arguments put forward by the Association of Chambers of Commerce and Industry that the privatisation scheme be designed to ensure as wide a spread of shareholders as possible

Assocom is pressing for shares to be listed on the Johannesburg Stock Exchange to give the general public a chance to buy a stake in the steel giant, rather than sales of huge blocks of shares in direct deals with the big financial institutions.

Whatever the final shape of the State handover of the operations, Iscor workers should be offered a financial stake, says Assocom

Dr Dawie de Villers, the Minister handling the privatisation timetable, has hinted that the government might back a share scheme for employees

Assocom suggests consideration be given to a scheme granting one or more free shares for every one bought by an employee — up to a set limit.

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Assocom wants assurances on Iscor privatisation

GRETA STEYN

ASSOCOM has called for assurances that Iscor, once privatised, will not be in a position to abuse its control over the domestic steel market

In a memorandum to the Competition Board, Assocom said consumers had to be assured that "any tendencies towards the exercising of adverse monopoly powers associated with privatisation will be prevented"

The memorandum was drawn up in response to a request by the board for comment on the competition implications of Iscor's privatisation

It said Iscor's dominant position meant it was a market leader in setting the internal price of steel It controlled 70% of the market and enjoyed some protection from imports because of tariffs

Some economic commentators had said the situation had harmed the secondary steel market

Although Assocom did not necessarily go along with that view, the question remained whether or not a privately controlled Iscor would be able to abuse its position

"From the point of view of any prospective public share issue, the future relationship between a privatised Iscor and the secondary steel industry will have to be resolved"

The organisation did not suggest any ways in which potential abuse of power could be avoided, saying it had received divergent views on the issue

It believed the board was the right body to monitor the issue in the period leading up to privatisation and afterwards No additional bureaucratic structures would be necessary to ensure no abuse of power occurred

However, Assocom was emphatic the privatisation of Iscor had to go ahead as soon as possible, preferably spread over a few years Iscor's unsatisfactory return on capital (6%) should not be seen as an excuse to delay the privatisation process

The problem could be addressed by setting the price of the initial share issue at a low level, to guarantee a suitable return This might even mean selling at below the asset value Subsequent share issues might be at higher prices, given the prospect of greater efficiency

Corex maintenance stoppage

(260)

B/Day 21/2/89

HELOISE HENNING

THE coal reduction (Corex) plant, still in an experimental stage before commissioning at Iscor's Pretoria works, was stopped on February 14 for planned mechanical maintenance of peripheral equipment.

The plant is being run by the Austrian-/German consortium, Voest-Alpine.

The liquid iron produced in the Corex process has not been included as part of the Pretoria works' forecast production for the year.

Voest-Alpine SA MD Herwig Petzl said yesterday the stoppage had been necessary to modify certain dust-handling equipment.

He said the operation, which is a "world first" simplifying the processes needed to produce liquid iron, had run successfully for the six months since starting in August.

Iscor GM public relations Piet du Plessis said steel production at the Pretoria works would not be affected.

Voest-Alpine engineers are training Iscor staff to run the Corex plant.

No date has yet been set for the handover.

Newsman might claim damages from SABC

Star 21/2/89

Foreign journalist Mr Roger Harris, whose home was raided by police at the weekend, might claim damages for invasion of privacy from the SABC following the screening of the raid on television, according to a media lawyer.

The lawyer described the screening of the raid as "appalling" and said he would be "very unhappy" had it happened to him.

The raid was screened on SABC-TV news on Sunday night and yesterday morning.

Mr Harris, who had clearly been woken by the police, was shown wearing only a pair of trousers. Both he and his wife appeared to have dressed in a hurry.

The TV camera appeared to be in the front during the raid.

Mr Harris said his lawyer had advised him to make no comment on the incident. "All I will say is that it was very bad camera-work," he said.

The police said the raid followed a tip-off that members of the Mandela United Football Club could be hiding at the house.

Sasol increases earnings

By Sven Lunsche

Despite a drop in earnings from its synfuel division Sasol reported a satisfactory 34,8 percent improvement in earnings to R279,2 million for the six months to December

This translates to 49,6c (36,8c) on the per share level while the interim dividend was raised by 2,5c to 25c These results were achieved on a rise in turnover from R1,719 billion to R2,037 billion

The directors said in a statement accompanying the results that all business activities performed well with the exception of synthetic fuels "It was achieved by a combination of higher production at most of the business units as well higher prices for our chemical products," they commented

The improvement in the fertiliser division met expectations, but the return on investment was still below required standards, directors added

The synfuels division's operating income was 16 percent down on last year's depressed results, despite the additional government protection of 2,4c per litre for the domestic liquid fuel industry, which contributed R18,2 million to the bottom line

Explaining the downward trend the directors said "The average US dollar price of petroleum products was substantially lower than that for the comparable period and although the average US dollar value of the rand was also lower, it was not sufficient to compensate for the fall in the dollar price and general cost increass in the South African environment"

However, as petroleum prices have hardened since then and if the current prive levels for both chemical and petroleum products are maintained, it is expected that attributable profits in the second half will show an improvement over the first six months

WM&G 24/2-2/3/89.

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Puzzle of the bogus 'HSRC' research

Shadowy pair ask unionists about politics

By CARMEL RICKARD

BOGUS questionnaires bearing the name of the Human Sciences Research Council are being used by a shadowy group, apparently linked to state intelligence, to extract information from trade unions

The revelations have caused embarrassment to the HSRC whose president, Johan Garbers, said he was "very worried and upset" about the situation.

Garbers said the HSRC was considering taking out large advertisements dissociating the council from the questionnaires.

The fraud was discovered when two union members were approached independently by two people, both with the surname, "Stevens", and both operating from the same phone number

One, "Renee Stevens" claimed to be from the HSRC, administering a questionnaire on the research organisation's behalf

The other, "Collin Stevens", wrote a letter to a shop steward, stating frankly that he represented "the intelligence service" and was "directly employed by the government".

Last month Hassan Amra, a Chemical Workers Industrial Union organiser, was phoned by "Renee" who said she was doing a survey for the HSRC and wanted to interview him.

She claimed to be employed on a freelance basis by the HSRC; that the questionnaire dealt with labour matters and was very confidential and that she had obtained his name from the Congress of South African Trade Unions.

After discussions with colleagues, Amra told her that he wanted to see the questionnaire first.

A few days later she dropped off the nine-page questionnaire, which has an authentic HSRC cover.

It asks about the respondent's "objectivity" and "self-image", and whether respondents see themselves as "conformist/revolutionist? (why)" and whether they are "socialist/capitalist? (why)".

It asks how the respondent sees the role of whites in unions ("advisory, participating, dominating, academic, research") and adds. "Can whites play a major role in non-white unions? (numbers)".

Other questions include. "Should management be allowed to consult with security forces?", "Should unions be involved with banned organisations?", "Should management con-

● To PAGE 2

P.T.O.

Cape Times 27/2/81

Sasol earnings up 35%

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Own Correspondent

JOHANNESBURG Sasol has increased its earnings by 35% in the six months to December after good performances from all business activities except for synthetic fuels

Earnings rose to R279,9m (R207,2m) or 49,6c (36,8c) a share An interim dividend of 25c (22,5c) has been declared, covered 2 times

Directors say the operating profits from the synfuels division were 16% lower despite the recent introduction of additional protection of 2,4c a litre for the domestic liquid fuel industry

The average US dollar price of petroleum products was substantially lower than that of the comparable period, and although the average US dollar value to the rand was also lower

The increase in tariff protection relating the previous financial year has been treated as an extraordinary income after tax and amounts to R18,2m

"The improved results were achieved by a combination of higher production at most of the business units and the favourable effect of higher prices for most of Sasol's chemical products, say directors

The current bouyant international demand, associated with finite supplies, lead to favourable prices for ethylene, phenols and solvents The crude-oil refining and coal mining divisions and the increased hard wax production capacity at Sasol One also contributed to improved performance

The group's turnover, excluding levies and excise duty, rose by 18,5% to over R2bn (R1,7bn), while operating profits soared 48,5% to R526m (R354m)

The net asset value has risen 9% to 608,4c (588,1c) a share

Directors say that more than 60% of Sasol Three's synthol will be in production by the beginning of March following the tragic accident at the plant at the end of January The total plant should be operative by September

Sasol Three's taxed profit for the half year of R50m is unchanged from the previous period

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Designs on energy

SYLVIA DU PLESSIS

ENERGY-effective design should not be regarded as rationing or curtailing energy usage but rather as using it constructively, Eskom senior GM Lood Rothman said last week

He was addressing the launch of the national 1989 Eskom Energy Effective Design Awards in Johannesburg, which aim at encouraging the cost-effective use of electricity through innovative design in mining, industry and commerce

Electrical energy resources at the country's disposal were finite, he said

SA had probably not even come close to realising its potential as an industrial nation and as an energy consumer "Eskom is striving to find workable solutions to this problem But we can say with absolute certainty that the energy-effective design of processes, plants, products and buildings is vital," Rothman said

Architects and engineers, through their innovative design of cost-effective systems for heating, cooling and lighting large office buildings, were saving their clients hundreds of thousands of rands annually

A panel of 12 judges, chaired by Mintek's Aiden Edwards, has been appointed to adjudicate the awards The deadline for entries is May 22, and judging will take place in July

Sasol earnings increase by 35%

B/Day 27/2/85 ZILLA EFRAT (250)

SASOL has increased its earnings by 35% in the six months to December after good performances from all business activities apart from synthetic fuels

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The average US dollar price of petroleum products was substantially lower than that of the comparable period, and although the average US dollar value to the rand was also lower, it was not sufficient to compensate for the fall in the dollar price and general cost increases in the SA environment

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The net asset value has risen 9% to 608,4c (588,1c) a share

Eskom buys mine in R31m cash deal

ANDREW BUDDEN

ESKOM has bought TransNatal's Natal Navigation Colliery (NNC) for R31m cash.

The mine supplies Eskom's Ingagane power station.

Had the deal not gone through, the Gencor subsidiary would have closed the mine because of Eskom's planned cutback of capital expenditure over the next decade.

In rationalising its operations, Eskom was concerned that if it forced mines to close, it would not have the productive capacity to increase supply when electricity demand increased again, Brian Gilbertson, deputy chairman of Gencor's mining division, Genmin, said yesterday.

"By acquiring the mine for itself, Eskom will have on tap the coal resources it needs for use at its own discretion," he said.

Eskom is expected to cut capital expenditure from the current R3,5bn a year to about half that amount during the 1990s.

As a result of the transaction, TransNatal's net asset value will increase R30,5m, or 38,6c per capital unit.

Since this income will be treated as an extraordinary item in the income statement, it will not materially affect normal earnings.

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SABC board to meet over vacant posts

The Argus Correspondent

JOHANNESBURG — The board of the SABC is to meet in Cape Town to consider — for the fifth time — vital senior appointments that have been vacant since the confirmation of Mr Wyand Harmse as Director-General in October last year

One of the top-level positions is the vacancy created when Mr Harmse was appointed acting Director-General in the wake of Mr Riaan Eksteen's sudden departure in April — that of deputy Director-General for Finance and Administration

In reply to questions asked this week regarding the six senior positions still vacant, the chairman of the board, Dr Brand Fourie, said "The board is determined to find the most suitable candidates either from outside or inside the SABC

"The response to our advertisements have been most encouraging Many applications were of a high standard warranting serious consideration and necessitating a sifting process which requires time"

This contradicted reports from executives and board members who claimed Dr Fourie was "too cautious" — so cautious that he wanted to delay confirmation of Mr Harmse's appointment until the first quarter this year, which would have meant the top executive job in the corporation would have effectively been vacant for almost a year

Dr Fourie said the work of consultants, commissioned in November 1987 to re-organise the SABC's management structure, was virtually complete

"Almost all the recommendations, certainly the major ones, have been accepted by the board"

The target for restructuring down to all levels of management is June 30, the date on which Dr Fourie hands over the chairmanship to Professor Christo Viljoen

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Prescribed assets under pressure

CHRIS CAIRNCROSS

CAPE TOWN — Government will have to give a clear indication to the investment community of its plans for abolishing prescribed investment requirements well before Iscor is launched on to the market at the end of the year.

Institutional spokesmen said this week if government expected any sort of commitment to the Iscor issue from the major players in the investment community, this thorny and long-standing matter would have to be resolved

Until then, no institution would be prepared to commit shareholders' funds on any scale It would be too expensive for them to participate in such a big privatisation exercise while still being required to place a large share of their investment capital in government stock or other prescribed assets

Dawie de Villiers, Minister in charge of privatisation, admitted during a recent interview with Business Day it would be necessary to clarify this situation before the steel manufacturer went public

Iscor will lose its prescribed asset status when it is privatised Hence the handling of the Iscor transformation will set a precedent for the privatisation of other parastatals

No official indication could be obtained yesterday as to what progress had been made on the issue of prescribed assets

The matter was still under discussion, according to Finance Department sources

Talks between government and life assurers have yet to take place.

This month's Budget is a natural platform for government to state its ideas on the matter, but it is believed insufficient progress has been made for this to occur

BD 3/3/89 260

Eskom hopes to spread the light

HELOISE HENNING

ESKOM hopes to supply electricity to 90% of the SA population by the year 2005 through setting up joint ventures with private companies, finance GM Mick Davis said yesterday

This move to "privatise" the need for expansion capital, coupled with the continued decline in the level of capital expenditure on new power stations until over-capacity was absorbed, would continue to diminish Eskom's capital market requirements

The new scale of expenditure was expected to turn around only from the year 2004 onwards, Davis told the Capital Expenditure Prospects conference in Johannesburg

Eskom maintained its lowered expectation of growth in electricity demand to 4% a year until the end of the century It would continue to have considerable over-capacity until 1998

Trimmed

Eskom's share of prescribed asset investments from institutions declined from 47% in 1983 to 5% in 1988 Last year Eskom expected to spend R3,857bn on capital expenditure, but has since revised it downward by R400m to R2,852bn

It has trimmed its capital needs to the current levels of expenditure on transmission lines of R400m a year and extending the distribution and reticulation networks at R500m a year This would include future expansion to black townships

Other expansions would involve a R250m investment in extending and reinforcing the corporation's telecommunications network, and new investment in about 8 000 personal computers was envisaged

Eskom's partnership with private enterprise was spearheaded in KwaNobuhle near Uitenhage where Volkswagen SA and Eskom formed a joint company to supply electricity to the township

Davis emphasised that electricity from Cahora Bassa, when supply is assured, would represent only 3% of Eskom's capacity once Majuba was completed He said Eskom was not responsible for the cost of refurbishing the transmission lines in Mozambique

Eskom to trim capex by half

Star 3/3/89

260

By Sven Lunsche

Eskom is cutting back considerably on its capital expenditure outlays over the next decade, according to the organisation's senior general manager finance, Mick Davis

He told delegates that there will be a cutback from the current annual expenditure level of R3,5 billion to about half that figure during the 1990's

"The dramatic reduction is symptomatic of the magnitude of the impact of the decisions made to reschedule the power station construction programme," he said

He added that the cutback was almost all related to new power stations, although the expenditure on transmission lines tended to move in sympathy with the associated power station construction

"The relatively modest expenditure currently being made on modifications of existing plant is seen to accelerate from the mid-Nineties, and expenditure on distribution is seen to grow steadily as the overall demand for electricity requires a stronger and more extensive network," Mr Davis said (see chart)

But these modest improvements in capital expenditure are only expected towards the year 2000 and in the meantime the impact will be felt on investment levels in the country

In 1988 Eskom's expenditure represented about 8,5 percent of fixed investment, but this is already considerably lower than the peak of 14,4 percent reached in 1985 and is likely to drop further as Eskom reduces its expenditure outlays over the next few years

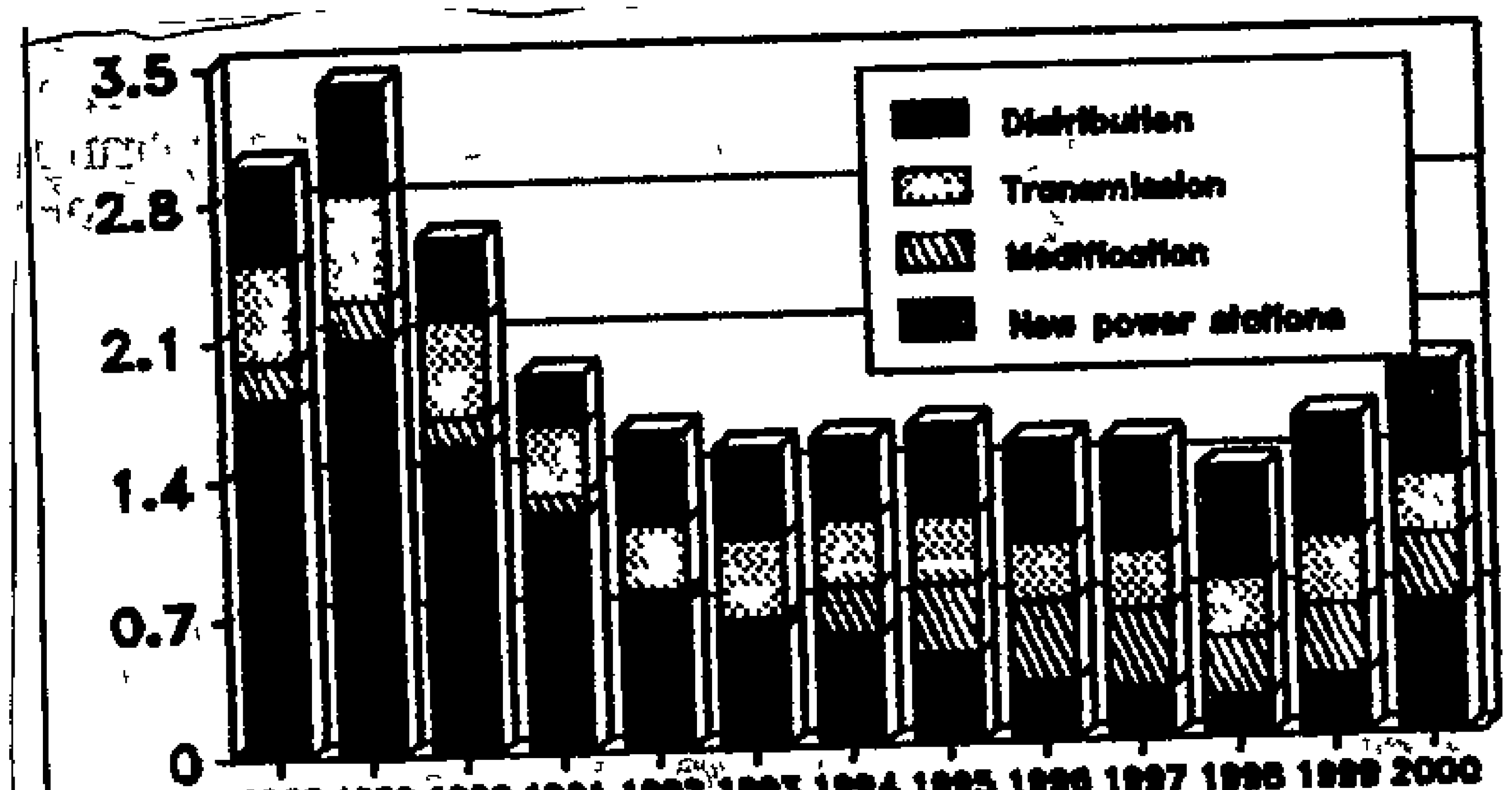
Explaining this trend Mr Davis said "The cutbacks in our expansion programme were not the result of past imprecise planning but rather a careful reassessment of the nation's future (electricity) requirements"

Eskom continuously reviewed its sales performance and as a lower trend in electricity demand established itself, the forecasts were lowered from eight percent in 1980 to the current expectation of no more than four percent per annum up to the end of the century

"In 1988 an actual growth of 5,8 percent on the previous year was recorded — nevertheless we are not adjusting our forecast upward from four percent," Mr Davis told the delegates

"Since 1985 efforts have been made to curtail and defer the generation expansion programme, but despite this Eskom expected to have considerable excess capacity until 1998

"By 1998 the effect of the deferments will have disappeared, leaving a small amount of generating capacity in mothballs to provide a bridge before the next power station is commissioned," Mr Davis concluded



Eskom's planned capital expenditure (R-billions)

CP bars blacks from parks

260

Sasol pledge to fight Secunda apartheid move

BP 3/7/87

ALAN FINE and PETER DELMAR

SASOL yesterday vowed to use "all the influence it can bring to bear" to have the Secunda town council reverse its decision to reimpose petty apartheid

The council decided on Wednesday night to segregate its four public toilets and several parks

Sasol, by far Secunda's largest employee, said the decision would affect its employees and was in direct conflict with its mission which unequivocally acknowledged the equality of all

Sasol stressed the council was an autonomous body over whose decisions it had no say

It said the terms of a contractual agreement between the council and Sasol would ensure the town's theatre and sports stadium would remain open to all

Meanwhile CP leader Andries Treurnicht said yesterday government's threatened action against CP-run councils which reverted to petty apartheid would be dictatorial and ride roughshod over efforts by whites to protect their own community life

He was reacting to comments by NP leader F W de Klerk who told a public meeting in Nigel on Wednesday government could be expected to take action against pro-apartheid moves by CP municipalities.

Treurnicht said De Klerk had "once again revealed his party's contempt for its own election manifesto".

De Klerk told Wednesday's meeting government would take steps within the "foreseeable future" to prevent a continuation of some CP councils' "irresponsible behaviour"

☐ Forty-five black tenants of the Southern Hemispere's largest residential building — Ponte City in Berea — have been told to go because they are contravening the Group Areas Act.

Evictions

Confirming the evictions yesterday, S J Steenkamp, a spokesman for the agents, Vincemus Investments, said white residents had complained to the SAP, resulting in an investigation by the Group Areas squad

The affected tenants occupy about 10% of Ponte's 466 flats.

Local PFP city councillor Lester Fuchs said at least one of the residents would take the matter to court He questioned why the matter could not be delayed until finality was reached on whether greater Hillbrow would become a Free Settlement Area

Steenkamp confirmed flats had been let to blacks without them using the so-called nominee system

Vincemus was being caught in the cross-fire, he said, and had to serve one month's notice on the tenants to forestall possible prosecution hon the Minister's reply, was there any stage that our ambassador in Ciskei declined to give the people of East Peelton assistance with their problem?

The MINISTER Mr Speaker, I am not aware of that at all but what I am very well aware of is that our ambassador went out of his way to facilitate provision of the necessary protection at all times He involved himself personally and he visited President Sebe on this matter personally I can given the hon member the assurance that that was the attitude of our ambassador throughout this situation

Statutory bodies abolished

22 Mr R R HULLEY asked the Minister of Economic Affairs and Technology

Whether it is his intention to abolish any of the statutory bodies falling under the control of his Departments in accordance with the Government's stated policy of privatisation and deregulation, if so, (a) which bodies and (b) when, if not, why not?

B306E

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

(a) and (b) In the case of the Department of Trade and Industry it is considered to abolish the Travel Agents Board and to repeal the Travel Agents and Travel Agencies Act, 1983 (Act 58 of 1983) This matter is now being considered by the board and their proposals will be submitted to me at the end of May 1989

No other statutory bodies which are linked to the Departments of Trade and Industry and of Mineral and Energy Affairs are ear-marked for abolishment or lend themselves thereto However, investigations are continuously being conducted, where necessary in close consultation with the Ministry for Administration and Privatisation, to establish whether, in the spirit of privatisation and deregulation, specific activities could possibly be transferred to the private sector with advantage A number of activities which have been identified are on their way to privatisation or have been privatised already, as follows

(i) *The Industrial Development Corporation of SA Ltd (IDC)*

There is no intention to privatise the IDC as such, because the Corporation has to assist in implementing the Government's policy in respect of industrial development, import replacement, export promotion and small business undertakings However, the privatisation of the following industries which are controlled by the IDC for its own account on behalf of the State is receiving attention

— Foskor The privatisation of Foskor in its entirety is being withheld until the company's results and market conditions make it possible

— Alusaf The transfer of and control over Alusaf to and by private sector interests and the quotation of the company will take place as soon as circumstances are favourable

— Sorghum beer industry Good progress has been made in preparing the extensive sorghum beer industry for merging into a unit which can be privatised The follow-up actions are aimed at arousing the interest of the private sector, in which the consumer will hopefully also be represented

(ii) *The Council for Scientific and Industrial Research (CSIR)*

The CSIR itself is not ear-marked for privatisation However, certain functions of the CSIR have been privatised already or are in the process of being privatised, namely

— The South African Inventions Development Corporation (Saidcor) will ultimately be replaced by a private company in terms of legislation now before Parliament

— The motor vehicle fleet of the CSIR has been sold and is now operated by a private leasing company

— The design office of the CSIR had been underutilised and has been taken over by the office personnel By also undertaking private work, besides the work which is now being done for the CSIR, the work can be done on a more cost-effective basis In this way the cost to the CSIR has been reduced appreciably

— The training function at the CSIR is now also being undertaken by a private company which too, is contracting for work from outside Accordingly, the training aspect of the CSIR is done on a more cost-effective basis

(iii) *The Atomic Energy Corporation of SA Ltd*

The high precision mass production facility of the AEC is now on the road to privatisation

Maternity benefits of wives of national servicemen

23 Mr R J LORIMER asked the Minister of Defence

Whether the wives of national servicemen are entitled to the same maternity benefits and medical care as are the wives of members of the Permanent Force, if not, why not?

B307E

The DEPUTY MINISTER OF DEFENCE

No, this is a service condition for Permanent Force members Sufficient provisioning is normally made for the majority of families of National Servicemen by their own medical schemes in the private and public sectors In addition, there are not enough personnel and facilities in the SA Defence Force available to cope with the extra load and it will also place an additional burden on the SA Defence Force budget

Mr R J LORIMER Mr Speaker, arising out of the hon the Deputy Minister's reply, does he believe it is fair to discriminate against national servicemen like that?

The DEPUTY MINISTER Mr Speaker, I can reply to that We do not see that as discrimination As I have already pointed out national servicemen can make use of their own medical schemes Further to that question I must point out to the hon member that in cases where certain circumstances arise Treasury approval may be granted for those cases to be handled by the South African Medical Services

Mr R J LORIMER Mr Speaker further arising out of the hon the Deputy Minister's reply, if I draw cases of hardship to the attention of the hon the Deputy Minister is he in a position to do something about it?

The DEPUTY MINISTER Mr Speaker yes provision is made for those specific cases

Control of pesticides

24 Mr M J ELLIS asked the Minister of Agriculture

Whether he is considering introducing legislation to amend the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, No 36 of 1947, in order to transfer control of pesticides to the Minister of Environment Affairs, if so, when will such legislation be introduced?

B308E

†The DEPUTY MINISTER OF AGRICULTURE

No

*25 Mr M J ELLIS – AGRICULTURE [Withdrawn]

Latin abolishment as requirement for admission in Supreme Court 54

26 Mr D J DALLING asked the Minister of Justice

Whether he intends to introduce legislation in 1989 to abolish the requirement of a qualification in Latin for admission as an advocate in the Supreme Court, if so, when, if not, why not?

B313E

The MINISTER OF JUSTICE

Last year the hon member for Sandton also asked me about the possible abolition of Latin as a prerequisite for persons wishing to practise as advocates and attorneys On 8 March 1988 I pointed out in this House that before I exercise my power in terms of section 1 of the Admission of Advocates Amendment Act, 1987 (Act 17 of 1987), to determine a date on which the concession granted in terms of that Act is to cease to apply, I require the viewpoint of the advocature According to a majority resolution of the General Council of the Bar of South Africa it is proposed that Latin be abolished as a requirement The various Bars were, however, not unanimous in this regard, and several representations on behalf of individual Bar Councils were once again received advocating the retention of Latin as a requirement for admission as an advocate

I have in the meanwhile, had the benefit of a wide range of views in the course of which the following factors have emerged as most relevant —

(a) certain provincial division of the Supreme Court of South Africa have held that a special university course in Latin is sufficient to satisfy the requisites prescribed by law for admission as an advocate,

(b) as a result of the said decisions several large universities have successfully adapted their syllabuses to meet the needs of the legal profession,

(c) a large number of students have planned their curricula accordingly, and

(d) it is undesirable to make Latin I, which for the past 7 years has not been required by some universities and provincial divisions, a requirement once again

A certain standard of Latin is, however, indicated as a requirement for the study of law for the following reasons —

(a) many of our legal rules are expressed as Latin maxims,

(b) certain standard ideas are succinctly expressed in Latin, and

(c) Latin expressions are part of every-day court language

It has been suggested to me authoritatively that either of the following options, or a combination thereof, is viable —

(a) Latin at matriculation level as prescribed by the Joint Matriculation Board, or

(b) a special university course in Latin which will entitle a student to proceed to Latin I, or

(c) a special university course in Latin comprising general principles of grammar, legal phrases and expressions, and a Roman legal and cultural overview

The implication is that I am contemplating a recommendation to the Government that Latin I as a compulsory course for admission as an advocate ought not to be re-instated, subject to what I have said above

I am therefore considering introducing legislation this year, with the above guidelines in mind, if time so permits Naturally this will be done after interested parties have had the opportunity to study my proposal

Universities co-ordination of admission of students

27 Mr R M BURROWS asked the Minister of National Education

(1) Whether he has introduced any measures for bringing about any form of co-ordination among universities regarding the admission of students to particular courses and faculties, if so, what measures,

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

B314E

The MINISTER OF NATIONAL EDUCATION

(1) No However, the Department of National Education is negotiating with the Committee of University Principals on measures to ensure that in general, students of better quality will be admitted to universities

(2) No

Restrictions on use of hormonal herbicides

28 Mr R M BURROWS asked the Minister of Agriculture

(1) Whether he issued a press statement recently concerning restrictions to be placed on the use of hormonal herbicides in South Africa, if so, (a) when and (b) what were the contents of the statement,

(2) whether these restrictions have been introduced, if not, why not, if so, what means of enforcing these restrictions have been introduced,

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

B315E

†The MINISTER OF AGRICULTURE

(1) Yes,

(a) on 1 February 1989,

(b) to announce that, where necessary, the ban on the use of certain hormonal herbicides will be extended to other production areas in the Republic where crops sensitive to the use of these remedies are produced,

(2) no, for the reasons set out in the media release, it is at this stage not deemed necessary to extend the prohibition currently in force in the Tala Valley and surrounding area and on aerial application in Natal to the whole of the Republic,

260

(3) no, since the matter was dealt with in full in the said media release

Paternoster function for members of FCA

29 Mr P G SOAL asked the Minister of Information, Broadcasting Services and the Film Industry

(1) Whether he held a function for members of his Foreign Correspondents' Association at Paternoster on 3 February 1989, if so, what was the (a) nature and (b) total cost of the function,

(2) whether any members of Parliament were invited to attend this function, if so, (a) why and (b) what are their names?

B316E

The MINISTER OF INFORMATION, BROADCASTING SERVICES AND THE FILM INDUSTRY

(1) A function was held for the accredited foreign correspondents in South Africa It should be noted that, contrary to what was implied by the question, the Foreign Correspondents' Association is independent from the Bureau for Information and is not under the control of or run by the Minister of Information, Broadcasting Services and the Film Industry,

(a) An informal function in the form of a snoekbraai

(b) R4 542,26

(2) Yes,

(a) and (b) The guest list included Members of Parliament as well as non-Members of Parliament In view of the fact that the composition of such a guest list is completely within the discretion of the host, I do not feel under obligation to divulge further details in that regard

Mr P G SOAL Mr Speaker, arising from the reply of the hon the Minister, may I ask him whether he will accept that I did not put "his" in my question but that it has obviously arrived in the question as a result of translation? Would he also tell us whether the members of Parliament invited to the function were only members of the NP? [Interjections]

The MINISTER Mr Speaker the answer is no

Mr C W EGLIN That is not the point Mr Speaker

†The SPEAKER Order! The time for questions on general affairs has expired and unfortunately I cannot call upon the hon member to speak

Business interrupted in accordance with Rule 180C(3) of the Standing Rules of Parliament

Cycads

30 Mr R J LORIMER asked the Minister of Environment Affairs

Whether any control is exercised over the (a) movement and (b) buying and selling of cycads within South Africa, if so, (i) in terms of what statutory provisions and/or regulations and (ii) which authorities are responsible for enforcing such statutory provisions and/or regulations in each province?

B318E

The MINISTER OF ENVIRONMENT AFFAIRS

(a) Yes

(b) Yes

(i) The relevant nature conservation ordinances of the four Provincial governments

(ii) The Nature Conservation Authorities of the four Provincial governments

Port Elizabeth negotiations on training base

31 Mr D J N MALCOMESS asked the Minister of Defence

(1) (a) With reference to his reply to Question No 15 on 14 February 1989, what progress has been made in the negotiations concerning a certain training base in Port Elizabeth and (b) when does he anticipate that the matter will be finalized,

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

B324E

The MINISTER OF DEFENCE

(1) (a) Valuations of both the SA Defence Force terrain and the offered City Council terrain were done and handed to the City Council of Port Elizabeth who must now indicate

Hansard.

tation on a pesticide rests with the Registrar of Act 36 of 1947 and the Minister of Agriculture

(2) Yes, the research findings are available to members of the public In the form of scientific publications and scientific project reports

(3) Yes, the research is of an ongoing nature, but according to thoroughly planned programmes that are dealt with in order of priority, taking into account the available manpower, equipment and funds This programme involves 10 Research workers, 9 research Technicians and 4 research assistants The budget for the financial year 1988/89 is R700 000 of which R307 000 is used for current expenditures Nineteen research facets are conducted in this programme

For written reply

General Affairs

Apprentices indentured

260

16 Mr J B DE R VAN GEND asked the Minister of Communications

(a) How many (i) White, (ii) Indian, (iii) Coloured and (iv) Black apprentices were indentured to his Department, and (b) in which trades were they indentured, as at 31 December 1988?

B70E

The MINISTER OF COMMUNICATIONS

(a) (i) 51, and

(ii), (iii) and (iv) none, and

(b)

motor mechanic (petrol)	(10),
motor mechanic (diesel)	(3),
painter/decorator	(11),
carpenter	(17),
plumber	(1),
panelbeater	(1), and
welder	(8)

Technicians/postmen. resignations

17 Mr J B DE R VAN GEND asked the Minister of Communications

(a) How many employees in his Department resigned in 1988 and (b) how many such employees were (i) technicians and (ii) postmen?

B71E

The MINISTER OF COMMUNICATIONS

(a) 6 449, and

(b) (i) 443, and

(ii) 362

Vacant posts: designations

18 Mr J B DE R VAN GEND asked the Minister of Communications

(a) How many posts on the establishment of his Department were vacant as at 31 December 1988 and (b) what are the designations of these posts?

B72E

The MINISTER OF COMMUNICATIONS

(a) 5 958 — which figure represents the difference between the total authorized establishment and the number of persons who occupy posts on the fixed establishment, and

(b) Assistant Restaurant Manager, Superintendent, Assistant Printer, Assistant Museologist, Assistant Quantity Surveyor, Assistant Human Resources Officer, Restaurant Manager, Architectural Draughtsman, Postmaster Grade 4, Postmaster Grade 3, Deputy Legal Adviser, Senior Human Resources Officer, Administrative Officer, Senior Psychometrist, Senior Administrative Officer, General Assistant, Personnel Officer, Job Evaluation Officer, Control Telcom Electrician, Senior Job Evaluation Officer, Control Telcom Machanic, Telcom Officer, Operating Inspector, Mail Handling Officer, Industrial Journalist, Registry Clerk, Sorter, Industrial Social Worker, Branch Postmaster, Marketing Officer, Telegraph Officer, Printer, Senior Architect, Statistician, Data Officer, Reprographic Manager, Technician, Driver, Psychometrist, Photographer, Psychologist, Senior Design Artist, Chief Inspector Works, Language Officer, Chief Human Resources Officer, Works Inspector, Chief Psychometrist, Telcom Electrician, Chief Job Evaluation Officer, Telcom Mechanic, Dealer, Security Assistant, Catering Assistant, Instructor, Telcom Assistant, Mail Handler, Learner Printer, Postman Exchange Superintendent, Learner Works Inspector, Telephonist,

Hansard.

Waiter, Inspector of Uniformed Staff, Senior Housekeeper, Museum Design Artist, Senior Caretaker, Human Resources Officer, Cook, Senior Foreman, Internal Auditor, Senior Stores Foreman, Cost Investigation Officer, Foreman, Senior Security Officer, Design Artist, Security Officer

Hospitals: beds needed/available

19 Dr M S BARNARD asked the Minister of National Health and Population Development

How many hospital beds were (a) available and (b) needed for (i) White and (ii) non-White patients in hospitals falling under the control of his Department as at 31 December 1988?

B73E

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT

(a) Medunsa Dental Hospital

(i) and (ii) 10 beds,

(b) (i) and (ii) no additional beds

Sandton: additional post offices/postal services

23 Mr D J DALLING asked the Minister of Communications:

Whether it is the intention to provide any additional (a) post offices and (b) postal services in the Sandton area in 1989, if so, (i) where, (ii) what services, and (iii) when, in each case?

B78E

The MINISTER OF COMMUNICATIONS

(a) No,

(b) yes,

(i) Linbro Park and Sandton;

(ii) Linbro Park The provision of a mail collection unit, and Sandton The relocation of the existing post boxes to a separate lobby in the parking area of the same complex and the provision of an additional 1 500 post boxes, and

(iii) Linbro Park and Sandton October 1989

The following additional services are planned for the Sandton area for completion later than 1989

(i) The construction of a new departmental post office with 2 000 private post boxes in Wendywood to replace the existing hired premises The estimated date of completion is September 1990

(ii) The establishment of a post office in Morningside A departmental building is envisaged and a site has been identified Negotiations for the purchasing thereof are underway

Note

In a written reply furnished in response to question No 130 on 15 March 1988, it was envisaged that a new departmental post office in Wendywood would be constructed during 1989 The project has unfortunately been unavoidably delayed as a result of changes in the planning of the building

Telephone services. applications outstanding

47 Mr D J DALLING asked the Minister of Communications

(1) How many applications for telephone services were outstanding in respect of (a) the exchanges of (i) Bryanston, (ii) Randburg, (iii) Benmore Gardens, (iv) Kelvin, (v) Bramley, (vi) Rosebank and (vii) Sunninghill Park, and (b) any other exchanges serving the Sandton constituency, as at 31 December 1988,

(2) when is it anticipated that the backlog in respect of each exchange will be eliminated,

(3) What steps are being taken to satisfy the demand for telephones in respect of each such exchange?

B96E

The MINISTER OF COMMUNICATIONS

(1) (a) (i) 157,

(ii) 606,

(iii) 155,

(iv) 114,

(v) 146,

(vi) 136,

The Star Finance

Eskom pits the bulls against the bears to raise R500-m yearly

260

By Derek Tommey

Investors can now be a 'bull' or 'bear' in the share market with Eskom stock The electricity giant is to issue short-term money instruments which will be linked to the Industrial share index or the Gold share index or the All share index

They are called equity-linked cash investments (ECLI), and each issue will have both a bull and a bear tranche

They will enable an investor to take a position in the market in the expectation of prices rising or falling They can also be used as a hedge to protect investors from unfavourable market movements

The value of the bull issue will rise or fall proportionately to movements in the selected share indices Holders of this issue in effect will be "buying the market"

The value of the bear issue will move inversely to the selected share index If the index falls the value of the issue will rise This enables investors with share portfolios to cover themselves against a down-turn in the market

Mr Mick Davis, Eskom's GM finance, said the first issue would be made next week The size of the issue had still to be determined. However, Eskom planned to raise about R500 million a year with them Initially the issues would be made every three months

The first issue will be made through market makers and not by Eskom It will have a maturity of six months but the expiry date would coincide with the new issues to enable the holder to roll-over his investment

Mr Davis gave an example of how investors could benefit from the bonds The first ECLI will be issued at a 15 percent a year discount, he said. Therefore, for every six months R100 000 bull or bear tranche issued, the buyer will pay R92 520,55

Should the selected index rise 20 percent in the six months period, the holder of the bull tranche will be paid out R120 000 (the par price of R100 000 plus 20 percent) However, the holder of the bear issue would receive R80 000 (the par price of R100 000 less 20 percent)

But should the index drop 20 percent the holder of the bull issue would get back only R80 000, while the holder of the bear issue would get back R120 000

Mr Davis said that research by Cape Investment Bank had highlighted a need for a short-term equity-linked investment This was the niche for which ECLI had been designed

"It would reduce Eskom's funding costs"

He said the issue would appeal to an investor looking for gains linked to the equity market Eskom would broaden its investor base and create a new avenue for funding

Eskom would use the programme to test the concept of dealing through market makers A limited number of interested institutions with the necessary qualifications would be appointed as market makers

New Eskom share scheme

LESLEY LAMBERT

ESKOM plans to raise R500m a year by issuing a new short-term equity linked cash instrument, in line with the trend for parastatals to widen their investor bases and cut borrowing costs by using imaginative new financial instruments.

The announcement comes one week after Sats said it would issue a new two-year R200m gold linked stock, Goldfin, following the success of its three year equity linked fixed investment stock (Elfi)

Eskom's new Equity Linked Cash Investment (Elci) is linked to price movements in the JSE's All Share, All Gold and Industrial indices. The first issue will be on March 16, with "bull" tranches, linked to an upward movement, and "bear" tranches, linked to a downward movement. Investors will be able to invest in either or both and will have the choice of which index they want their investment linked to

Unlike the three-year Elfi stock, Elci is a short-term investment with a six month maturity, complementing Eskom's successful money market instrument, the Capital Project Bill (CPB) Issue and maturity dates will coincide with the stock index future so that participants can use it for hedging and arbitrage activities as well as investment

By issuing the zero coupon instrument at a discount, Eskom hopes to save Although it expects the initial issue to be in line with the CPB's current market rate of 15,75%, it hopes the market will rate it at about 15%, allowing for a saving of 75 basis points (0,75 percentage points) violence against Coloureds and 5 for crimes of violence against Blacks No Coloureds were executed for crimes of violence against Indians

(d) No Indians were executed

Group Areas Act: applications for exemptions granted

80 Mr S S VAN DER MERWE asked the Minister of Constitutional Development and Planning

Whether any applications received in 1988 by his Department or any provincial administration for exemptions from the provisions of the Group Areas Act, No 36 of 1966, in respect of residential premises were granted, if so, how many persons from each race group were granted permission to reside in areas reserved for (a) White, (b) Coloured, (c) Indian and (d) Black occupation in each province? B182E

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

No Rest of question falls away

Group Areas Act: applications for exemptions refused

81 Mr S S VAN DER MERWE asked the Minister of Constitutional Development and Planning

Whether any applications received in 1988 by his Department or any provincial administration for exemptions from the provisions of the Group Areas Act, No 36 of 1966, in respect of residential premises were refused, if so, (a) how many persons from each race group were refused permission to occupy premises in areas reserved for (i) White, (ii) Coloured, (iii) Indian and (iv) Black occupation in each province and (b) for what reasons in each case? B183E

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

No Rest of question falls away

Buffer strips separating various population groups

87 Mr J J WALSH asked the Minister of Constitutional Development and Planning

Whether there are any buffer strips separating areas for the various population groups in the Cape Peninsula if so, (a) where is each such strip located and (b) what is the area covered by these strips (i) individually and (ii) in total? B189E

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

This matter vests in the Administrator of the Cape Province and he has furnished the following information

No Rest of question falls away

Certificates of competence. applications from Blacks

260

98 Mr ~~P J~~ PAULUS asked the Minister of Economic Affairs and Technology †

(a) How many applications were received by the Department of Mineral and Energy Affairs from Blacks during the period 1 October 1988 to the latest specified date for which information is available, in respect of obtaining certificates of competence in the categories (i) blasting, (ii) banksman, (iii) onsetter, (iv) loco driver, (v) winding-engine driver and (vi) mine captain and (b) how many applicants in each of these categories obtained certificates? B245E

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

Applications received and certificates issued to 28 February 1989

Certificate	Applications	Obtained
(i) Blasting	111	74
(ii) Banksman (iii) and Onsetter	20	13
(iv) Loco driver	0	0
(v) Winding-engine driver	0	0
(vi) Mine captain	0	0

Note The onsetter's certificate is valid for both onsetters and banksmen

Executions: males/females

108 Mr D J DALLING asked the Minister of Justice

(a) How many (i) males and (ii) females of each race group were executed in the Republic in 1988 and (b) for what crime or crimes had each death sentence been imposed? B260E

The MINISTER OF JUSTICE

(a) (i) White males 3

Coloured males	38
Black males	76

(ii) No females were executed during 1988

(b) Murder	103
Murder and rape	7
Rape	3
Murder and robbery with aggravating circumstances	2
Murder and attempted robbery with aggravating circumstances	2

Death sentences commuted

109 Mr D J DALLING asked the Minister of Justice

How many death sentences in each race group were commuted in 1988? B261E

The MINISTER OF JUSTICE

37 Black males

1 Black female

5 White males

4 Coloured males

2 Indian males

Own Affairs

Teacher/pupil ratios

20 Mr J B DE R VAN GEND asked the Minister of Education and Culture

What teacher/pupil ratio was applicable in (a) primary and (b) secondary schools in each of the provincial education departments as at the latest specified date for which figures are available? B206E

The MINISTER OF EDUCATION AND CULTURE

	(a)	(b)
Cape	1 19,7	1 16 4
Natal	1 21,2	1 16 3
OFS	1 22,6	1 16 2
Transvaal	1 23,2	1 17,0

This information is as at the 10th school day of 1988

Mrs T Hughes: presentation of programme on sexual abuse

21 Mr J VAN ECK asked the Minister of Education and Culture

(1) Whether the Cape Education Department received any written and/or oral requests from (a) schools and (b) individuals for a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, to be allowed to present a programme dealing with the problem of sexual abuse of children, if so, (i) from what schools and individuals, (ii) what was his Department's reply in each case and (iii) what is the name of this person,

(2) whether this person submitted her programme to any official of his Department, if so, (a) on what date and (b) what is the name of this official,

(3) whether this official communicated to the person in question his Department's attitude to her presenting the said programme at Departmental schools, if so, (a) what was the content of this communication and (b) on whose instructions did this official act? B235E

The MINISTER OF EDUCATION AND CULTURE

(1) (a) Yes,

(i) Sea Point Primary School,

(ii) the request was refused,

(iii) Mrs T Hughes,

(b) no,

(i), (ii) and (iii) fall away,

(2) yes,

(a) 21 July 1988,

(b) Mr B Olivier, Chief Superintendent of Education, School Psychological Service,

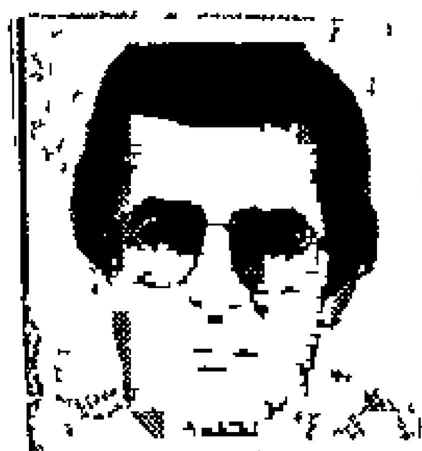
(3) yes,

(a) departmental policy with regard to presentations by outside people to pupils during school hours was explained to Mrs Hughes

(b) on behalf of the Director of Education as head of the School Psychological and Guidance Service

Cape Times 9/3/87

260



Mr Hall-Green

Racist remark was Hall-Green's

By SYBRAND MOSTERT

THE SABC has confirmed that Mr David Hall-Green, the presenter of Good Morning South Africa, was responsible for a off-screen derogatory remark on the programme yesterday morning

After an interview on the programme with a domestic servant on the problems she had in getting someone to look after her children while she was at work, a voice was heard to say "I'll bet you she's got 14 children and each from a different father"

The comment — believed to be an unintentionally broadcast aside to his co-presenters — was aired in a regular feature on child care immediately after the 7am newscast

The words were spoken as the switchover was made from the interview back to the studio

"The matter is being dealt with as an in-house affair," a spokesman for the SABC said, confirming that Mr Hall-Green had made the remark.

He would not say whether Mr Hall-Green was being disciplined

Yesterday afternoon Mr Hall-Green, who has been with SABC-TV since the service started, could not be reached at the SABC

"I was horrified," said Mrs Soula Proxenos, of Oranjezicht. She said that she thought that the SABC was a propaganda tool for the government and "here was a black person at last being given the chance to give her side of the story

"With tears in her eyes she was giving viewers an insight into the real difficulties she faced — and then you have this cynical person making comments

"The hypocrisy is sickening," she said

● A PFP spokeman on black affairs, Mr Ken Andrew, yesterday slammed Mr Hall-Green's remark as racist

"Racist remarks have no place in our society let alone in our television and radio services

"The SABC should take this matter in a very serious light and ensure that staff members with racist views play no role in the preparation or presentation of programmes," he said

Chile to assemble SA guns for export

CAHT Trips 9/3/89.

260

Defence Correspondent

CHILE, the Republic's main point of contact with Latin America, is to assemble and partly manufacture large numbers of South Africa's G-5 155mm howitzers for export to Third World countries, armament-industry sources confirmed yesterday.

Neither the London embassies of Chile and South Africa nor Armscor were willing to comment on a report to this effect from an Oslo-based organisation called the World Campaign against Military and Nuclear Collaboration with South Africa

But the sources said the project was an open secret, adding that Chilean industrialist and arms manufacturer Mr Carlos Cardoen had recently stated publicly that he had acquired certain weapons technologies from South Africa

Mr Cardoen, who is president of an empire with interests ranging from fishing and agriculture to arms manufacture, is to assemble the G-5s as a private venture

The campaign reported this week that news of the alleged co-production came to light during the current visit to Chile by the Minister of Defence, General Magnus Malan — described by Chilean officials in Santiago as being connected with the investigation of mining interests

The campaign quoted Mr Cardoen — who, it said, made a fortune selling cluster bombs to Iraq during the Gulf war — as confirming that General Malan visited his arms plant in Iquique, where, it said, he inspected the first locally-assembled G-5s

It is believed the guns' ammunition would have to come from South Africa, as Chile does not have the necessary manufacturing expertise

The campaign said General Malan would also visit the southern port of Punta Arenas, where the South African company Sandock Austral had set up a R32,5m shipyard in association with Asmar, the Chilean naval dockyard

A spokesman for Jane's Defence Weekly said in London he had not heard of either country officially confirming the alleged project, but added "I wouldn't be surprised Both countries are subject to arms embargoes and have increasingly turned to each other in the field of military co-operation"

Arms industry sources said the Cardoen project was not strictly a co-production arrangement Industrias Cardoen would import most G-5 assemblies, provide some finishing touches and then export the completed weapons to various Third World clients, with Armscor receiving a royalty

The sources discounted a suggestion, however, that the Sandock Austral facility at Punta Arenas had anything to do with manufacturing submarines for the South African Navy

Racist remark: Hall-Green takes leave

Business Day Reporter

TELEVISION presenter David Hall-Green, who made a racist remark on the Good Morning SA show, has been granted a few days leave, an SABC spokesman said yesterday. 260

Christo Kritzinger, editor-in-chief of news and public affairs, said last night Hall-Green had been granted a few days' leave at his own request "because he is under stress. The SABC in the meantime is investigating the incident as a matter of urgency".

Viewers were shocked when after an interview with a domestic worker on the problems she had in getting someone to look after her children while she was at work, an off-screen voice was heard to say "I'll bet you she's got 14 children and each from a different father."

The comment — believed to be an unintentionally broadcast aside to his co-presenters — was aired in a regular feature on child care immediately after the 7am newscast.

Hall-Green could not be reached yesterday.

5/9/97 8/9/97

Outrage over remark

SEVERAL television viewers complained to the *Sowetan* yesterday after overhearing what they considered a derogatory, impromptu remark on the programme *Good Morning South Africa*

The offending side, said one viewer, was heard following a regular feature on child care, screened immediately before the 7am news.

A middle-aged woman had finished commenting on the problem of where to leave children during the day and while the switchover was being made back to the studio presenters, a voice was heard to say "I'll bet you she's got 14 children and each has a different father "

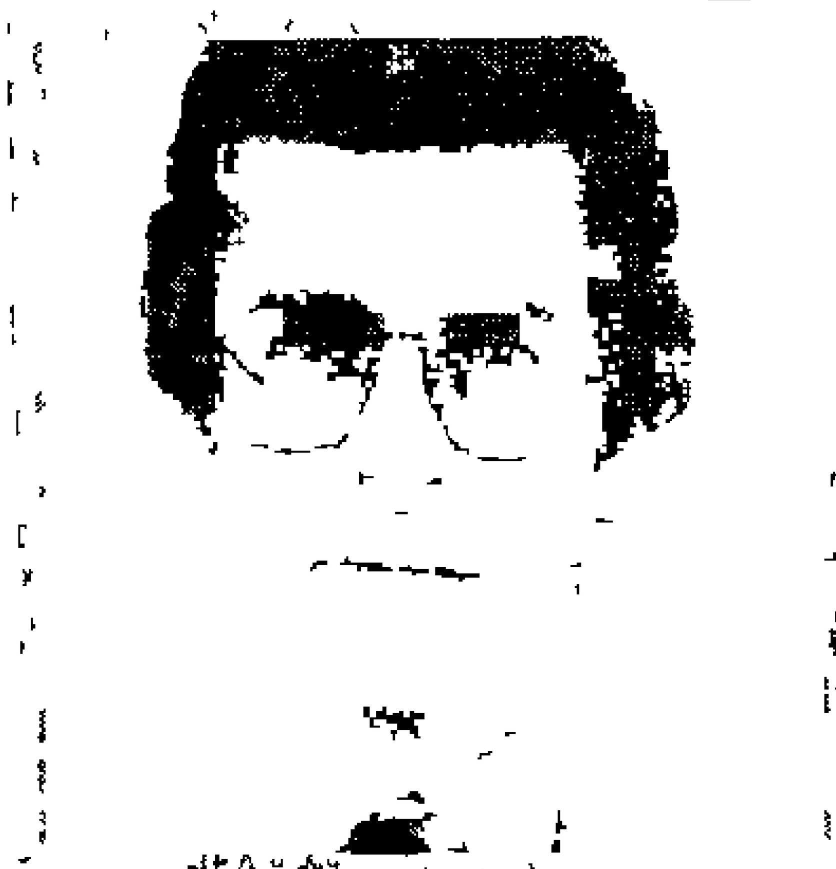
(260) Sowetan 9/3/89

The viewers thought they identified the voice as that of presenter, David Hall-Green's

Hall-Green 'under stress' as SABC probes remark

Star 9/3/89

(260)



David Hall-Green has taken "a few days off" from TV slot.

Staff Reporter

Television presenter David Hall-Green, source of a derogatory remark on "Good Morning South Africa" yesterday, has taken a few days off because of stress, said an SABC spokesman.

In the meantime, said editor-in-chief of news and public affairs, Mr Christo Kritzinger, an investigation was being conducted at departmental level into a racial remark attributed to Hall-Green, who did not appear on the programme today.

SERIOUS

After a segment in which a black domestic worker discussed the difficulties of a working mother finding day-care for her children, Hall-Green was overheard to say "I'll bet you that she's got 14 children and each has a different father".

Mr Kritzinger said the matter was being taken seriously. "It was not the type of remark we would want to identify with."

260 FMV 10/3/89.

CSIR

Going full circle

Less than a year after it was launched as a powerhouse of computer skill and number-crunching muscle, the CSIR's Centre for Advanced Computing & Decision Support (CACDS) has been repositioned mainly as an internal support organisation for CSIR researchers

This is almost a complete reversal of its mission to seek outside customers announced last year "The market has changed, and systems which once required a mainframe are now done on personal computers This meant that the processing power available was an unnecessary and expensive overhead," says Glen Mansfield, the council's corporate marketing executive

The upshot is the centre has been slimmed down and restructured A board consisting of CACDS users from within the CSIR has been appointed to ensure it operates cost-effectively. The board is headed by Dr Daan Toerien, director of Water Technology

In the process, the centre has lost some top staff They include its marketing manager Dr Roger Silberberg Mike Morris, an expert on building expert systems, is also no longer there Mansfield claims the resignations are not necessarily related to the changes that have taken place

Centre chief Dr Duncan Martin says CACDS remains a strategic business unit This means it is a profit centre rather than a cost centre

However it has reverted to giving away its computer time to internal CSIR customers External customers will still pay Martin says the reason is researchers find it hard to predict the computer power they require, and it is impossible to tell how often they would have to run a program before it is debugged

The repositioning has cut CACDS's activities From January, the corporate management information systems (MIS) under Danny Halperin was transferred to the CSIR's financial and management services group And software developed at the centre by an ad hoc computer-aided design team has been transferred to another CSIR unit, Production Technology

The cost of the Amdahl and Control Data mainframes has been shifted from CACDS and is now a CSIR overhead The cost of computer time used in external projects is covered by a project fee, but is free to CACDS and other CSIR groups

Martin maintains the centre is still "very much alive" It provides central computing services, processing power and data communications to internal and external customers "We are rich in expertise which we sell in project mode," he adds

Further, he says the staff headcount is now 140, of whom about 50 are doing project work Income from projects is expected to exceed R5,2m this year from more than 50 projects under way Average income from each will be more than R100 000

However, Mansfield says CACDS is not in competition with normal software houses such as SPL or Data Trust

Silberberg who is now with Mintek says marketing received less and less priority at CACDS "They just weren't getting any marketing going at all," he says

CSIR

CSIR — a stepback?

The other board members are all directors of CSIR bodies They are Johann Ahlers (micro-electronics and communications technology), Ben Fouche (information services), Charles Freeme (roads and transport services), Johann Fritz (aeronautical systems technology), Danny Halperin (head of MIS), Roy Page-Shipp (building technology) and Jan van Zijl (earth, marine and atmospheric science and technology) ■

Suspend Hall-Green, says LP

B Day 10/3/89

2100

CAPE TOWN — The Labour Party yesterday called for the immediate suspension of SABC-TV presenter David Hall-Green following remarks he made on Good Morning SA on Tuesday.

In a statement, Peter Hendrickse, LP MP for Addo, said Hall-Green should be suspended while the SABC investigated the circumstances.

The outcome of the investigation should be made public.

Hendrickse said the LP had noted the incident with "shock, anger, disgust and concern".

The SABC confirmed that Hall-Green was responsible for the off-screen remark about a domestic servant having "14 children .. each from a different father", and said the matter was being dealt with as an in-house affair.

Hall-Green did not appear on Good Morning SA yesterday. The SABC said he had taken a few days' leave for "health reasons". — Sapa.

Defiant P.W. Botha

Gvt Times 10/3/89

260

MP queries pay at Mosgas

IT WAS obvious that all was not well at Mosgas when a foreigner with no apparent skills was employed there as a purchasing manager at a salary of R24 000 a month — twice that of the Minister of Economic Affairs and Technology, Mr John Iyman (Ind Camperdown) said in the House of Delegates yesterday

Speaking in an interpellation debate on the number of foreigners employed at the project, he also wanted to know the conditions and price at which Gencor and another unnamed company had obtained 30% and 20% respectively of the Mosgas shares and why no existing oil companies had been given the opportunity to take part

The minister should say why \$1,3 million (R3,3m) had been paid to an overseas company to get it to accept a letter of credit from a South African bank.

The minister, Mr Danie Steyn, said in reply that purchasing did not only involve buying "sardines and fish" The acquisition of highly technical equipment could be a very complex matter

The purchasing manager in question, who had earned R30 000 and not R24 000, had left the country as he had come here to do a specific job, which he had completed

His remuneration had been laid down in a contract awarded by tender to a company to do that specific job

There was nothing preventing any oil company becoming involved in Mosgas, the minister said Gencor had been the only company to come forward, and the government had accepted its involvement gladly — Sapa

Anger over remark by Hall-Green

CM Times 10/3/89

260

By SYBRAND MOSTERT

THE off-screen remark made by Good Morning South Africa presenter Mr David Hall-Green has drawn angry comment from the Domestic Workers' Union and Parliament — with the Labour Party and PFP calling for stern action from the SABC

Meanwhile, Mr Hall-Green, a seasoned presenter, has been sent home as he is "under stress", a spokesman for the corporation said

The row began during the "Good Morning South Africa" programme on Wednesday when a domestic servant was interviewed on the problems she had in getting someone to look after her children while she was at work. As the switchover was made from the interview to the studio, a voice was heard to say "I'll bet you she's got 14 children and each from a different father"

The SABC has confirmed that Mr Hall-Green was responsible for the ill-intentioned remark and said it was being dealt with as an in-house affair

Mr Hall-Green did not appear on the early-morning programme yesterday and his home telephone has been taken off the hook.

Entered fray

The executive of the Domestic Workers' Union is to meet today to decide whether to take action

"We could decide to assist the woman in suing for defamation," a spokesperson said

The Labour Party also entered the fray yesterday, slating Mr Hall-Green's remark and calling for "his immediate suspension"

The LP had noted the incident with "shock, anger, disgust and concern", said Mr Peter Hendrickse, the party's MP for Addo

Mr Hall-Green should be suspended while the SABC investigated the circumstances of the remark, said Mr Hendrickse The outcome of the probe should be made public, he added

Mr Peter Soal, media spokesman for the PFP, said Mr Hall-Green should be "sacked"

The SABC said the off-screen remark had been broadcast accidentally

According to sources within the SABC, Mr Hall-Green is to face a disciplinary committee hearing on Monday However, Mr Christo Kritzinger, editor-in-chief of news and public affairs, denied this trading at ... lifted down-

Cape Times
10/3/89 260

4 top staff changes at SABC

JOHANNESBURG. — The board of the SABC has announced four senior appointments.

Mr Quentin Green, a chartered account with Sasol, has been appointed deputy director-general of finance and administration, Professor Hennie Human, professor of communications at the University of Potchefstroom, has been appointed senior director, television; Mr Coen Nolte, general manager of the SABC's financial services, has been appointed general manager of strategic planning, information and internal audit, and Mr Anton Hayward, head of the SABC's pension fund, has been appointed general manager of financial services. — Sapa

~~Cape Times 10/3/89~~

...abs man
... in Natal

A mob...

Cape Times 10/3/89

MP queries pay at Mosgas

260

IT WAS obvious that all was not well at Mosgas when a foreigner with no apparent skills was employed there as a purchasing manager at a salary of R24 000 a month — twice that of the Minister of Economic Affairs and Technology, Mr John Iyman (Ind Camperdown) said in the House of Delegates yesterday

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Argus readers call to show support for David Hall-Green

260

ARGUS 10/3/89

Staff Reporter

ARGUS readers have reacted to calls for the sacking of David Hall-Green for making a derogatory remark on *Good Morning South Africa* this week.

Several readers phoned The Argus last night to voice their support for Mr Hall-Green who, after a domestic worker had been interviewed on the programme, said in an aside "I'll bet you she's got 14 children and each has a different father"

One of the first callers, Mrs R Lerer, said most senior citizens "loved" David Hall-Green

"He is a fabulous man, well educated and one of the finest announcers in the profession," Mrs Lerer said 'I don't think the remarks he made were very nice, but he was under stress and if he apologises he should not be dismissed"

An irate Mr J J Muller said he did not think newspapers should print people's "private thoughts".

Describing himself as a "true South African", Mr Muller said he "knew" domestic workers and that what Mr Hall-Green had said was probably true

However, he believed the remark was meant only for those people sitting in the television studio and that it should therefore not be printed in the Press

"SENSATIONALISM"

Other readers who objected to any action against Mr Hall-Green's called the report in The Argus "yellow journalism" and "sensationalism".

"I don't believe most Argus readers are interested in stories that are best suited to trashy Sunday newspapers," said one reader who did not wish to be named.

● The Argus Political Staff reports that Minister of Information, Dr Stoffel van der Merwe, who is responsible for the SABC, has been challenged to state his view on the remarks made by Mr Hall-Green

Dr van der Merwe yesterday declined to comment on the issue

In a statement today Mr Peter Soal MP, Progressive Federal Party media spokesman who yesterday said Mr Hall-Green should be sacked, said Dr van der Merwe as the responsible Minister should express a view on what had happened

"Silence can be seen as endorsement," said Mr Soal

Labour Party spokesman, Mr Peter Hendrickse MP said today because of the sensitivity of the issue "it is imperative that the Minister immediately investigate this unacceptable behaviour".

Soweto schoolgirls have been abducted at

Cleaner plans to sue over remark

(260)

Sowetan 10/3/89

By PHANGISILE MTSHALI

A SOUTH African Broadcasting Corporation cleaner plans to sue the corporation over a defamatory remark allegedly made by an announcer on Wednesday's *Good Morning South Africa* programme.

Mrs Mabel Maqabe, a 52-year-old mother of two who had appeared in a television childcare programme where she told of difficulties faced by working mothers, when a remark, "I'll bet you that she's got 14 children and each has a

● To Page 2

MABEL MAQABE . . . intends suing.

Angry viewers

Sowetan 10/3/89

● From Page 1

different father", was heard in the background

Irate viewers, who thought they identified the voice as that of TV presenter, Mr David Hall-Green, telephoned the *Sowetan* to complain about the "derogatory and racist" remark

Mr Hall-Green was yesterday reported to have taken a few days off because of "stress"

An SABC spokesman said an investigation was being conducted at departmental level and the matter was being taken seriously as "it was not the type of remark we would like to identify with"

Mrs Maqabe said she was deeply disturbed by the remark particularly as she was an ardent Christian

(260)

People in my community look up to me," she said "I am a faith-healer and a church leader of the Apostolic Faith Mission My minister watched the programme What will my brothers and sisters in Christ think of me?

"My six grandchildren and the community at large will never respect me again," she said

Mrs Maqabe, a divorcee who had her two children in a traditional marriage said she had always preached morality and good behaviour "to the young ones"

She is an employee of Prestige Cleaning Services and she has been working at the SABC building for over a year

'Nauseating'

260

Sowetan 10/3/89.

PRESENTER David Hall-Green's racist remarks on the SABC TV's early morning programme this week have started an outcry in the black community.

By SOWETAN REPORTERS

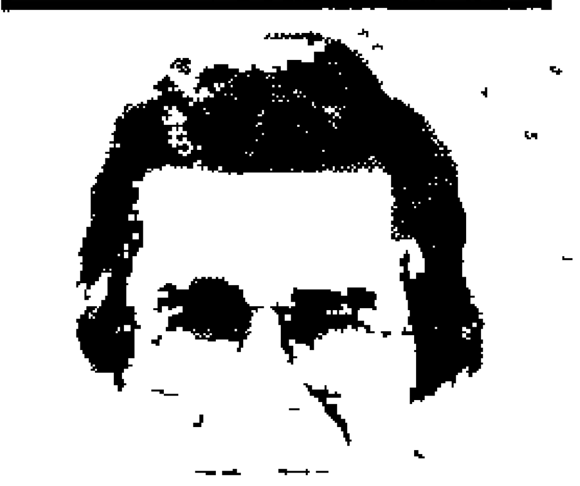
The SABC has confirmed that Mr Hall-Green's offensive remarks on "Good Morning South Africa" are being investigated by the corporation

Mrs Vesta Smith, a community leader from Noordgesicht, said "I think it is the most nauseating thing I have ever heard, Whether he said it privately or not it is a most disgusting thought "

"I think it is very racist of him to imply that black women are immoral and have no responsibility over themselves, and their children You'll even find that he was brought up by a black domestic," Miss Lulu Xingwana of the SACC's Women's Ministries said

She said that the issue was not, how many children the woman had Although the country was rich enough she said, many black women did not earn a living wage and could not provide for their children

Mrs Ellen Khuzwayo, a veteran community worker and leader said "I wish I knew if the remark was directed at the one black woman Something like that can only be said by a white man who has lived a protected life and does not know what suffering is "



TELEVISION presenter, Mr David Hall-Green . . . viewers alleged he made the racist remark.

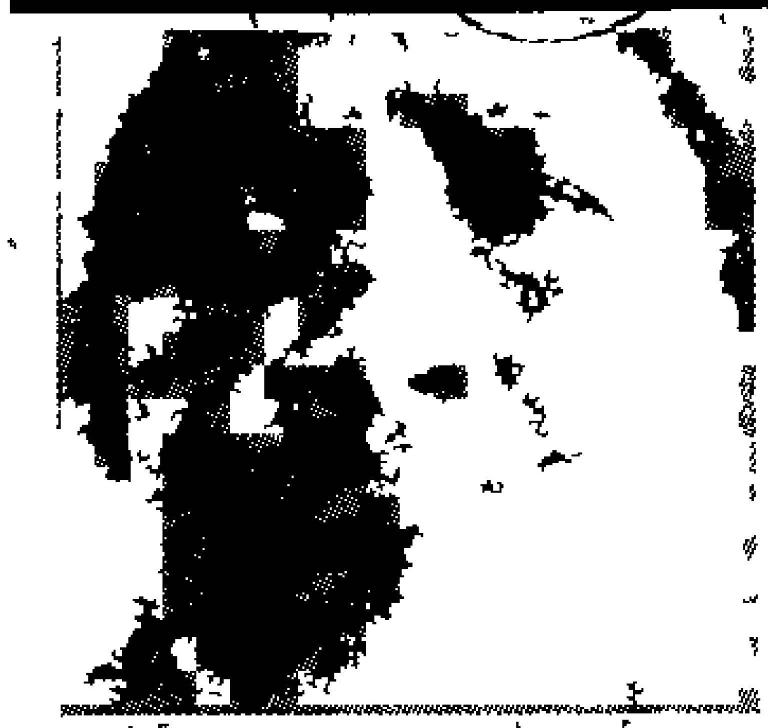
Director of the Entokozweni Early Learning Centre, Mrs Mapitso Malepa said she was "disgusted" at the arrogance expressed by Mr Hall-Green.

"The shortage of day-care services is a very serious problem in the black community Some parents are forced to leave their children under unsupervised care," she said

Mrs Cathy Makhene of World Vision and member of several women's organisations said she detested Mr Hall-Green's comments.

"This is how he looks down upon black women He had no reason for saying that and does not deserve to be in a public profession He should be removed from the job "

Star 19/3/89 260



Mrs Mabel Maqabe ... to sue over off-camera remark.

Hall-Green TV remark: woman to sue

Own Correspondent

A South African Broadcasting Corporation cleaner plans to sue the corporation over a defamatory remark allegedly made by presenter Mr David Hall-Green on television on Wednesday morning.

The *Sowetan* reported this morning that mother-of-two and divorcee Mrs Mabel Maqabe (52), who appeared in a "Good Morning South Africa" programme on childcare where she told of difficulties faced by working mothers, will sue over the off-camera remark allegedly made by Hall-Green that "I'll bet she's got 14 children and each has a different mother".

Mrs Maqabe said she was deeply disturbed by the remark as she was a Christian.

"People in my community look up to me," she said.

"I am a faith healer and a leader in the Apostolic Faith Mission Church.

"My six grandchildren and community at large will never respect me again."

Mrs Maqabe, an employee at Prestige Cleaning Services, has been working at the SABC building for over a year.

● The SABC has announced that Mr Hall-Green has taken "a few days' leave due to pressure". The issue, it said, would be fully investigated at departmental level.

Insulted granny rips into SABC

CNG TIMES 11/3/89

260

Weekend Argus Correspondent

JOHANNESBURG — A 52-year-old grandmother who scrubs floors at the SABC is taking announcer David Hall Green to the cleaners

Mabel Maqane is furious Audible speculation about her sexual heritage on television is just not on — and she's not going to take it lying down

During an interview on Good Morning South Africa in which Mrs Maqane was describing the plight of domestic workers' children, Mr Hall Green was heard to make an aside remark, "I'll bet you she's got 14 children and each had a different father"

Even though Mr Hall Green has issued a blanket apology to the SABC, Mrs Maqane and "anyone else" his remarks could have offended, Mrs Maqabe — who has two children — says she personally has received no apology

And she is spitting mad that the SABC could accept an apology on her behalf without actually apologising to her personally

"It's too terrible, too terrible," she said from her humble room in Alexandra "My name as a good granny is ruined"

According to a SABC spokesman, Mr Hall Green's aside to a fellow presenter was accidently broadcast and not intended to offend anyone

"Mr Hall Green has apologised to the SABC and we have accepted his apology"

A memo had been issued to the Press to say the SABC and Mr Hall Green had apologised to all concerned

But when the Weekend Argus Correspondent met Mrs Maqane this week, a senior staff member of Good Morning SA was invited to come along to personally extend an SABC apology The SABC failed to respond

"No one said sorry to me," said Mrs Maqane "I could not believe my ears when I heard that man say those terrible things about me

"I feel that people are laughing at me now"

Media still cheap on a world scale

Star 15/3/89

260

COST of advertising in South African media is much cheaper than in industrialised western nations

And, with the exception of TV, local media costs compare favourably with those of Third World countries

The International Media Cost Comparison Survey conducted by ad agency Young & Rubicam showed that the highest all adult cost per rating (cost per one per cent of audience or readership) for TV during a

CHRIS MOERDYK

high demand period was $13,89 in Belgium and $13,39 in Switzerland

South Africa's CPR last year was $3

The survey found that newspaper media costs were "excessively expensive" in Australia, Italy, Switzerland and the USA where the CPR exceeded $11 South African newspaper CPR was $1,55

On radio advertising, South Africa's high-demand CPR was on par with that of Portugal and Mexico at $0,23

Inclusion of Radio Nguni/Sotho in the averages reduced the CPR for radio in South Africa

Most expensive radio advertising country was Australia with a CPR of $10,81

In most countries the CPR for magazines was found to be similar to that of television, with the exception of Switzerland where magazine CPR was a massive $19,88

This was three times higher than the average of most other countries and nine times more than South Africa's CPR of $2,12

SABC gives Hall-Green all-clear

Cape Times 11/3/89

269

JOHANNESBURG — The SABC has accepted TV presenter David Hall-Green's apology for his racist remark and he will resume duty on March 14

SABC senior director (news) Mr Sakkie Burger said Mr Hall-Green had been reprimanded for the "unintentional but nevertheless offensive" remark.

Mr Burger said: "On Wednesday March 8 on the television programme Good Morning South Africa, during the broadcast of a video tape insert on the problems of day-care for children, one of the presenters, Mr David Hall-Green, was involved in a private conversation on the set with one of the other presenters.

"During the conversation one of the sound operators inadvertently opened the channel on which Mr Hall-Green's lapel microphone operates."

A committee had accepted Mr Hall-Green's explanation that he was commenting in a sympathetic manner on the plight of the female black domestic worker "in general". — Sapa

SABC sells less TV time but pushes up earnings

Star 11/3/89

SO FAR this year SABC's TV1 has sold 20 percent less advertising time but has earned 10 percent more revenue — increasing the cost per minute of a commercial on TV by 37,9 percent

According to advertising agency Bates Wells, data received on TV time sales for January show that TV2 and TV3 sold 22,6 percent less time but increased revenue by 6 percent That's a cost per minute increase of 35 percent

Bates Wells believes the increases "must be grave cause for concern for advertisers and media owners who are used to talking of media inflation in the region of 15 percent to 20 percent"

"The argument of the SABC is that their rate card is demand based.

"This is hard to rationalise when one sees a pattern of fewer commercial minutes being sold, but the capital cost increasing substantially"

Data for January 1989 compared to 1988 indicate that all stations, with the exception of M-Net and TV4, sold less air time this year

All stations, except Bop and TV2, increased revenues The largest percentage increase in revenue went to M-Net (R382 000 or 28 percent), but largest growth in money terms came from TV1, with more than R1,2 million additional revenue.

Commented Bates Wells "The important figure is the revenue per minute that the station generates, as this should reflect the degree to which it is 'sold' and therefore the demand situation

"If the amount of air time sold declines, the costs should be adjusted to that lower demand and the cost per minute should decrease.

"However, we find the reverse On all stations the cost of an advertising minute in 1989 compared with 1988 has increased

"On SABC stations this is between 26 percent and 46 percent".

● Advertising expenditure figues just released by Market Research Africa show a staggering 26 percent increase in 1988 over the previous year

Following single-figure growth in 1985/86, the last two years have seen adspend growing well above the inflation rate Print advertising commanded 53,7 percent of the market, TV 30,8 percent, radio 11,8 percent and other media 3,7 percent.

According to Dick Reed of The Media Shop, if 1989 growth is 23 percent then projected total adspend would be R1,6 million

Elana de Swardt, Y&R's group media director, believes given the 1988 media expenditure profile print advertising's share of the total will increase in the next three years a modest flat in Auckland Park and … knew that his heart and his emphy- … nently employed

Sorry, says David — but Mabel's furious over race gaffe

S. Times 14.3.89

By ANDREW GILLINGHAM and DOC BIKITSHA

SABC presenter David Hall-Green spoke for the first time this week of his "racist" gaffe which was heard by two-million viewers on Wednesday morning

He has apologised — and claimed the remark, heard by Good Morning South Africa viewers, was taken out of context.

But the woman he insulted has vowed to take the matter to court

The SABC broadcast a taped interview with cleaner Mrs Mabel Maqabe 53, about the problems of working mothers seeking day-care for their children

Immediately after the interview viewers heard Mr Hall Green's voice off-camera saying "I ll bet you she's got 14 children and each has a different father "

The switchboards of the SABC and newspapers throughout the country were jammed with calls from thousands of shocked South Africans

The SABC ordered an immediate inquiry and a spokesman said at the time "We are taking this very seriously It was not the type of remark we would like to identify with

Plight

Mr Hall-Green immediately took leave to recover from the stress' and refused to discuss the remark until the SABC had completed its investigation

This week he broke his silence saying "It's a classic case of hearing one sentence out of context with the rest of the conversation

'A fellow presenter and myself were having a private discussion about the plight of domestic workers in general when there was a bit of electronic eavesdropping The conversation was definitely sympathetic

"I apologise to the woman who appeared on the screen during the remark and to everyone else who was offended

But a furious Mrs Maqabe, who lives in Alexandra and is a cleaner at the SABC vowed to take Mr Hall Green to court

I don t accept his apology I can t face members of my community They think I am hiding something I don t even know this man who said such damaging remarks about me

"People at the SABC laughed at me but I didn t know what was going on until I saw a re-run of the tape

Tough

There I was on the screen talking about how hard it was bringing up my two children Virginia and Stanley I nearly cried because the conditions under which my children were brought up were real tough

I heard this voice saying bad words I got very angry when I realised this strange voice was remarking about me and what I'd said on the programme

Friends at work and in Alexandra have advised me to take action This incident has disgraced me in the eyes of my church and community ' said Mrs Maqabe

Mrs Maqabe was not even supposed to be on the programme She was cleaning in the studio and listened to the video on child day care being taped One of the staff members noted her interest and asked her to take part.

She separated from her husband soon after their marriage Her son is now an accountant and her daughter is a housewife

Meanwhile Mr Hall-Green is taking a break away from Johannesburg for a few days

Said Mr Hall Green "It has been a rough couple of days I am glad it's over

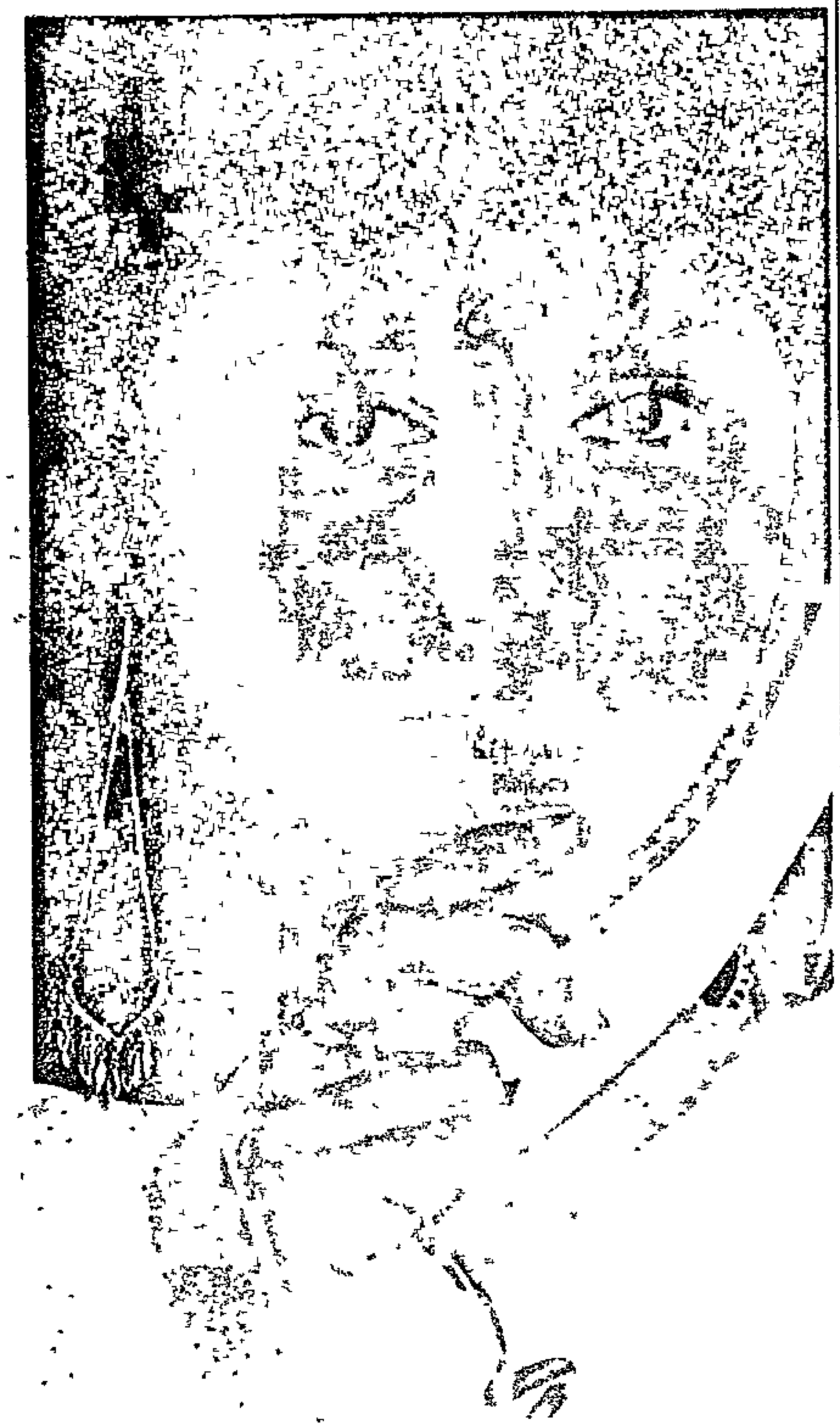
I have worked for the SABC for a long time and this sort of thing is one of the fears which a broadcaster

Humiliated mum vows to sue TV presenter

DAVID HALL GREEN
"Remark out of context"

MABEL MAQABE
"I don't accept apology"

Sad Sharoma has to abandon her dream



SULTRY Sharoma Singh 21, says her dream has been shattered

By SHARON CHETTY

AN ENTRANT in the Miss …

Row over … to sell

OOPS! And so another bloop makes broadcast history

By ANDREW GILLINGHAM and JAYNE LA MONT

SHOCKING offensive or funny, bloopers are likely to continue as long as broadcasting

Martin Locke will never be allowed to forget his 'now let s cross to the cricket" Viewers were then treated to a shot of Kate Turkington powdering her nose while on a Durban beach

Some bloopers cause offence such as that of Doreen Lamb — of Villagers fame — who referred to Adele van Spuy as a nut

She was soon facing a law suit which was never resolved as tragedy intervened and Doreen died

Then it was Christopher Dingle s turn when he made South African broadcasting history by uttering a four-letter word Christopher was introducing an item during the Midweek programme when the gremlins struck

Instead of an in-depth look at the unemployment crisis, a slightly less composed Christopher reappeared on the screen to utter the now famous 'Oh f "

Most of the bloopers are edited out of the programmes and Christopher s should have gone the same way as the programme was pre-recorded

Latest

The latest SABC blooper involves David Hall-Green who said I ll bet you she s got 14 children and each has a different father

The off camera remark was made while a tape was running of an interview with Alexandra mother-of two Mabel Maqabe talking about the problems of finding day care for the children of working mothers

The remark shocked SA and hurt Mrs Maqabe Mr Hall Green apologised saying the remark was taken out of context

Nor is SA alone when it comes to bloopers and overseas bloopers have become popular viewing

In Britain Dennis Norden s regular collections of the best or worst mistakes — called It ll Be All Right on the Night — always does well in the TV ratings

The British even have a King of Bloopers BBC TV's sports commentator David Coleman — who seldom manages to get through a commentary without delivering at least one gem — known as a Colemanball

Among Coleman s recent puzzlers are 'The late start is due to the time — on this 101st FA Cup Final Day there are just two teams left and Dusty Hare kicked 19 of the 17 points

He is also the man who urged viewers after a football game Don t tell those coming in now the result of that fantastic match Now let s have another look at Italy s winning goal

Prolific

Although Coleman is the most prolific blooper the most legendary blunder of all is attributed to BBC sports commentator Brian Johnson

It occurred during the 1976 Test between England and the West Indies at the Oval with Michael Holding and Peter Willey on the pitch

Johnson said 'The bats man s Holding the bowler s Willey

But the woman he insulted has vowed to take the matter to court

The SABC broadcast a taped interview with cleaner Mrs Mabel Maqabe, 53, about the problems of working mothers seeking day-care for their children

Immediately after the interview, viewers heard Mr Hall-Green's voice off-camera saying "I'll bet you she's got 14 children and each has a different father"

The switchboards of the SABC and newspapers throughout the country were jammed with calls from thousands of shocked South Africans

The SABC ordered an immediate inquiry and a spokesman said at the time "We are taking this very seriously It was not the type of remark we would like to identify with"

Plight

Mr Hall-Green immediately took leave to recover from the "stress" and refused to discuss the remark until the SABC had completed its investigation

This week he broke his silence, saying "It's a classic case of hearing one sentence out of context with the rest of the conversation

"A fellow presenter and myself were having a private discussion about the plight of domestic workers in general when there was a bit of electronic eavesdropping The conversation was definitely sympathetic

"I apologise to the woman who appeared on the screen during the remark and to everyone else who was offended"

But a furious Mrs Maqabe, who lives in Alexandra and is a cleaner at the SABC, vowed to take Mr Hall-Green to court

"I don't accept his apology I can't face members of my community They think I am hiding something I don't even know this man who said such damaging remarks about me

"People at the SABC laughed at me, but I didn't know what was going on until I saw a re-run of the tape

Tough

"There I was on the screen, talking about how hard it was bringing up my two children, Virginia and Stanley I nearly cried because the conditions under which my children were brought up were real tough

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Meanwhile, Mr Hall-Green is taking a break away from Johannesburg for a few days.

Said Mr Hall-Green "It has been a rough couple of days I am glad it's over

"I have worked for the SABC for a long time and this sort of thing is one of the fears which a broadcaster must live with I have watched others go through the same thing, now it has been my turn"

'Insulting'

Mr Hall-Green's colleagues at the SABC were baffled at the gaffe "How could he have done it?" they exclaimed

"If he had got together with a panel of media consultants he could not have come up with a sentence which would do more damage," said one staff member, who declined to be named

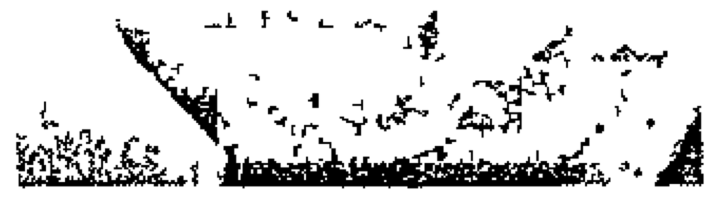
Margaret Nhlapho, SA Domestic Workers Union publicity secretary, refused to accept it was a mistake

"It was insulting, not sympathetic — sympathy involves respect He should go to Mrs Maqabe and apologise properly in person

"We will back her all the way in her fight for justice through the courts"

SABC senior news director Mr Sakkie Burger said the investigating committee had accepted the explanation and apology and added that Mr Hall-Green would resume duty on Tuesday

Humiliated mum vows to sue TV presenter



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He appealed to all parties to end the "unpleasant war of words" between pharmacists and the Government in a "responsible manner".

Industry sources warned that cutting prices could mean many pharmacists going out of business

"A survey last year showed that if prescriptions were discounted by five percent, 40 percent of pharmacies would have to close The figure rose to 80 percent if a 15 percent discount were given"

However, neither Mr Slabbert nor Mr Van Zyl believe it will be necessary for pharmacists to lose their jobs.

Safety light

HOLLAND'S Transport Minister Neelie Smit-Kroes wants to force all Common Market drivers to keep their headlights on day and night to reduce accidents

Sowetan 13/3/89

260

SABC accepts apology over 'racist' remark

THE SABC had decided to accept TV breakfast show presenter David Hall-Green's apology for his "racist" remark and he will resume duty on March 14.

The senior director: news SABC, Mr Sakkie Burger, said Mr Hall-Green had been reprimanded for the "unintentional but nevertheless offensive" remark which found its way over the airwaves.

Mr Burger said: "On Wednesday March 8 on the television programme *Good Morning South Africa*, during the broadcast of a video tape insert on the problems of day-care for children, one of the presenters, Mr David Hall-Green, was involved in a private conversation on the set with one of the other presenters of the programme.

"During the conversation one of the sound operators inadvertently opened the channel on which Mr Hall-Green's lapel microphone operates. An isolated part of what he was saying at that moment was broadcast and subsequently certain persons and parties took offence.

Plight

"A committee who investigated the incident accepted Mr Hall-Green's explanation that he was actually commenting in a sympathetic manner on the plight of the female black domestic worker in general, with particular regard to the care of her children.

"Mr Hall-Green apologises to the woman who appeared on the screen during the remark, to the SABC and to everyone else who took offence.

Relations

"Mr Hall-Green's record at the SABC and in his private life, as someone who is committed to the enhancement of sound relations between population groups, has been established beyond all doubt.

"Following the distress he has suffered since the incident—both in his professional and private capacities, his impeccable record of service and the fact that he is highly regarded as a professional presenter, the SABC has decided to accept his apology," said the statement.

"Mr Hall-Green will resume his duties on Tuesday March 14." — Sapa.

Star 14/3/89 (260)

Media body's resources strained

Complaints to press watchdog double in 1988

CAPE TOWN — The total number of complaints handled last year by the South African Media Council rose to 205 compared with 93 in the previous year, the conciliator/registrar of the Council, Mr Bob Steyn, disclosed at the Council's 11th meeting in Cape Town yesterday

He said the council's activities were increasing in all areas of its operations

"We are reaching more people and there is a growing understanding and appreciation of our aims and objects," Mr Steyn said

In the first two months of this year 25 complaints were received compared with 14 in the first two months of last year. The total now stood at 672.

"Eleven of the complaints received this year have been settled by conciliation, four were rejected and 10 are pending. None of the pending matters is more than a month old," Mr Steyn said.

"Most of the complaints settled have been completed within a few weeks — some of them in a day or two."

He said there had been a corresponding increase in the number of complaints referred for investigation and adjudication. So far this year, five complaints carried over from last year have been referred for investigation

By this time last year no complaints had been referred for investigation and the number so far referred for investigation equalled the highest total for any previous year

High costs

"This, coupled with the relatively high cost of our present procedures, has financial implications which will have to be studied

"We also have difficulties in recruiting media representatives to serve on our investigating panels," Mr Steyn said.

This was partly because of the present spread of media representation and the fact that members of the same group as the publication involved in a complaint were disqualified from sitting on the investigating panel

Both these problems called for attention and the solution might lie — partly at least — in the further simplification of the Council's present procedures.

"We have already amended our rules several times to simplify our procedures and these amendments have helped But I think more can be done in this direction," Mr Steyn said.

Additional funding from the private sector was another avenue which could be studied.

At present the full cost of funding the council is borne by newspapers and, bearing in mind that the council also served the public interest, a financial contribution from the private sector "would be welcome as an indication of public support". — Sapa

Eskom, Concor and Middelburg Steel honoured

(260) BRENT MELVILLE

ESKOM, Middelburg Steel and Alloys, and Concor Engineering took top honours at the prestigious Institute of Mechanical Engineering (SAIME) awards banquet for outstanding engineering projects last week.

Eskom's R5bn Lethaba Power Station and Middelburg Steel and Alloys' DC R21m Plasma Arc Furnace shared the award for projects and systems in the over-R10m category, and Concor Engineering won in the R500 000 to R10m range for its R2,5m Badenhorst test tunnel.

Selection was made on the basis of the degree of SA expertise in design and construction, the amount of SA-manufactured equipment, construction costs and time related to original estimates and the degree of innovation

B/Day 14/3/89

Explosion

The Eskom power station is the fourth of Eskom's new generation thermal power stations and is due for completion by 1990

The fully computerised DC plasma arc furnace is the only furnace used to produce ferrochromium alloys from material previously considered waste, while Concor's test tunnel for research into coal flammability under methane-gas-explosion situations has proved an invaluable tool in establishing safety norms in coal mines

Hall-Green returns — without an apology

MC45 14/3/89

260

The Argus Correspondent

JOHANNESBURG — TV viewers waited in vain today for a personal apology from anchorman David Hall-Green on *Good Morning South Africa*

Mr Christo Kritzinger, editor-in-chief of news and public affairs, said, however, that a public apology had been screened on behalf of Mr Hall-Green during last Saturday's main 7 30 am newscast on the programme

Last Wednesday Mr Hall-Green was heard to pass a derogatory comment after a black domestic worker, Mrs Mabel Maqane, 52, gave her views on the difficulty of finding day care for her children

Later that day Mr Kritzinger described Mr Hall-Green as being "under stress" and said he had taken leave for a few days

Mr Hall-Green made his return to the programme today

Mrs Maggie Nkwe of the Orlando Children's Home said the lack of a personal apology today "is very disturbing We need an explanation"

Mr Kritzinger said the matter had been the subject of an internal investigation by the SABC

Mrs Maqane said at the weekend that she had taken legal advice

Racism on the air

Sowetan 15/3/89

260

THE controversy surrounding a television presenter's defamatory remark about the morality of blacks yesterday deepened as a white woman supported his statement in a popular radio station phone-in programme

Angry listeners again telephoned the *Sowetan* after hearing the woman pledging her support to Mr David Hall-Green's "derogatory and racist" remark, heard by viewers of *Good Morning South Africa* last week

She was reported to have said Mr Hall-Green did not have to apologise to Mrs Mabel Maqabe, the South African Broadcasting Corporation and "to everyone else who took offence" because what he said was based on reality and was the general view of most whites

Meanwhile Mrs Maqabe, to whom the remark referred, has consulted the Legal Resources Centre to handle her intended defamation claim against the SABC and Mr Hall-Green

South African Police with a view to keep awaiting-trial juveniles out of prison

(2) (a), (b) and (c), as well as (i), (ii), (iii), (iv) and (v) These statistics are not centrally available and can only be obtained through a costly and manpower intensive survey

Group Areas Act: persons prosecuted/convicted for contraventions

96 Mr J J S PRINSLOO asked the Minister of Justice †

(1) (a) How many persons were (i) prosecuted for and (ii) convicted of occupying premises in contravention of the provisions of the Group Areas Act, No 36 of 1966, in 1987 and 1988 respectively, and (b) in the case of how many of these convictions did eviction orders form part of the sentence,

(2) how many dockets of the South African Police on alleged contraventions of the Group Areas Act (a) were still with the respective Attorneys-General for consideration on 31 January 1989 and (b) had been disposed of at the above-mentioned date with a decision that no prosecutions would be instituted?

B240E

The MINISTER OF JUSTICE

Statistics in respect of prosecutions for the unlawful occupation of premises in contravention of the provisions of the Group Areas Act, 1966 (Act 36 of 1966), are not available separately The statistics furnished in the reply to (1) relate to all offenders against the Group Areas Act, 1966, and not only to occupiers

		1987	1988
(1) (a)	(i)	3	98
	(ii)	2	10 (There is at this stage still a great number of partly heard cases)
(b)		0	4

(2) (a) 77

(b) It is not economically feasible to furnish the required information for the period before 1 April 1988, since a great number of dockets would have to be scrutinized to obtain it The Attorney-General have been requested to keep this information with effect from 1 April 1988

During the period 1 April 1988 to 31 January 1989 401 dockets were disposed of with a decision that no prosecution be instituted

Disputes/work stoppages/strikes

130 Mr P G SOAL asked the Minister of Manpower

(a) How many (i) disputes, (ii) work stoppages and (iii) strikes were dealt with in 1988 in terms of the Labour Relations Act, No 28 of 1956, by (aa) his Department and (bb) the Wage Board and (b) in what industries, trades or occupations did (i) word stoppages and (ii) strikes occur?

B272E

The ACTING MINISTER OF MANPOWER

(a) (i), (ii) and (iii) (aa) The department does not usually deal with disputes, work stoppages and strikes in terms of the Labour Relations Act, 1956

(bb) The wage Board does not usually deal with disputes, work stoppages or strikes in terms of the Labour Relations Act, 1956

(b) (i) and (ii) The Labour Relations Act, 1956, does not provide for statistical particulars on strikes and work stoppages to be furnished in accordance with the classification industry, trade or occupation and therefore statistics are usually not processed in this format by the Department

Messages from SP. cost of advertisements in media in RSA

136. Mr F J LE ROUX asked the Minister of Information, Broadcasting Services and the Film Industry †

What total cost was incurred by the State from 17 June 1987 up to the latest specified date for which information is available, in respect of advertisements in the media in the Republic that contained messages from the State President?

B330E

The MINISTER OF INFORMATION, BROADCASTING SERVICES AND THE FILM INDUSTRY

Between 17 June 1987 and 15 March 1989 the total cost incurred was R455 653, 52

Pinetown: offences reported

139 Mr R M BURROWS asked the Minister of Law and Order

How many cases of (a) murder, (b) culpable homicide, (c) assault with intent to do grievous bodily harm, (d) common assault, (e) rape, (f) burglary of business premises, (g) burglary of residential premises, (h) robbery with aggravating circumstances, (i) robbery, (j) common theft, (k) theft of vehicles and cycles, (l) possession of drugs and (m) dealing in drugs were reported in 1988 at the Pinetown police station in the Durban West police district?

B338E

The MINISTER OF LAW AND ORDER

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
30	—	52	263	37	191	1044	101	49	1242	381	—	—

NOTE Para (j) Since 1 July 1987 separate statistics have been kept in respect of ordinary theft and theft from motor vehicles A decrease in ordinary theft may therefore be indicated

Legal training branch· persons attending/ completing courses

145 Mr D J DALLING asked the Minister of Justice

How many (a) White, (b) Coloured, (c) Indian and (d) Black persons (i) attended and (ii) successfully completed courses in functional and legal training, respectively, provided by the legal training branch of his Department in 1988?

B344E

The MINISTER OF JUSTICE

FUNCTIONAL TRAINING

(a)	White	
(i)	966	(ii) 966
(b)	Coloured	
(i)	8	(ii) 8
(c)	Indian	
(i)	7	(ii) 7
(d)	Black	
(i)	472	(ii) 472

LEGAL TRAINING

(a)	White	
(i)	193	(ii) 153
(b)	Coloured	
(i)	3	(ii) 3
(c)	Indian	
(i)	3	(ii) 3
(d)	Black	
(i)	4	(ii) 4

Legal training courses. participants

146 Mr D J DALLING asked the Minister of Justice

(a) How many persons participated in legal training courses organized by his Department in 1988, (b) how many such persons were (i) White, (ii) Black, (iii) Coloured and (iv) Indian and (c) in which courses did these (i) Black, (ii) Coloured and (iii) Indian persons participate?

B345E

The MINISTER OF JUSTICE

(a) 1656

(b) (i) 1 159

(ii) 476

(iii) 11

(iv) 10

(c) (i)

Assistant Masters	1
Diploma in Registration of Deeds	6
Traffic Officers	196
Other Departments — Legal Courses	45
Regional Magistrate	1
Magistrate Criminal Court	60
Magistrate Civil Court	13
State Prosecutors	83
Clerk of the Court	67
B Iuris	2
Diploma Iuris	2

(ii)

Diploma in Registration of Deeds	1
Magistrate Criminal Court	1
State Prosecutors	3
Estate Controllers	3
B Iuris	2
Diploma Iuris	1

New nuclear station near Cape St Francis

Cape Times 16/3/87

By CHRIS BATEMAN

ESKOM plans to build its second nuclear power station between Cape St Francis and Oyster Bay and has persuaded "about half" of landowners on the 1 900-hectare stretch of land to sell.

Eskom spokesmen yesterday explained that it was the first of "perhaps six sites" countrywide which met all their research criteria. However, it is the first site they have tried to buy.

The news was greeted with alarm and anxiety by the Eastern Cape chokka industry which earns some R55 million in foreign exchange each year.

Senior Eskom spokesman Mr André van Heerden confirmed that all boats would be prevented from coming close to the coast once buildings were established.

Govt challenged over SABC

Star 1/12/89

Parliamentary Staff

260

If the Government really believed in democracy, it should appoint a Conservative Party member to the SABC board and place the corporation within the fold of the Media Council, Mr S C Jacobs (CP, Losberg) said.

His challenge came yesterday in debate on a private member's motion on the suppression of press freedom by Mr David Dalling (PFP, Sandton)

"If you do this (appoint a CP member to the SABC board)," Mr Jacobs told Communications Minister Mr Stoffel Botha, "then it can be said you are serious about objectivity in the media, particularly in the SABC"

He also asked Mr Botha to use his influence to have the SABC placed under the Media Council so complaints about SABC coverage could be taken up, as in the case of newspapers

Mr Jacobs accused the broadcasting corporation of being biased against the CP

Citing a recent occasion when all parties were given an opportunity to present their views on television, he said the CP was filmed "in the wind" outside Parliament, the PFP inside Parliament, but Constitutional Development and Planning Minister Mr Chris Heunis was interviewd in a studio

Gearing sweetener for privatisation

260 B Day 22/3/89

Eskom aims for a big cutback in debt ratio

HELOISE HENNING

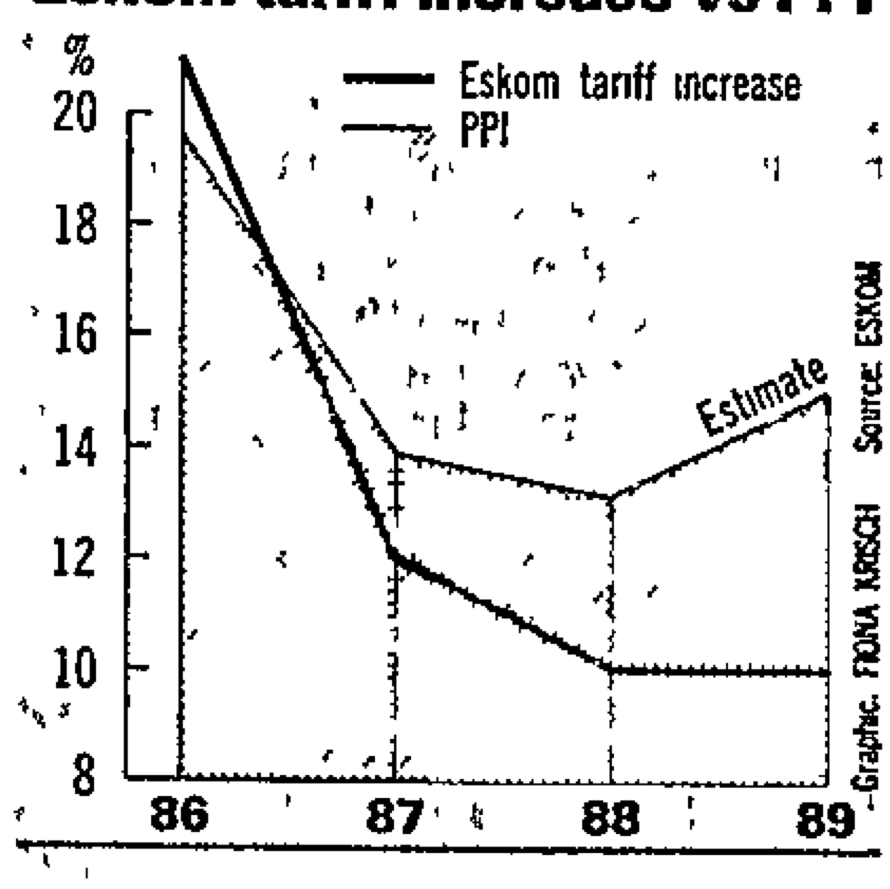
ESKOM is aiming to bring down its gearing, now at 300%, to the internationally-accepted figure for utilities of about 100% in the next eight years, chairman Johan Maree said yesterday

The corporation also aims to be in a position to start paying back its capital debt by 1992

According to a government programme for privatisation, Eskom could be a private company by 1992 Once Eskom has achieved better gearing it could contain tariff increases further, or show a profit for potential shareholders Eskom has recently been recognised as the world's cheapest supplier of electricity

Eskom's results, released yesterday, showed the corporation contained its operating cost increase to 9,3% in the year ending December 1988 to R4,858bn (R4,207bn), but its net surplus was blunted by debt financing costs

Eskom tariff increase vs PPI



Net interest and finance charges rose 9,7% to R2,485bn (R2,137bn) The net surplus rose by 10,5% to R816m (R702m).

Revenue also increased by 9,6% to R8,159bn (R7,046bn) or 630c (575c)/KWh.

The operating surplus rose 9,9% to R3,301bn (R2,839bn) or 255c/KWh (232c/KWh)

Financial director Mick Davis said the corporation increased internal funding to 64% last year, from 59,2% in 1987 "If we do not have a reasonably high internal funding we are borrowing now from future revenue — that is what I call mortgaging the future"

A major reason Eskom was able to show an improved surplus was a R4,6bn cutback in capital market borrowings This resulted from the considerable reduction in capex projects because of over-capacity

CE Ian McRae said he was proud that Eskom had managed to contain tariff increases to 9,6% last year and had kept down this year's increase to 10% The corporation had also more than matched its other efficiency targets

The volume of electricity sold rose by 5,7% last year, more than the expected 4% growth

Star 22/3/89

(260)

Leaner Eskom 'keeping prices down'

By Norman Chandler

Eskom had become a leaner, decentralised, and more effective organisation than ever before, the chairman of the Electricity Council, Dr John Maree, said yesterday

Speaking at a media briefing on the utility's 1988 annual report, Dr Maree also said that the organisation was under tight financial control

He said that during the year, Eskom had moved further down the road from a bureaucracy to a professionally-managed business undertaking, and added "Improved people productivity, money management, inventory control and standardisation have led to a more effective use of resources"

Eskom had managed to keep its electricity prices down — it was, he said, the biggest contribution the organisation could make to the economy — but warned that in an environment heavily exposed to rising costs, it would not be possible to maintain this practice indefinitely

The media briefing was given no indication of future price rises Eskom recently announced a 10 percent increase in electricity charges for this year

Eskom was looking at long term growth in electricity sales of about four percent, and added that in present conditions, the utility can run its operations at two percent under the current rate of inflation

Chief executive, Mr Ian MacRae, said that electricity sales had grown by "a remarkable" 5,7 percent during 1988 and revenue from sales was now R8 160 million Net capital expenditure rose by less than 2 percent to R3,9 billion

"This is the highest growth rate in four years, and most of the growth had occured in the second half of the year

"The highest growth was in supplies to black towns and cities, showing the effects of increasing urbanisation and electrification of residential areas"

Peak demand had increased to 20 589 Mw from 20 001 Mw in 1987 (when it jumped 11 percent over the 1986 period) The small increase last year is seen as a result of a very mild 1988 winter

However, the number of clients continued to grow, reaching a total of 275 659 Another 9 422 potential customers were waiting to be connected

Mr Mick Davis, general manager (finance) told journalists that Eskom's overall growth was 5,7 percent — which meant revenue for 1988 of R8,1 billion Operating costs came to R4,8 billion

He said the utility had arranged with its overseas borrowers to lengthen the terms of repayment of its foreign debt

"Quite a number of overseas bankers agreed to it, and its also relieves pressure on the national debt standstill situation"

He added "Eskom's funding requirement for 1989 is higher than for 1988 but will reduce again until new plant is ordered after the mid-1990s

"In real terms, the funding requirement has been declining during the past few years at an average annual rate of 10 percent"

A significant factor is that the funding requirement for 1989 is 22 percent lower than what it was for 1985, standing at R3 814 million, just under half of which will come from the local capital market

Funds last year were,

The Star Finance

says Eskom, raised with relative ease — the local capital market produced R858 million and the local money market R352 million, while foreign loans amounted to R596 million, chiefly from the Public Investment Commissioner's foreign funds already in the country and caught in the debt standstill net

"The utilisation of extended credit facilities came to R415 million, while swop cash flows produced R1 348 million of which R70 million was used for funding," Mr Davis said

Eskom's total borrowings stood at R24,334 billion at the end of last year

Eskom banks on another fall in the rand's value

260

S Times 26/3/89

By Don Robertson

ESKOM, South Africa's largest borrower, will finance most of its capital needs this year in the belief that the rand will suffer another plunge

Eskom believes the rand will tumble by another 6% this year to R2,70 to the dollar But by using an ingenious insurance scheme — or forward cover — it will benefit from the fall

The rand has fallen by 6,6% against the dollar in under three months — from R2,3940 to R2,5505

Confident

By using what is calls swop cash flows, Eskom hopes to raise R1,122-billion of the R3,814-billion it will borrow this year for capital expenditure

Eskom plans to increase borrowings this year by 66,5%, but is confident that it can be raised on the SA market and through its forward cover predictions

But the cost of borrowings is likely to increase because of the Government's decision to abolish prescribed security requirements These compelled financial institutions to invest some of their funds in gilt stock

The immediate effect of the Budget announcement was an increase in gilt interest rates of about 50 points to 17% Although it is expected that rates will stabilise, Eskom expects them to remain between 17% and 17,5% for some time

It is expected that R1,5-billion will be raised on the capital market, R981-million from the money market, R211 from extended credit facilities and R1,1-billion from swop cash flows

Difference

Swop cash flows are a means by which Eskom borrows dollars at, for instance, R2,50 to the dollar It will insure this amount at a rate of R2,60 for up to a year — the largest period SA borrowers of foreign curreny can expect to get

It is possible, however, to roll the loan over if the spot or cash price is lower — at possibly R2,70 to the dollar The difference between the R2,50 figure and the spot price of R2,70 causes a cash inflow to Eskom

On the assumption that Eskom will raise R1,1-billion in this way, it expects the rand to fall to as low as R2,70 to the dollar by the end of this year.

Mick Davis, general manager of finance, says Eskom has planned for this.

Borrowings for the year will rise to R3,8-billion from last year's R2,3-billion, part of the increase resulting from a loan of R500-million, due last year, being rolled over into 1989

Eskom has reduced its demand on capital markets in the past few years, says Mr Davis

"The percentage that Eskom took up from prescribed assets declined from a high of 47% in 1983 to 5% in 1988 This figure will rise to 12% in 1989 and to 14% in 1990, reflecting low funding requirements for 1988 and financing of external loan repayments in this time

"Thereafter it will decline and remain low until the ordering of plant after the mid-1990s"

Eskom has total borrowings of R24,443-billion, of which R9-billion is foreign It is on this figure that the swop cash flow is based

Of the total, 70% is in fixed-rate instruments and 63% has a maturity of five years or longer

A large amount is due in 1990, but provision has been partly made for this by investing surplus swop cash flows in stocks such as Land Bank and RSA issues

Provision has also been made for the repayments due in 1989 and 1990 by depositing dollars with the Reserve Bank against foreign loans

Chairman John Maree says Eskom's results for the year to December were

• To Page 2

Eskom sees low rand

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• From Page 1

again good, financially and technically. This is the fourth year that Eskom's fortunes have improved since it was restructured in 1985.

A net surplus of R816-million was achieved compared with a surplus of R702-million in 1987. It was made up of an increase in revenue to R8,1-billion from R7-billion on a 5,7% lift in electricity sales

Operating costs were contained, rising to R4,8-billion from R4,2-billion. Net interest and finance charges took R2,4-billion — up from R2,1-billion.

The rise in electricty tariffs was 10% in 1988, the same as in the current year. The increase is below the expected inflation rate of 15%. However, it will not be possible to keep increases below the inflation rate indefinitely.

Because of the decision to postpone large capital projects, Eskom's funding requirements fell from R4,9-billion in 1985 to R2,29-billion last year.

IN THE MONEY MARKETS

Harold Fridjhon

What's going on in the garden?

SENTIMENT in the money market has become progressively bearish during the six days which have followed the presentation of the 1989/90 Budget.

Since the authorities have reverted to the undesirable practice of manipulating the Treasury Bill (TB) rate, the barometer which best reflects market expectations of future trends in interest rates is that for 90-day liquid bankers acceptances (BA).

And most ominous is last week's upward thrust of the BA rate

The first sign of unease and doubt about fiscal policy as unfolded by Finance Minister Barend du Plessis was manifest on the Friday after Budget day It moved up by five points to 16,45% having remained steady at 16,40% for about a week Last Monday, it went up another five points to 16,50% on the Tuesday, by 10 points on Wednesday and by 15 points last Thursday to reach 16,80%, a peak since August 1985 when prime was at 18%, but on the way down from 24%

Significantly, however, prior to that the BA rate stood at 16,57% in November 1983 just before prime moved up to 19% on its way to 20%, which it reached four weeks later

There are probably two main reasons for last week's acceleration in the BA rate in order to monetise some of their advances, some banks have hurled excessive quantities of BAs at the discount houses which have progressively raised their rates to attract investors and even at 16,80% discount — which gives a positive yield of about 17,526% — investors are not interested.

Prevailing

They can do better with one-month negotiable certificates of deposit (CDs) which yield 17,60% and this rate is more attractive than being locked into a BA for three months for a marginally lower return

In the prevailing bearish climate, portfolio managers prefer investing short lest rates move up against them On overnight call, the Big Money investors are getting 17,25% with the probability of this rate rising at the end of the month — if the Reserve Bank does not indulge in open market operations

Direct central bank intervention is improbable because the Governor is applying a strict monetary policy But the Bank might buy BAs or insinuate deposits into the market from the parastatals or the Corporation for Public Deposits (CPD) over the month-end to keep interest rates from making Bank rate an ineffectual and meaningless benchmark.

Before the banking sector's books were squared on Thursday night, the market shortage had leapt to R2,5bn from R1,9bn — it was R1,5bn last Monday — as GST payments started flowing into the Treasury and as the note issue passed the R7bn mark and was set to go higher to finance holiday-makers's demands

The Bank will probably try to assess how much bank illiquidity is a holiday phenomenon before taking any action But the authorities will be hard put to convince investors their perception on rates is erroneous and that in spite of a current account deficit and the pressure on the reserves, the flowers in the autumnal garden are blooming

Bonds are really and truly stuck in a bear pit

THE bond market is a bear pit

And the only question that dealers and traders are asking is how much further will yields rise before buyers looking for bargains will puncture the balloon?

The well-traded Eskom loan 168 11% 2008 was priced to yield 16,615% before the Budget announcement that prescribed assets for life offices and pension funds were to be abolished The stock closed at 17,37% on Thursday with some dealers talking the yield up to 17,50%, regardless of what sting there might be in the regulations which will govern institutional asset mixes in the proposed new legislation

The well-traded 13% 2005 RSA bond, which is denied the market-making liquidity of the Eskom 168, was selling to yield pre-Budget 16,54% ~~is now~~ up to 17,36%.

Lively

And the short-dated Sats 12,5% is now 16,75% up from about 15,77%

While turnover last week in the JSE gilt market was not as lively as in the previous week, it did touch R3bn

Dealers say that much of the movement in prices is being dictated by activity in the options market where the price of puts for the May options has increased from R1 000 to R4 700

Traders are selling short with the comfort of knowing that borrowing physical stock for delivery, though a little costly, is not too difficult

The Treasury is due to come to the market soon to start its borrowing programme for the current fiscal year The market reports that the Reserve Bank was said to have put out feelers to ascertain whether the major institutions would be receptive to a tender offer for new bonds The reaction reportedly was not favourable, at present Presumably they are awaiting publication of the new regulations contained in the legislation abolishing prescribeds before coming to a decision

CAPE TIMES 28/3/89

Eskom acquires NNC for R31m

280 Own Correspondent

JOHANNESBURG. — Eskom has bought TransNatal's Natal Navigation Colliery (NNC) for R31m cash

The mine supplies Eskom's Ingagane power station

Had the deal not gone through the Gencor subsidiary would have closed the mine because of Eskom's planned cutback of capital expenditure over the next decade

In rationalizing its operations, Eskom was concerned that if it forced mines into closure, it would not have the productive capacity to increase supply when electricty demand increased again, Brian Gilbertson, deputy chairman of Gencor's mining division, Genmin, said yesterday.

"By acquiring the mine for itself, Eskom will have on tap the coal resources it needs for use at its own discretion," he said.

Eskom's expansion over the past decade has left it with considerable excess capacity and forced it to reconsider expansion plans for the next decade.

It is expected to cut capital expenditure from the current R3,5bn a year to about half that amount in the 1990s.

"Eskom has reduced the offtake in some of its power stations to the extent that some of the mines supplying them, particularly NNC, became uneconomical to operate," said Gilbertson.

In terms of the agreement, Trans-Natal will be permitted to mine the NNC-owned Kilbarchan Colliery using reserves other than those asigned to supply the power station's future needs

Gilberston said no similar deals were being considered

As a result of the transaction, Trans-Natal's net asset value will increase R30,5m, or 38,6c per capital unit.

Since this income will be treated as an extraordinary item in the income statement, it will not materially affect normal earnings.

SABC to report a record R58m profit

B/Day 5/4/89

MANDY JEAN WOODS

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SABC chairman Brand Fourie will tell Parliament the corporation made a record profit of R58,3m this year, according to a report in the Financial Mail (FM) published yesterday.

Last year it reported a R13m loss.

Total expenditure of the SABC during 1988 financial year was R526m (R483m in 1987), while income was R597m, the report said.

During 1988 the SABC spent R421 000 on the salaries and expenses of board members compared to R330 000 in 1987.

Advertising income increased by 30,7% — from R314 682m to R411 192m, the report said. Advertising was responsible for 68,9% of the SABC's income last year.

The rest is attributable to licences (22,3%), interest (2,6%), "other" (2,8%) and external radio services (3,4%).

While radio showed advertising growth, television remained the chief source of income (49,9% of the total).

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FMAIL 7/4/89

ESKOM PRIVATISATION

Mixed signals

Prospects for privatising Eskom have never looked better, following recent publication of the utility's glowing 1988 annual report In fact there are those who believe an immediate, though phased, listing is feasible.

But signs are that government is clinging to its privatisation plan and will bring it on to the market only by late 1991 — in just less than three years.

Says chairman John Maree "I think if government should decide to privatise Eskom it would be late in 1991 or 1992 Even if it should decide to list Eskom shares forthwith, neither Eskom nor the JSE would be ready."

Studies and legislation have to be compiled and he does not believe the market can presently afford Eskom's asking price "My own guess is that for this type of investment the capacity of the institutions would be R2bn a year I don't believe it is more than that"

But JSE chairman Paul Ferguson disagrees "The JSE is now trading at R20bn a year With prescribed assets out of the way and property being over-subscribed, I think we can easily handle the public corporation stock"

Nedbank chief economist Edward Osborn warns that government's abolition of prescribed assets should be treated with caution. Their replacement — what government terms "solvency prescriptions" — could possibly limit shareholding per individual interest group

This control could ensure that no dramatic shift occurs in the equity market. "However, it still seems likely that institutional funds could readily accommodate sums like R2bn, because of the large flows of investable premium income into these institutions In 1989 they could amount to some R30bn"

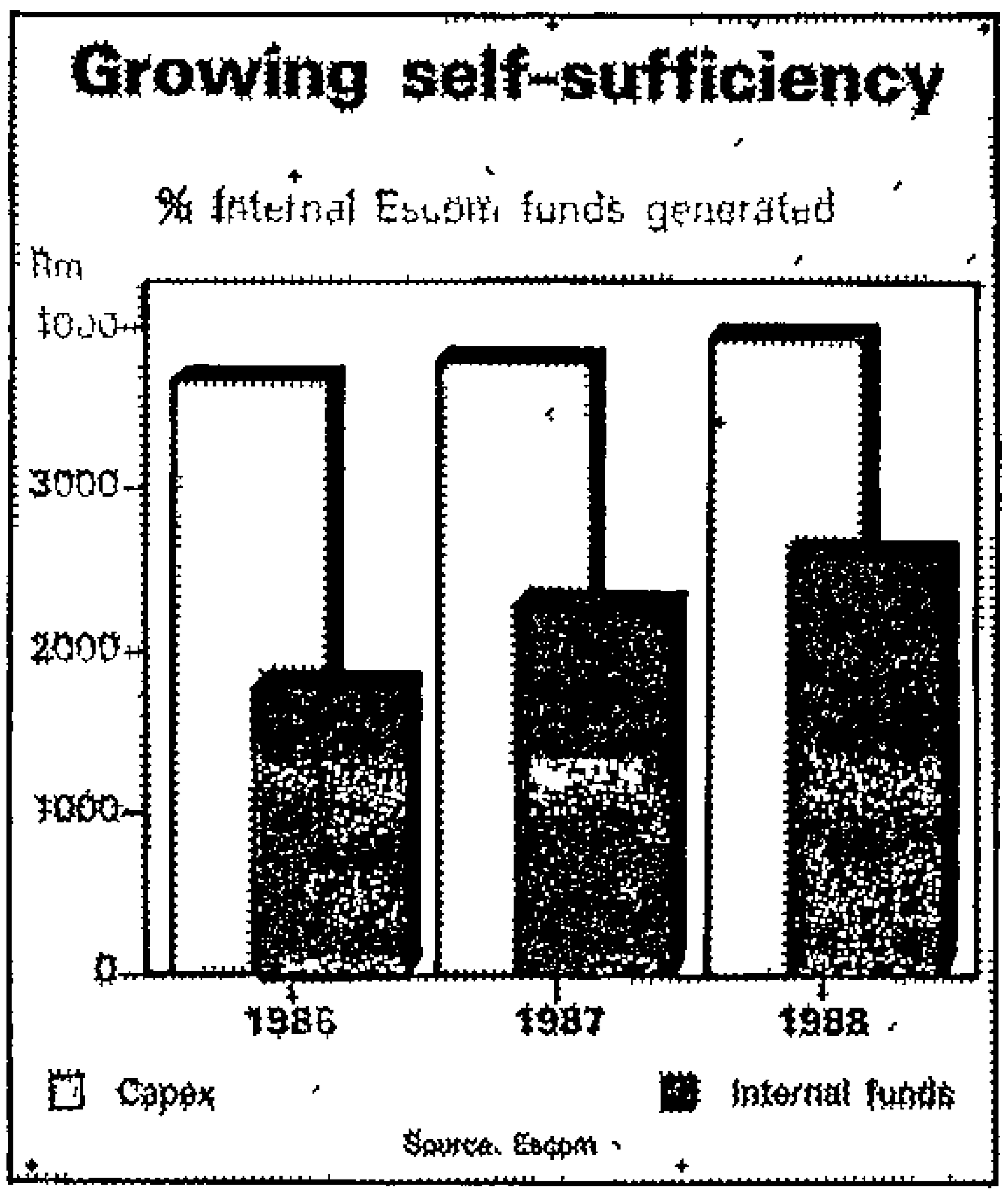
And, even at the level of 40% (of R30bn), R12bn could be invested in equity markets "It makes economic sense to spend this on new issue capital and public corporation equity rather than in a non-growing market where the effect is simply to pump up equity values Money spent in this manner will utilise savings effectively"

Assocom president Sid Matus says while the chamber fully supports the privatisation movement, it is wary of certain accompanying problems Assocom's fear is that Eskom is "too big" to be privatised and that the market is not ready to handle all public corporations

But, says Standard Bank chief economist Nico Czycpionka, while he feels both the market and Eskom are ripe for privatisation, it has never been envisioned that the utility would be sold in one move.

"It will be no burden to the market if a 15%-20% share of Eskom was listed soon The institutions have cash coming out of their ears and could quite effortlessly afford to absorb some R6bn this year on public corporation stock, particulary if some of this were to be handled through debt-equity swops

"Of all public corporations, Eskom is readiest for privatisation It has been preparing itself for years through internal restructuring and rationalisation And, by being able to generate a substantial cash flow, any tariff increases are bound to be lower than the rate of inflation"



He describes Assocom's response as "contradictory Assocom says it is in favour of privatisation in principle, but opposes it in practice on grounds that it could lead to larger price increases because investors will require returns on their investment These views contribute to government's hesitancy to sell in the face of consumer resistance"

While Eskom's annual report shows a balance sheet capital total of R31,061bn, sources at the utility put its total assets at R34,94bn

The report also lists a tax-free profit of R816m (up R114m from 1987), pushing up the reserve fund to R8,1bn; a 15,8% increase in revenue, a 16,2% increase in operating surplus, an increase in sales volume of 5,7% and a 4,8% increase in internal funding to 64%; and mothballing of stations last year leading to 1 266 retrenchments, bringing down total employees to 55 460

"Eskom offers the cheapest electricity in the world according to UK research," says Eskom CE Ian McRae

Net borrowing requirements were cut back by R4,6bn in the four years ending 1989

Says Maree "This is a result of tight financial controls over over-capacity leading to a reduction in capital expenditure"

Eskom also plans to reduce its 300% debt to equity ratio to the world standard of 100% This would put the organisation in a prime position to privatise "Iscor will be gone by the end of the year, Foskor will go in 1990, and Eskom could be next," notes Maree

"The current electricity council and the management board are engaged in transforming it into a business-like organisation which is responding increasingly to market influences," he adds ■

TELEVISION

FMAIL 7/4/89

Local discontent?

The Board of Trade and Industry (BTI) has admitted that the decision to set up a local television manufacturing industry has been an unduly costly exercise

But its answer to this is more of the same — further localisation of manufacture It's a true case of trying to teach a lame duck to fly

BTI chairman Lawrence McCrystal admits that "the cost-raising influence of the protection afforded the industry is so marked that the overall net contribution to the South African economy is heavily negative"

The BTI therefore aims to reduce the TV industry's "drain on the country's foreign exchange" — now estimated at R200m a year. But it seems unlikely that further local content can be combined with lower prices

In the first year of the programme, which starts on July 1, a set will carry a 35% excise duty if it has more than 60% imported content In the third year there will be a punitive 75% excise duty if the imported content is 40% or more In practice this will mean local manufacture of all components except the tube, and all parties acknowledge TV sales in SA will remain far too low to justify the local manufacture of colour tubes

Says National Panasonic MD Terry Millar "We support the encouragement of local content in principle but we have to accept that there's a premium to pay. For example,

SABC FINANCES

Some missing links

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7/4/89

■ Riaan Eksteen did better at turning the SABC around than his critics conceded

A year ago former SABC Director General (DG) Riaan Eksteen was unceremoniously axed — and now another SABC bombshell will hit parliament next week when board chairman Brand Fourie's report and the corporation's 1988 financial statements are tabled. As a State-controlled communications and entertainment organisation, which in the previous year reported a loss of R13m, the SABC this year moves into the world of big business Fourie will present parliament with a record profit of R58,3m (see *Current Affairs*).

Add to this a further R26m which the board in its discretion has set aside for increased replacement cost of fixed assets, and the profits swell to R84,3m in real terms It can be expected that Fourie and his designated successor, Stellenbosch professor Christo Viljoen, will argue that this R26m reserve — not generally accepted accounting practice (GAAP) — should not be factored into the profit

However, as the SABC is exempt from tax, a private company would need a pre-tax profit of R168,6m to show comparable earnings. A look at the 1988 balance sheet and the SABC's debt.equity ratio presents a picture of enormous financial muscle Total net equity stands at R443,6m; this compares to a total debt of only R117,6m comprising long-term liabilities of R102,2m and short-term loans of R15,4m This implies a debt·equity ratio of 1·3,7 which makes the SABC one of the lowest geared enterprises in SA.

Last year Pretoria University's School of Accountancy took a hard look at the corporation's financial statements. A study showed that the SABC could have made about R104m profit instead of a R13m loss if it had followed GAAP. The SABC financial reporting method was misleading, said auditing department head Dieter Gloeck and senior lecturer Gert van der Linde The most striking deviation from GAAP was in the SABC policy which dictated that expenses — such as programme costs for radio and TV services — must be written off in the year incurred (R271m in 1987)

Current DG Wynand Harmse reacted strongly, calling the study "outrageous." "The SABC has no doubt that the indicated loss of R13m is a true reflection," he said.

This year Fourie and Harmse will tell parliament that the SABC's accounting policy has been changed The most important change has been the coupling of current expenditures with broadcasting schedules That results in programmes being listed as stock when bought or completed, and only noted as expenditure once broadcast

There is another oddity. In its 1987 income statement the SABC lists R10m as provision for additional depreciation This year the figures will show an abnormal adjustment resulting in a reversal of depreciation provided in previous years amounting to R17,162m — an acknowledgement that it over-deducted on its depreciation the previous year

In December 1987 the *FM* reported that Harmse, then deputy DG reponsible for finances, indicated to management that there had been a vast improvement in the financial position of the SABC (*Current Affairs* December 18 1987). Things were on the up, Harmse wrote in a memo, and a small surplus (as much as R4m, the *FM* was told) in the 1987 results could not be ruled out

The *FM* article, according to all accounts, caused a great deal of unhappiness at the next board meeting.

Looking at this year's R17m reversal of depreciation, it now seems as if Eksteen (as forecast by Harmse) may actually have succeeded in shifting the corporation into the black. But Eksteen was never given an opportunity to report these figures

National Democratic Movement MP Wynand Malan commented on this in a speech in parliament on April 12 1988 "The board made provisions with the purpose of showing a loss of R13,2m so that Mr Eksteen — the DG who is on his way out — would be placed in a position in which it would be easier to get rid of him against the

P.T.O

7/4/89 (260) FMNC

background of his alleged incompetence in respect of financial management "

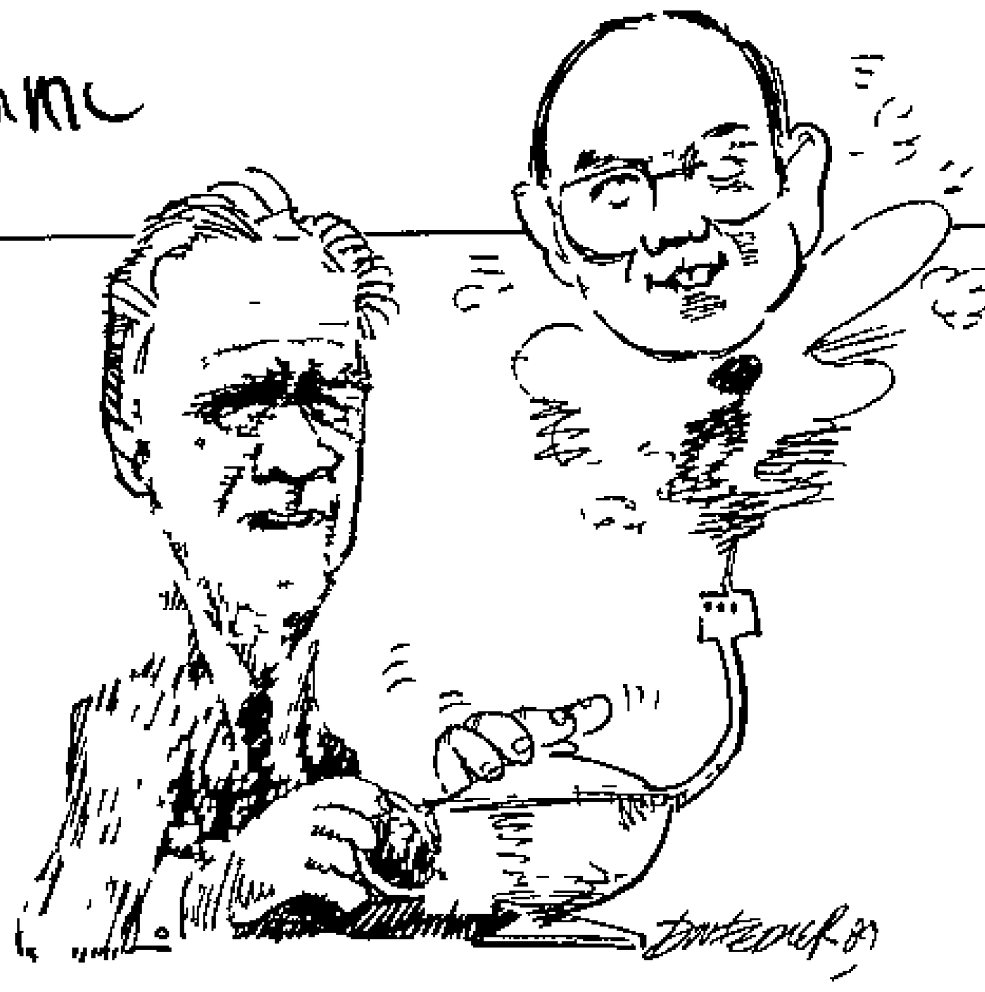
Who was responsible for the 1987 additional depreciation figure of R10m as part of expenditure? It could be that the reason for declaring an artifical loss was to avoid a zig-zag pattern in profits and losses over the next few years But Malan asked in parliament "Did the decision come from the board itself, or was it taken outside the board? In other words, does the decision have a direct connection with Tuynhuys?"

The board's decision to load an extra R10m on to its 1987 expenditures also seems odd in parliamentary circles it was known that Eksteen had been under firm instructions from the previous board, and especially chairman Fourie, that the SABC should at least break even by the end of 1987 This was emphasised to political parties throughout the year when Fourie, Eksteen and top management briefed them on SABC affairs

So, where and how did Eksteen err — assuming that there was no political component to his departure? In the September 1987 issue of the SABC internal journal *Indaba* — when a budgeted loss of R46m was foreseen for 1987 — Harmse had this to say about the long-term planning initiatives instituted by Eksteen and his team " if it had not been for the significant changes, drastic cutbacks and replanning by management over the past 18 months, this loss would have been closer to R100m "

The latest massive profit puts the new board, appointed by President Botha in April 1987, in an extremely good light — and is a fine parting reward for outgoing chairman Fourie Fourie is expected to give the board a pat on the back. He might also point to the strong growth in the SABC's advertising market which amounted to R411,2m — an increase of 30,7% from 1987 He is bound to say that the 1988 results are based on the SABC's new accounting policies

That is commendable, but where does Eksteen fit into the picture? The former DG was forced out in April last year, which at least put him in charge of the corporation's finances for one-third of its book year, which ends in December Fourie is on record in his 1987 report as saying "The new financial policy began to bear fruit during 1987. Compared with operational losses of more than R27m in both 1985 and 1986, and a budgeted loss of R42m in 1987, the loss for the year was R13,2m "



Until then Eksteen had never been blamed for any of the losses incurred by the SABC The previous year Fourie explained the position like this " .. the SABC's income from advertising was R70m less than it would have been if the total amount spent on advertising had kept pace with the inflation rate This is undoubtedly the most important reason for the weakening of the SABC's financial position "

Fourie said that in 1986, under the management team of Eksteen, the SABC had identified three steps in considering measures to curb expenditure. And, still with Eksteen at the helm: "In order to consider further rationalisation along the guidelines . and to make critical decisions for the future, the corporation is conducting an in-depth investigation into the costs of all its activities . The general manager (financial services) has been relieved of his normal duties, temporarily, to enable him to complete his task in collaboration with outside consultants as soon as possible "

Fourie also noted in his 1986 report that since 1984 strategic planning, which was part of Eksteen's long-term policy, "has been the cornerstone of SABC thinking " He further noted "During this learning process members of the SABC's top, senior, and middle management began to develop their own strategic way of thinking about the worlds of broadcasting and business The fruits of the progress made could already be reaped in 1986 with the introduction of a system of business plans for the various management units A corporate business plan could possibly be finalised in 1987 "

This is backed up by an internal document circulated to management under Eksteen's rule, which deals with strategic planning Eksteen explained that effective strategic planning in the Eighties demanded expert knowledge and competence, which was why outside consultants had been called in "Further fine-tuning of this model was done with the help of experts with a proven track record in financial consulting and with strategic studies undertaken by the SABC of SA business organisations as well as comparable broadcast organisations abroad "

On April 11 1986 Eksteen wrote to his managers and editors-in-chief and warned them that the SABC's financial survival was at stake "Top management is no longer going to supply you with fine print We will give you considered parameters, guidelines, corporate vision and policy decisions You have the responsible freedom to do your own thing within those parameters Our top management team expects a great deal from you

Bureaucratic practices have to make way for a sound and competitive business approach "

Eksteen also dealt with his own position "Speaking personally, I find the SABC a fascinating place There is so much creativity, expertise and experience "

More than a year later, in the parliamentary debate on the corporation on August 24, Alwyn Schlebusch, then the responsible minister, thanked Eksteen and "members of his top management and the entire staff for their diligent work during the year under review "

On that same day Umhlanga Nat MP Renier Schoeman, while discussing those factors which had "serious financial implications for the SABC," said that the corporation was "indeed handling the situation in which it finds itself in a responsible manner "

Barely eight months later Eksteen got the boot He had run foul of P W Botha over Allan Hendrickse's illicit swim, and TV reporting on Conservative Party successes

In his report to parliament Fourie is expected to detail progress made on the analysis of internal problems and control — but it is scarcely likely that mention of Eksteen will be made As with the end of the year *Netwerk* news review — which cut reference to Eksteen — the former DG will probably not feature in Fourie's report However, Schlebusch, who left the Cabinet after a bitter clash with P W Botha on the SABC's involvement in the film *Back to Freedom*, will almost certainly be thanked by Fourie for his objectivity and support of the board

One PR phrase coined by Eksteen and his team, "Broadcasting at its best," will most likely be remembered and used by Fourie in his glowing report on Auckland Park in the post-Eksteen era ■

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Adding it all up

The SABC will show a big increase in its 1988 revenue from advertising This emerges from the corporation's latest balance sheet (see *Leaders*) From a 1987 figure of R314,682m, advertising income shot to R411,192m last year — an increase of 30,7%

Of the corporation's R597m revenue, advertising (including sponsorships) now forms 68,9% of the total compared with 67,5% in 1987 The rest comes from licences — 22,3% (the same as in 1987), interest — 2,6% (2,1%), other — 2,8% (2,0%), and derived from the State (external radio services) — 3,4% (5,1%) In 1987 the SABC's total revenue was R466m

According to the figures there has been a slight swing from licensing revenue to advertising The ratio is now about 3 1

Radio has shown a substantial growth of more than 40% in its advertising revenue Of the total, however, television — especially TV1 — remains the chief source of income, comprising 49,8% of the total

Reacting to these figures Times Media MD Stephen Mulholland said "The share of the advertising market commanded by television is not surprising What is unacceptable is that open time television remains basically the monopoly of a State-controlled corporation

"There are examples that this monopoly power is not a healthy element in the society Government professes to be committed to principles of free enterprise What is more free enterprise than advertising, which is the primary catalyst of economic activity? What is government doing dominating such a vital economic factor as advertising on the electronic media?"

Total expenditure of the SABC in the 1988 financial year amounted to R526m, in the previous year R483m was spent

At present the SABC has land and buildings valued at R204,325m while buildings and equipment amounting to R40,302m are under construction Land with a book value

260 FMML

of R852,615m (R879,419m) has not yet been registered in the name of the corporation

Capital expenditure has been approved and contracted for amounts to approximately R29m. Capital expenditure approved but not yet contracted amounts to approximately R79m The SABC's broadcasting equipment, after depreciation of R156,739m, is valued at R122,386m

During 1988 it spent R421 000 on the salaries and expenses of board members compared to R330 000 in 1987 Expenditure on the maintenance of vehicles and premises amounted to R2,155m while licences and insurance cost the corporation R4,586m.

The value of the SABC's loan stocks in 1988 amounted to R20,74m while deposits and money market instruments with approved institutions amounted to R164,351m (R64,034m)

Its total investments of R185,091m, less a R155,356m short-term portion, are R29,735m In 1987 this amounted to R32,673m after a R58,586 m deduction ■

(260) FMAIL 7/4/89.

M-NET ON TENTERHOOKS

Though it's rapidly pulling in subscribers, the M-Net subscription channel is not yet out of the woods Its feasibility could be severely affected if government decides to alter the status of its open time in June

When the new open time channel was granted in November, government said it would reconsider its position in June M-Net was deprived of the use of the TV4 channel from December 1, but was still allowed to use its own channels from 6 15 pm-8 pm

This open time not only attracts subscribers but is a major source of revenue Last year it brought in R35m, or 70% of the station's advertising revenue — rates are four times more than in encoded time.

The Media Shop's John Barham estimates that this year open time could bring in R48m, if it isn't discontinued by government decree And, even though the subscriber base is now 245 000 and increasing at the rate of 10 000 a month, M-Net claims it needs its open time to attract potential subscribers

Says M-Net advertising sales manager Ken Baillie "We would like to keep an open window indefinitely, as they have done on the comparable French subscription channel Canal Plus"

He adds that popular series have been bought on the assumption that the open window would continue to operate. Meanwhile M-Net is hoping government will ignore the June deadline.

But, says SABC Director General Wynand Harmse "SABC and M-Net had a formal agreement that M-Net would use the TV4 network for 18 months — which cost us R10m — after which M-Net would become a totally subscription service

"We assume that the basics of our agreement should still apply."

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ESKOM PRIVATISATION

Mixed signals

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Studies and legislation have to be compiled and he does not believe the market can presently afford Eskom's asking price "My own guess is that for this type of investment the capacity of the institutions would be R2bn a year I don't believe it is more than that "

But JSE chairman Paul Ferguson disagrees "The JSE is now trading at R20bn a year With prescribed assets out of the way and property being over-subscribed, I think we can easily handle the public corporation stock "

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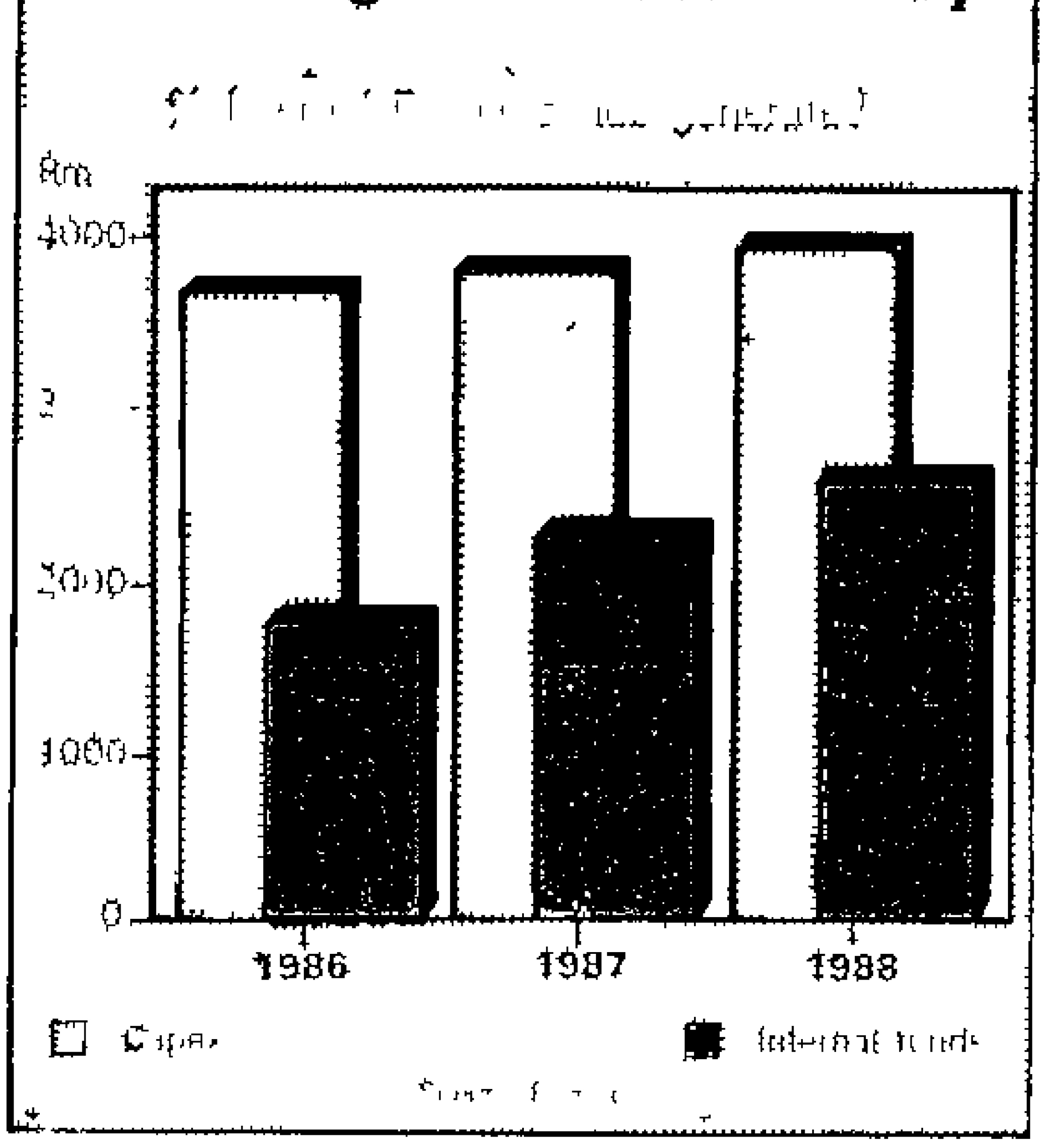
"Of all public corporations, Eskom is readiest for privatisation It has been preparing itself for years through internal restructuring and rationalisation And, by being able to generate a substantial cash flow, any tariff increases are bound to be lower than the rate of inflation "

Growing self-sufficiency



He describes Assocom's response as "contradictory Assocom says it is in favour of privatisation in principle, but opposes it in practice on grounds that it could lead to larger price increases because investors will require returns on their investment These views contribute to government's hesitancy to sell in the face of consumer resistance "

While Eskom's annual report shows a balance sheet capital total of R31,061bn, sources at the utility put its total assets at R34,94bn

The report also lists a tax-free profit of R816m (up R114m from 1987), pushing up the reserve fund to R8,1bn, a 15,8% increase in revenue, a 16,2% increase in operating surplus, an increase in sales volume of 5,7% and a 4,8% increase in internal funding to 64%, and mothballing of stations last year leading to 1 266 retrenchments, bringing down total employees to 55 460

"Eskom offers the cheapest electricity in the world according to UK research," says Eskom CE Ian McRae

Net borrowing requirements were cut back by R4,6bn in the four years ending 1989

Says Maree "This is a result of tight financial controls over over-capacity leading to a reduction in capital expenditure "

Eskom also plans to reduce its 300% debt to equity ratio to the world standard of 100% This would put the organisation in a prime position to privatise "Iscor will be gone by the end of the year, Foskor will go in 1990, and Eskom could be next," notes Maree

"The current electricity council and the management board are engaged in transforming it into a business-like organisation which is responding increasingly to market influences," he adds ■

Hansard

result and (b) what are the particulars of the above incidents,

(2) whether he now intends taking any further action regarding the protection of South African citizens living in this area, if not, why not, if so, (a) what action and (b) when?

B524E

The MINISTER OF FOREIGN AFFAIRS

(1) No

Regarding the incident on 2 January 1989 about which representations were made to the Ciskei Government as indicated in my reply to Qustion No 21, senior Ciskei Ministers visited East Peelton on 12 February 1989 and, through dialogue, succeeded in establishing harmony in the area

As regards the other two incidents furnished to my Department, the South African Government was informed by the Ciskei authorities that a group of people had been detained after attempting to coerce unwilling residents of East Peelton to attend a meeting They have subsequently been released

(2) As and when the need arises the South African Government is always ready to take action to protect its citizens

Study of Portuguese community in Republic

260

*9 Mr K M ANDREW asked the Minister of Home Affairs

(1) Whether his Department has commissioned the Human Sciences Research Council to undertake a study of the Portuguese community in the Republic, if so, what are the relevant details,

(2) whether the Portuguese community's perceptions of the South African Government and its policies are amongst the aspects being investigated, if so, (a) why, (b) who decided that these perceptions should be investigated and (c) to whom is the report to be made available?

B525E

The MINISTER OF HOME AFFAIRS

(1) and (2) The Human Sciences Research Council (HSRC) was commissioned by the Department of Home Affairs to undertake a study of the Portuguese community in the Republic of South Africa The Council has completed its task and I have received a copy of the report during the past week I am still studying the report but I am prepared to make it available to interested persons

Mr K M ANDREW Mr Speaker, arising out of the hon the Minister's reply — if the answer to this is in the reply the hon the Minister is tabling I will be happy — may I ask what the cost of the study was to the Government?

The MINISTER Mr Speaker, I cannot give the hon member that information offhand but I will notify him in due course of what the cost was

†Mr J H van der Merwe Mr Speaker, further arising out of the hon the Minister's reply, in the second part of the question it is asked whether the viewpoint of the Government and its policies are some of the aspects brought to the attention of the respondents I should like to know whether the views of the other political parties were also brought to their knowledge

†The MINISTER Mr Speaker, I think the hon member will find the particulars in the reply that is tabled and if the hon member would like to be further informed on this matter, he can get the report itself with pleasure

(Rest of reply laid upon the Table with leave of House)

It is commonly accepted that there is a large Portuguese community in the Republic — some estimates put their numbers as high as 600 000 Next to the Afrikaans and English speaking communities and groupings the Portuguese community constitutes a substantial group in the South Africa community life, originating largely from immigrant stock The stage had been reached where the Department of Home Affairs and the Immigrants Selection Board required some specific and particularly recent information relating to this community As is generally known, the Department is responsible for the admission of immigrants to the RSA, the promotion of immigration especially professional and highly-skilled manpower in certain categories, the granting of temporary work permits and the issue of naturalisation certificates

Hansard

After consultation with the HSRC, and with proper cognizance being taken of the cultural and economic impact of the Portuguese community in many spheres of activity in the Republic, it was clear that there was a real need for a fairly wide-ranging exploratory study of that community The following aspects were included in the terms of reference to the Council

— Factors which promote adaptation

— Factors which delay/inhibit adaptation

— Perceptions of the South African government

— The general welfare of the Portuguese community, in the economic, social and political field

— Sentiments in respect of Portugal and other Portuguese areas

— Factors which can promote re-immigration to Portugal and other Portuguese areas

— Factors which might influence decisions on re-immigration

— Re-immigration choice of host country (apart from Portugal and Madeira, there are large communities in Brazil and Venezuela)

The HSRC being the specialist research institution was allowed the necessary professional and scientific scope to develop a proper questionnaire which would satisfy the requirements of the Department, while, at the same time, addressing some questions generally which could provide entrepreneurs, developers, service institutions and other bodies in the Republic with useful information on the potential of the Portuguese community

The Portuguese community's perceptions of the South African Government and its policies were considered relevant as there exists a need, for the purposes of successful immigration, promotional actions and the assurance of the continued sojourn of immigrants in the Republic, to become aware of all the aspects and factors of the South African way of life which are beneficial to immigration promotion

The decision that these perceptions should be investigated followed on the HSRC's scientifically constructed and proposed questionnaire which, in common with most professionally constructed questionnaires contains in-built checks and balances, as well as questions specifically aimed at eliciting clear-cut standpoints on the part of the respondents The final decision on the acceptability of the HSRC's proposed questionnaire was taken by the Department of Home Affairs at top management level

Ban on benzine hexachloride

*10 Mr R J LORIMER asked the Minister of Agriculture

(1) Whether the use of benzine hexachloride has been banned in South Africa, if not, why not, if so, why,

(2) whether there has been any relaxation of this banning in recent years, if so, why,

(3) whether his Department is still in possession of any surplus stocks of this substance, if so, what quantity,

(4) whether his Department disposed of any surplus stocks in the last two years, if so, (a) how and (b) to whom?

B526E

†The MINISTER OF AGRICULTURE

(1) Yes, because of the build-up of certain isomers of benzine hexachloride in the adipose tissue of animals which may lead to unacceptable residue levels in meat and wool,

(2) yes, as an emergency measure specifically for the combating of locusts by the State during 1985/86,

(3) no,

(4) yes, (a) as a grant, (b) to South-West Africa/Namibia Administration specifically for the combating of locusts

Mr R J LORIMER Mr Speaker, arising out of the reply of the hon the Minister, is he aware of the studies which indicate the use of this chemical as being highly dangerous even as an emergency measure against locusts and that the damage to the environment thus done is something that will harm that part of the environment for a very long time indeed?

Mr P G SOAL Can't we use it against the Nats?

†The MINISTER I should like to tell the hon member that arious tests were done on sheep

Taxpayers hit by R37bn haul

BDay 12/4/89 GERALD REILLY

PRETORIA — The Department of Inland Revenue's latest statistical bulletin shows that R37,686bn was collected in the 1988 financial year, and underlines the huge and growing burden being carried by taxpayers

The cost of collecting the sum — six times more than the amount collected in 1978 — was R132,4m, mostly in salaries and allowances for a staff of 6 547. In 1978 the staff complement was 3 526

Income tax collected from individuals in 1978 was R1,9bn By the end of the 1988 financial year this amount had soared to R12,3bn Direct taxation (including mining and "other") in the same period increased from R4,132bn to R21,5bn

Finance Minister Barend du Plessis estimates that direct tax collections this year will be R24,555bn

In 1987 (latest figures available) there were 258 554 taxpayers in the R15 000-R20 000 per annum income bracket paying 12,57% of the total collection, and 89 234 in the R35 000-R40 000 bracket paying 4,34%.

At the top of the earnings ladder were 711 with incomes between R200 000 and R250 000 paying 0,03% of the total, and 985 earning more than R250 000 paying 0,05%

In 1987, Transvaal taxpayers totalled 1 001 648 (48,69%) with taxable incomes amounting to R21,6bn.

Sasol employees boycott buses

BDay 12/4/89. ALAN FINE

EMPLOYEES at Sasol's Secunda plant who live at Embalenhle township have begun a bus boycott following a 15,3% increase in bus tariffs from April 1.

A Chemical Workers' Industrial Union (CWIU) spokesman said yesterday the week-old action was aprotest against the increase and the manner in which it was effected.

Sasol has a contract with operator Eastern Bus Lines. The CWIU accused Sasol management of reaching a "secret" agreement with the firm, whereas it had previously invited union representations before fare increases.

The union was to meet taxi drivers to negotiate special taxi fares to the plant.

A Sasol spokesman said the union had been informed of the planned increase on February 22 Eastern had turned down a union request for a one-month delay in implementing the increase because of the January fuel price increase.

He said the union had failed since mid-March, when this decision was conveyed to it, to raise the issue again. Instead it had called for a boycott

The two parties met yesterday for discussions ma transfusion equipment   deve

Taxpayers hit by R37bn haul

B/Day 12/4/89 GERALD REILLY [redacted]

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260

ESKOM TO AWARD R859,5m WORTH OF CONTRACTS

EDWARD WEST

ESKOM plans to award R859,5m worth of major contracts between 1989 and 1993, Eskom's Engineering group said in a supplier communique.

The money will be spent on civil engineering projects, plant life extensions, power station and transmission contracts and modification projects throughout SA.

The programme is based on the forecast electricity growth rate and could be altered at any time, the communique said.

The Tutuka, Lethabo, Matimba and Kendal power stations would be completed by the end of 1993, with the last station in the current generation of thermal plants, Majuba, planned for completion in 2020, a report in Engineering Week said.

Eskom has 2,5m potential customers in SA, with the strongest growth potential in the western and eastern Cape and Border areas. It also aims to supply electricity networks throughout southern Africa during the next 20 years.

Australian troops take up UN positions after arriving at Oshakati to monitor Swapo's withdrawal from Namibia to Angola

Picture REUTER

Mediator for lay-offs strike

B/Day 12/4/89

ALAN FINE

SIEMENS and the National Union of Metalworkers called in a mediator last night in an attempt to end a two-day-old strike over impending mass lay-offs.

At least 900 workers at six locations stopped work over the planned shedding of about 130 employees

Siemens says the lay-offs are necessary because of a 35% cut, from R439m last year to R286m this year, in the P & T digital equipment budget

Altech, whose STC subsidiary is the other major supplier of digital equipment to P & T, said its Boksburg factory workforce had been cut by about 300 for the same reason

Altech group executive Jacques Sellschop said yesterday STC began months ago to let natural attrition reduce the workforce Lay-offs were then negotiated with unions

Siemens joint MD John Trotskie said he was "very disappointed" talks yesterday afternoon, in which the company indicated willingness to improve severance payments, had deadlocked

He said the company could not accede to union demands that it should negotiate on the need for lay-offs

Numsa negotiator Enoch Godongwana said Siemens's attitude to negotiating all issues related to lay-offs was the key issue in dispute

SA council of the International Metalworkers' Federation secretary Brian Fredericks said Numsa's West German counterpart, I G Metall, had been asked to press Siemens's parent company into ensuring the dispute was resolved through negotiation

Row over own affairs hospital

B/Day 12/4/89

DIANNA GAMES

THE decision to make one of the Reef's teaching hospitals an own affair hospital goes against government's plan to rationalise hospital services

This was said yesterday by Cedric De Beer of Wits University's Centre for the Study of Health Policy

De Beer said government, which recently made the JG Strijdom Hospital a white own affairs hospital, was thereby further entrenching apartheid and further fragmenting services instead of making them more cohesive to save costs

An own affairs hospital falls under a specific house of the tricameral parliament.

The hospital's superintendent, Dr Idallette Coetzee, said she would not comment on the possibility of doctors from the Wits Medical School not being allowed to work at the hospital because it was now segregated She confirmed, however, that the majority of the doctors working at the hospital were from the school

Government legislation dictates that teaching hospitals should fall under general affairs, and therefore students from the university might now not be able to continue staffing the hospital.

National Medical and Dental Association (Namda) spokesman Dr Max Price said he would urge the university to refuse to allow its doctors to work in the hospital because of its commitment to the desegration of hospitals

"If people want whites-only hospitals they must appreciate the consequences," he said

Iscor privatisation process has begun

260 BDay 14/4/87

CHRIS CAIRNCROSS

CAPE TOWN — Draft legislation paving the way for the privatisation of Iscor and its eventual listing on the Johannesburg Stock Exchange was finally tabled in Parliament yesterday by Administration and Privatisation Minister Dawie de Villiers

After clearing away all the necessary legislation connected with the Budget, the Conversion of Iscor Limited Bill is expected to be placed high on the list of priorities to be dealt with by Parliament before it rises early at the end of May in advance of the general election

The Bill is designed to transform Iscor from a state corporation into a limited public company, a necessary precursor to the subsequent sale of Iscor shares to the public

Sources in Cape Town suggested that the Iscor launch was now scheduled for September, although this might be delayed in unfavourable circumstances

At this stage no indication has been provided by those orchestrating Iscor's transformation as to what government hopes to raise from the share sale Iscor executives are conservatively suggesting that little more than 50% of Iscor's shares will initially be offered to the public — apparently uncertain that the market will be able to take more

Though there appears to be some eagerness to offload the entire share issue, some caution is being advocated Government may be better able to maximise the sale of its Iscor assets by selling shares in tranches

This is counter-balanced by a desire by government to also raise capital to service its more immediate requirements Government has previously given the assurance that monies received from the sale of state assets in terms of its privatisation programme will be used to defray state debt and to fund needy infrastructural projects

Borrowing

Official circles in Cape Town are taking a conservative line over what the Iscor issue is initially likely to raise.

This is reflected by the comments made by finance policy chief Gerhard Croeser to Business Day this week in estimating that revenue received from the sale of Iscor and other state-owned enterprises may be sufficient to reduce the state's borrowing requirements by about R1,5bn this financial year

ISCOR PRIVATISATION 260

Sooner or later?

Fm 14

All at once, or bit by bit? That is the question facing Iscor management on the issue of a JSE listing.

Strangely enough, Iscor's top brass appear keener to see the steel giant sold off, than does some of the private sector.

Iscor chairman Marius de Waal is keen for privatisation to go ahead as soon and as fully as possible Assocom, on the other hand, urges caution

Says De Waal "By the first week in November, we want to list at least 50% of Iscor's shares If JSE market conditions warrant it, we could go for full listing."

If the market can handle less than 50% of the stock in November, listing is likely to be delayed. A condition of listing is that ownership must pass from the State to the private sector.

JSE chairman Paul Ferguson says there should be few fears on that score "If priced correctly, the money is available to list the whole of Iscor."

However, Assocom economist Bill Lacey says "maximising" the sale of Iscor assets is as important as privatising the corporation

"This is not a fire-sale, with government 'flogging off' the Iscor stock. They should rather test the water by initially listing a smaller portion of the stock at a reasonable price This would ensure a better realisation at a later stage, especially if Iscor should improve its performance under privatised management," says Lacey.

He says the more government gets for its assets, the more it will have available to redeem the national debt. "Iscor's privatisation has broader implications than just transferring State assets to the private sector."

Another reason why Iscor shares should be gradually listed, he argues, is so its accounting policy can be scrutinised by the new shareholders and board.

On a historical cost basis, Iscor last year reported a 163% improvement in profit before tax over four years from R257m in 1984/1985, to R426m in 1985/1986, R472m in 1986/1987 and R675m in 1987/1988. Its latest profit figure was based on turnover of R4,82bn, which was 17% up on the year before

But, according to Lacey, the 1988 current cost profit (providing for depreciation) amounted to only R274m, which puts a different light on Iscor's results.

"It is vital to sell off the stock in phases — even if the market could handle the full listing — so new shareholders can establish for themselves the nature (and profitability) of the business"

Lacey is also at odds with others over his proposal that some form of regulatory mechanism may be necessary to control pricing by a privatised Iscor.

Standard Bank chief economist Nico Czycpionka and Federated Chamber of Industries economist Russel Glass strongly oppose this view

"Iscor operates in a competitive market, with steel imports freely allowed, subject to limited tariffs Provided this continues in future, I see no reason to regulate prices," says Czycpionka.

Glass concurs. "The Competition Board should be able to ensure no steel price excesses occur Prices must be market related, otherwise there is little point in privatisation."

Glass supports a full listing of Iscor, "provided it is properly planned and priced and the JSE can handle it. But a minimum listing of 50% of Iscor's shares would also be acceptable"

Both economists agree with Lacey, however, that Iscor staff should hold a percentage of the corporation's shares

"As wide a shareholding as possible should be strived for, with small investors and workers' shares forming part of the package and institutions taking the lion's share The shares should be over-subscribed, as this would improve their market value," says Czycpionka ■

Eskom halves market borrowing

GRETA STEYN 260

ESKOM has sliced more than 50% off its budgeted capital market borrowing this year, reducing its requirement from R1,5bn to R700m.

The corporation, like Treasury, has reduced its funding requirement at a time when institutions are insisting on particularly high interest rates on gilts and semi-gilts

Eskom is relying more on money market funding and is also expecting an increase in funding from foreign sources The corporation is "cautiously optimstic" about receiving a small foreign loan this year, helping it to reduce its domestic funding needs

Government remains the biggest borrower on the capital market and its decision to slash its borrowing requirement caused rates in the secondary market to soften yesterday Long-term yields opened six points lower at 17,12% but there was no major turnaround in sentiment and rates ended the day slightly higher at 17,13%

Frankel Kruger's Gillian Raine described the market as nervous, with jobbers starting to join the institutions on the sidelines in greater numbers

Eskom financing manager Willem Kok said yesterday the corporation had already sold the R700m of stock and was not planning any further issues this year

"Our funding was done at an effective rate of 16,60%, which was achieved by borrowing in advance and hedging with options," he said

With rates at their present levels, he did not foresee Eskom going to the capital market again in 1989

Eskom's total funding requirement has been reduced to R3bn from R3,8bn The reduction was achieved by rolling over R500m of money market debt (capital project bills) and saving on operating costs

BDay 14/3/89

Recalculation gives SABC surplus boost

BDay 18/4/89 (260)

CHRIS CAIRNCROSS

CAPE TOWN — A recalculation of the SABC's total accumulated depreciation over the years boosted the corporation's operating surpluses by R17m to R53,3m during 1988, according to the annual report tabled in Parliament yesterday

In real terms, the operating surplus is reduced to R41m, but is still of sufficient magnitude for the SABC itself to finance total capital expenditure

Confirming earlier predictions regarding the health of the state-owned corporation's finances, the annual report records that total income amounted to R597,2m — 28,2% higher than in 1987 — while total expenditure represented an 8,8% increase to R526m

'Suburban' colliery still an issue

260

By Therese Anders, Highveld Bureau

MIDDELBURG — Iscor would not go ahead with its controversial "suburban" opencast colliery without reaching agreement with Middelburg Town Council on the issue of pollution, an Iscor spokesman said yesterday.

She confirmed that Iscor was still very interested in the project.

"Negotiations between Iscor and the council on the pollution aspects of the mine are still under way."

Areas still being looked into were dust, noise and ground water pollution, and the effects of blasting on nearby houses She said Iscor would like all parties, including residents, to be "satisfied in the end".

The chairman of the new Conservative Party-controlled Middelburg Town Council, Mr John Carlisle, would say only that the ball was back in Iscor's court He promised that the interests of the residents would be safeguarded.

When news of the proposed colliery came to light last year it caused an uproar among residents. A "Stop the Mine" rally was held and 2 500 signed a petition. Angry ratepayers claimed the previous NP-controlled council had not notified them adequately of the Iscor deal, or the closeness of the mine to residential areas. The site is 1,5 km from the nearest house

SABC in the money — thanks to Eksteen

Star 18/4/89 (260)

By Peter Fabricius,
Political Correspondent

Mr Riaan Eksteen . . . procedures he initiated contributed to SABC's record profit.

CAPE TOWN — Part of the SABC's record R58,3 million profit last year was really attributable to the accounts of 1987 — the year director-general Mr Riaan Eksteen was fired because of the SABC's poor financial performance

The SABC's annual report tabled in Parliament yesterday shows that R17 million of the R58,3 million was due to a change in accounting procedure whereby the high depreciation of assets in 1987 was valued at a lower rate in 1988 The effective profit for 1988 was therefore R41 million

The profit was also partly due to methods and procedures initiated during 1987, Mr W J J Harmse, Mr Eksteen's successor as director-general, said in his annual report. The upturn in the economy was another reason for the better performance

The accounts show that a 30 percent increase in advertising, to R411 million, made the biggest contribution to increased income

Dr Harmse said increased advertising was due to the upturn in the economy and "complete deployment and utilisation of new methodology and procedures implemented during the previous year."

Radio advertising revenue showed the biggest increase — 40 percent But television, especially TV1, was still the largest source of advertising income, contributing 49,8 percent

Income from licence fees increased 22,5 percent to R132,8 million

Dr Pieter Mulder of the Conservative Party questioned the increase in licence fees in the light of such a large profit

Eksteen silent on SABC profits

260

Star 20/4/89

Pretoria Correspondent

Former director-general of the SABC Mr Riaan Eksteen, who was fired last year because of the corporation's poor financial performance, yesterday said he would "not pass judgment on the figures".

According to the SABC's annual report tabled in Parliament on Monday, the corporation made a profit of R54,4 million in 1987.

Mr Eksteen's successor, Mr W J J Harmse, said the profit was partly due to methods instituted during 1987.

The Democratic Party's spokesman on the SABC, Mr Dave Dalling, said Mr Eksteen was fired because of political opposition from the President

At each stage of the process, the value added to a ton of chrome is

Graphic FIONA KRISCH Source BARLOW RAND

capacity and eventually increased revenue for itself "

Door ajar for TV political debates

CHRIS CAIRNCROSS

CAPE TOWN — The SABC would be willing to screen TV debates by political opponents in the run-up to a general election

This was confirmed by Director-General Wynand Harmse and Information Minister Stoffel van der Merwe

Harmse regarded the SABC's presentation of the historic — for SA — debate between NP leader F W de Klerk and CP leader Andries Treurnicht in February as successful

"The tendency will be to have more of these in future," Harmse said in an interview Van der Merwe said he would welcome such a development

He indicated the initiative was unlikely to come from the SABC but from approaches by political parties

The SABC moves into its 1989 year buoyed by the fact its financial health has done a *volte face* by moving from a R17,4m loss in 1987 to a R71,3m surplus last year This occurred in a year in which Harmse took over the director-general's seat while Riaan Eksteen was given a golden handshake

Write-offs

Harmse stressed improvement in the SABC's finances was due to the increase in advertising revenue and a more aggressive marketing programme

This pushed revenue from this source to R401,6m from R305,9m

The biggest contributor was, however, the change to a new method of writing off assets — involving direct write-offs going back 27 years in some instances — and more direct accounting procedures which greatly improve stock evaluations and control

This gave the corporation a R17,2m depreciation cushion In real terms it means the actual surplus was R41m

Harmse estimates that if the old accounting systems had been used, the surplus would have been about R30m

These more efficient systems — which led to the SABC's turnaround — were initiated while Eksteen was director-general

Harmse stressed the surpluses did not necessarily mean an increase in TV licence fees might be put off this year They were last raised in August and it seems another hike can be expected within the next four months

Much of the SABC's transmitting equipment is reaching the end of its useful life and a major replacement programme, possibly involving as much as R90m, has started

Speedy repair halves Sasol's fire expenses

B/Day 20/4/89

(260)

ZILLA EFRAT

SASOL is way ahead of its original estimates with its Sasol Three plant at Secunda, recently damaged by fire It is now set to be in full production in two months and the costs have been cut by at least half

Three reactors are already in production and a fourth will be commissioned in June It was originally estimated they would be commissioned only late this year and in full production only by mid-1990.

Original estimates of physical damage and loss of profits were R390m, but this has been slashed by more than half to R180m due to speedy repair.

Executive director Dirk Mostert said innovative planning and Sasol's technology company Sastech's advanced construction techniques had made this possible

As the fire took place just before the annual shut-down, most contractors were on site and could start repair work almost immediately

The fire caused a loss of synfuel production of 3,5% at the Secunda operation, said Mostert

SASOL (260) FMAIL 21/4/89

Rapid reaction

Sasol expects to cut by more than half its insurance claim arising from last December's Sasol 3 fire in which nine people died

MD Paul Kruger says three of the four affected reactors were expected to be out of commission until the second half of this year and the fourth until the middle of 1990

However, three are already in operation and the fourth will come on stream in June. This will not only cut losses, but also slash the original insurance claim estimate from R390m to R180m.

Meanwhile, Kruger denies accusations that corrosion at Sasol 3 has exceeded safety limits

An engineer at the plant alleges corrosion reduced pipe thicknesses to dangerous levels. Where the explosion took place, he says, pipes were due to be replaced the following week

Kruger won't comment on the cause of the fire, explaining that the insurance claim is still being adjudicated.

However, he stresses Sasol has never compromised on plant safety, especially as substances handled in chemical or petrochemical facilities are "naturally corrosive and potentially dangerous"

He concedes there must be a trade-off between corrosion resistance and cost He says plant designers seek a balance between frequency of replacement and the cost of components

Items are designed and built using materials which will have only a predetermined economic life. For example, pipelines are made of carbon steel with a provision for corrosion, rather than of more exotic materials

Kruger

Kruger notes that more than 400 contractors from across the world were used in the design and building of Sasol 2 and 3 Fluor, builder of all the Sasol plants, provides constant maintenance. He says most of the equipment at Secunda is meeting its life expectancy, although some needs earlier replacement.

The problem is, however, well within "generally accepted design parameters," he says Kruger allows that products and conditions in the Sasol process could enhance corrosion, but says preventative measures are taken to monitor equipment and pipelines to minimise risks

Where required, a corrosion allowance is added to the thickness of materials at the design stage

Thereafter, regular tests are performed using internationally accepted equipment and techniques

Internal inspections are done at regular intervals to ensure plant is in a sound physical condition

And at all Sasol plants, each system is shut down completely at least once every two years for comprehensive inspections and maintenance

The duration of these shut-downs is only two weeks on average — "hardly what one would expect had the plants experienced serious corrosion problems," comments Kruger

The Sasol engineer who spoke to the *FM* says there is a major pipeline replacement programme at Secunda, which began before the December fire Since then, he adds, design and maintenance checks have become more stringent

Kruger says indications at the time of the last inspection were that certain pipeline systems require renewal but within limits set by the planned design philosophy. "We are replacing some pipework and a few vessels," he says

Kruger puts the total loss of synthetic fuel output during 1989, as a result of the fire, at 7% of Sasol 3 output and 3,5% of Secunda output as a whole

...itable SABC
...n't adjust fees

Star 22/4/89

(260)

CHRIS MOERDYK

THE DRAMATIC swing in the SABC's financial fortunes, from a loss to a R58,3 million profit in the space of a year, will not have any direct effect on licence fees or advertising rates

The corporation's director-general, Wynand Harmse, told Media & Marketing this week that the financial position of "only one year could certainly not dictate advertisijng rates or licence fees".

He said expenditure on overseas purchases was rising significantly and advertising, due to factors such as the effect of higher interest rates on consumer spending, would not "repeat its boom of 1988"

Advertising rates were demand-driven, said Mr Harme, and notwithstanding the finncial surplus achieved by the SABC "some rates may go up and some may come down".

Reliance

In a television interview earlier this week SABC board chairman Dr Brand Fourie said that advertusing contributed almost 70 percent of SABC revenue and implied that such a high reliance on advertising revenue was not particularly healthy

So, in spite of calls this week by a number of South African consumer organisations for a reduction in licence fees as a result of the surplus, it is highly unlikely that the SABC will consider any reduction On the contrary these could well be increased to create more parity between the contribution to SABC coffers by advertising and licence fees

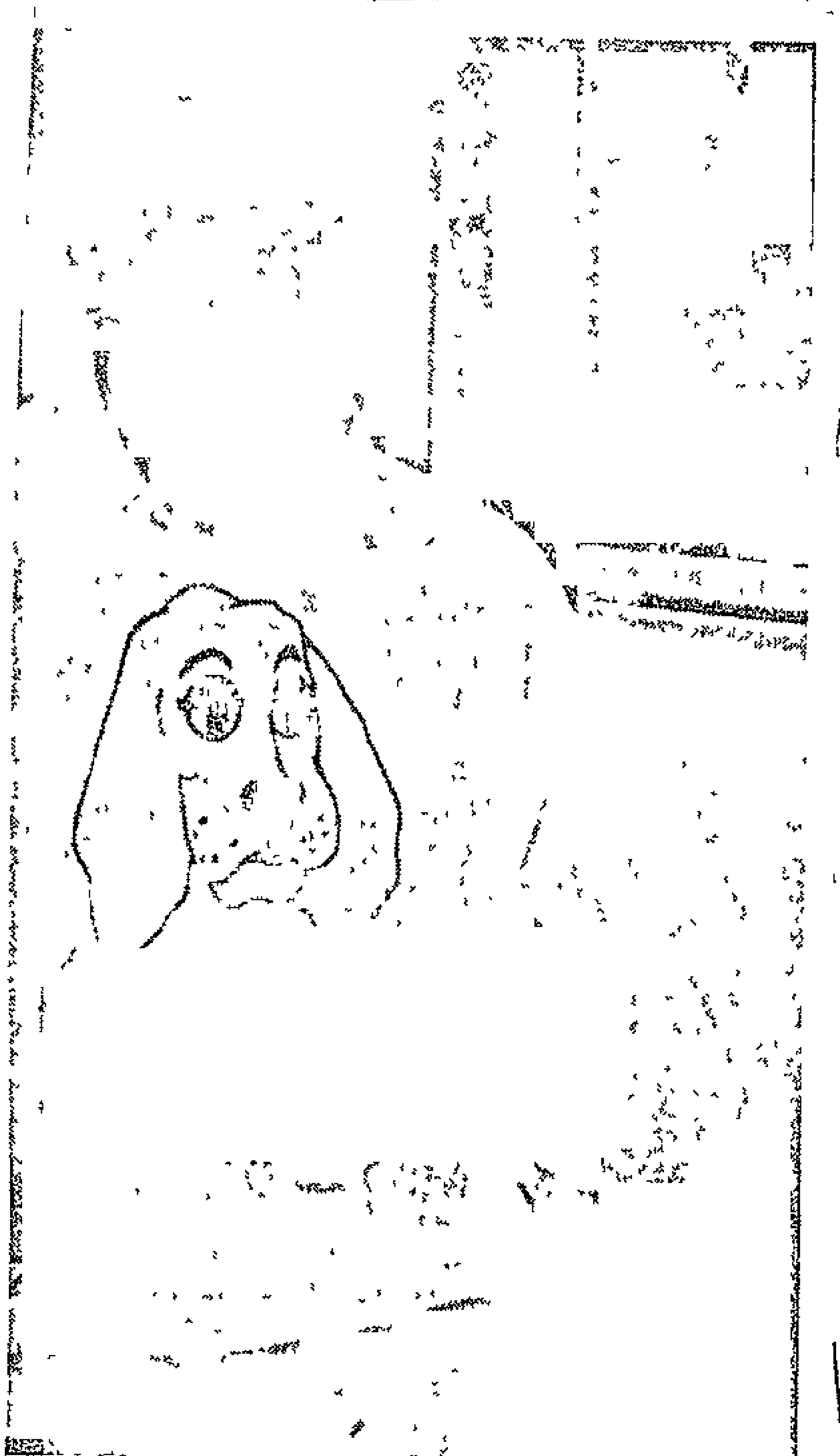
In his television interview Dr Fourie said viewers should take into account that they were today receiving considerably more for their licence fees than in the past

Licence fee increases from the base amount at the commencement of the SABC's TV services in the mid-70s when only one channel was available, have in real terms decreased in view of the fact that today there are five channels

Performance

It also seems clear that the SABC intends persevering with its demand-driven advertising rates and to stick to a system of supply and demand rather than adjustments based purely on financial performance

Ironically, however, many advertising agencies see the massive rate increases of the past year as directly contributing to the SABC's current profits. Many believe that the cash surplus enjoyed by the SABC was a result of rate increase "overkill" and believe too, that as advertisers had put the corporation back on its feet, they should derive some form of benefit



...re the macho men of advertising. In America now it's ...lling products and the more downtrodden and hen- ...ore chance you have of becoming an advertising star.

Man becomes
... and sex object

...reversal in ...orrow's Brit- ...has become a ...

...ther on the divorce nor the flavour of her yoghurt He's helpless Bring in the male wimps

The new image is that of the emasculated male totally without dignity ...king sexual initiative, ...nd playing the sexual ...g men and their sexu-...

...would be foolish to ...' had been a huge ...tionships between the ...

...ay have claimed to

MEDIA BRIEFS

The 1989 editi... Africa's medi... Media Yearb... now on sale ... Mike Leahy ... Voice have inc... size of the book ... 300 pages by add... more informatio... already comp... first issue. The ... tion is worth ... of its R60 cover ... price and ... from WIH ... PO Box 67053 Bry... 2021 Telephone (011) ... 8289

□ □ □

Another ... service on ... Africa toda... is Int... national Informati... Business [illegible] Every month IB sca... 84 issues of the world... leading financial bus... ness and management journals and ... cuttings into ... for specific industr... For... ther information ... 650401, ... (011) 884-[illegible]

□ □ □

An interesting new ad... vertising display ha... been launched ... bung compan... ...bound Imag... Medusa it ... large mirro ... light ... back-projected ... dom According to ... bound ... Medusa is ... eye catching ... ideal for ... banking halls, recept... areas, airports and tel... lobbies Medusa ap... parently catche... by completely by sur... prise when they pau... to admire their re... lections Further information (011) 789-3335

□ □ □

International Sport/History is the name of new glossy magazine series for the local sports... The first issue ... on sale provides 100 pages of sporting history an action photographs from all over the world Further information (011) 974-7819

SABC 260

Advertising bonanza

The SABC's main television service, TV1, can be described as a licence to print money. It has a monopoly on national coverage and sets advertising rates on a demand-driven basis This means the SABC can put up rates and keep collecting revenue

The whopping R238m spent on advertising on TV1 (see graph), which is more than 43% of the 1988 adspend on electronic media, was the major reason for the SABC's R58m surplus this year (*Leaders* April 7) TV1 revenue was 19% up on 1987

The SABC loses money on TV2 and TV3 and the black radio stations. According to Ad-Index, TV2 and TV3 combined brought in R53,4m last year, compared with more than R55m for TV4 alone.

Says Grey-Phillips media director Harry

260 FinMail 21/4/89

Herber "It's well-known that it's much cheaper to import programmes than to produce them locally — and the black stations have a much higher local content than the others"

SABC DG Wynand Harmse admits that TV2 and TV3 aren't yet financially independent and have to be cross-subsidised But he adds it's the SABC's intention to make each station a self-supporting business unit

In radio, the contrast between black- and English-language stations is even starker The nine Nguni/Sotho stations brought in R34,7m worth of ad revenue compared with R24,9m just for Radio Five Rates on black radio have actually been reduced by 6% for the April-June quarter this year compared with the same period in 1988

And Herber says the supposedly white TV4 has become an excellent advertising medium for blacks, defying the SABC's claim that blacks prefer to watch programmes in their own language

"The average black audience of TV4 is 1,06m compared with 953 000 for TV2 and 1,13m for TV3."

The cost of reaching 1 000 black viewers on the Tuesday music programme on TV4 is R3,52, compared with an average of R4,10 on TV2 and R4,25 on TV3 — and this is before any white viewers have been taken into account

Herber adds "The logical outcome of this process is that advertisers aiming for the black market should move more of their spend to TV4, which will damage the viability of the black stations even further"

At least the SABC no longer calls TV1 and TV4 white channels Harmse calls TV4 a "multi-cultural entertainment service" and TV1 a "channel transmitting programmes for Afrikaans- and English-speaking people, regardless of the colour of their skin" ■

Brokers steeled for Iscor flotation

HELOISE HENNING

AS MANY as five firms could be appointed Iscor's sponsoring brokers after today's presentation to merchant banks handling the steel giant's flotation

Finansbank is acting on behalf of Iscor's major shareholder, the state, while Senbank is acting for Iscor in what will be the biggest share issue prior to its listing on the JSE in November

The nine brokering firms in the knock-out round today are Davis Borkum Hare; Ed Hern, Rudolph; Fergusson Bros, Frankel Kruger Vinderine; Martin & Co, Simpson, McKie, George Huysamer & Partners, Senekal, Mouton & Kitshoff; and Kaplan & Stewart

Only six stockbroking firms were initially short-listed after 13 made written representations to the merchant banks. George Huysamer, Senekal, Mouton and K & S were added last week.

The issue could be larger than R1bn.

BUSINESS DAY, Wednesday, April 26 1989 3

RESEARCH EARNED CSIR R158,5m IN YEAR

GERALD REILLY (260)

PRETORIA — The CSIR had attained an estimated 90% of its budgeted target of earnings — R158,5m — through research last year, proof the organisation was on track, CSIR president Chris Garbers said.

Releasing the CSIR's annual report yesterday, he said the organisation was emerging from the structural change and re-organisation of the past two years with flying colours

Research revenue was up from R125m the year before, and the current year's target for external income was R200m

In 1984 contracts for industry and the public sector had totalled 2 500, while last year more than 5 000 constracts were under development for clients.

This year more than R140m would be earned from 5 400 research contracts alone, although the CSIR's largest source of funds was a parliamentary grant

But as commercialisation of technology gained momentum and the large market for it was exploited in a businesslike way, external income in the form of fees, royalties, and dividends would make up a rising proportion of revenue.

Clark said the CSIR's strategic units were operating, and "Technifin", a venture capital company with the CSIR and IDC as equal partners, was underway.

Star 27/4/89 (260)

Stoffel satisfied SABC not racist

Mr David Hall-Green ... unaware racist comment was being broadcast.

Political Staff

CAPE TOWN — Television presenter Mr David Hall-Green had been "reprimanded" by the SABC over his controversial remark about a female domestic worker who appeared on his programme, but remained on the staff because he had an "inherent positive orientation", the Minister of Information and Broadcasting Services, Dr Stoffel van der Merwe, said in Parliament yesterday

SENSITIVE

His remark was "totally out of character"

Replying to debate on the Information budget, Dr van der Merwe added "The SABC considered this in a very serious light because it cannot tolerate racist attitudes in such a sensitive position"

Earlier, Mr M Rajab (DP, Springfield) recalled the incident in which, unknown to Mr Hall-Green, his comment that the domestic worker had had 14 children by different men was broadcast

Mr Rajab said that while he was aware Mr Hall-Green had apologised to the SABC and to the woman concerned, it was necessary to apologise to the nation "not for the error but for the attitude

Responding, Dr van der Merwe said the situation had been carefully analysed

"The fact that Mr Hall-Green was reprimanded, but maintained in the service was because of his inherent positive orientation"

Dr van der Merwe added "I can assure you that the SABC was very sensitive in this matter I am satisfied that we do not harbour racist feelings in that area"

SABC (260) FM/AL 28/4/89.

Riaan's last laugh

Sacked SABC Director General Riaan Eksteen looks as if he will have the last laugh over his clashes with P W Botha and outgoing SABC chairman Brand Fourie. He promised a group of close friends who gathered at his house to view an exhibition of cartoons (see *Timeout*) to tell all about his travails

Since his fall from power at Auckland Park, Eksteen had been busy compiling tape-recordings and other official documentation relating to the SABC He plans to donate the material to the University of the Free State's history department — and it's possible he would allow it to be made public by the university

Eksteen has completed the first seven hours of tape-recordings, covering the week of August 24 to September 1 1987 — the period of the Allan Hendrickse swimming episode. This was done in the presence of former SABC regional manager Carel Leonardt, who died a couple of months ago, and another friend who is still alive, Eksteen told his guests

In an apparent snub to Fourie, Eksteen said his decision to donate the documents and tapes to the University of the Free State is based on his gratitude and respect to the principal of the university, former SABC chairman Wynand Mouton — with whom he enjoyed a good relationship at Auckland Park Fourie made no mention of Eksteen in his annual SABC report, tabled in parliament last week

It is known that Eksteen is hesitant to release information about his clashes with P W Botha while he is still in Tuynhuys. But his promise to tell all puts an end to speculation that his "silence" had been bought with a golden handshake of R600 000 when he left the SABC (He has received the full amount)

Fourie was questioned this week by the *FM* on how the R600 000 payment was re-

(260) FM/AL 28/4/89.

flected in the SABC's latest accounts He replied. "I have nothing more to add to what has been said during Mr Eksteen's retirement " ■

(260)

CSIR (260) FMAIL 28/4/89

Backing business

The CSIR, which was restructured in April last year to better serve the needs of the economy, claims to have trebled the amount of contract work it is carrying out for the private sector

The organisation is expected to earn R158,5m from contract work for the financial year which ended in March This is a 49,1% increase on the previous year The CSIR's total budget for the year was R448m

In the 1988 annual report the CSIR's president, Dr Chris Garbers, says the organisation was involved in 2 500 research and development contracts with the public and private sector in and outside SA.

Last year was probably the most traumatic in the CSIR's history The head-count was reduced by about 500 people as it reorganised to become more focused on the technological needs of SA industry

The CSIR now comprises two main groups. Research Development and Implementation which provides technological support to the public and private sectors, and the Foundation for Research and Development which supports research and development at universities, museums and technikons

The biggest adjustment the CSIR has to

[illegible] make if it is to succeed in its new role is understanding the business community it now serves

Late in 1987 the CSIR commissioned research firm Business & Marketing Intelligence (BMI) to assess its performance BMI reported that while there was a high regard for the CSIR on many scores the organisation was seen by some firms as unable to meet deadlines, to respond slowly to new inquiries and lacking in an understanding of its clients' needs.

Weaknesses

Such findings are unlikely to stand the CSIR in good stead in the harsh world of business Garbers says measures are being taken to correct these weaknesses

According to Garbers the CSIR is now geared to tackle research and application projects in 12 areas of technology which have been identified as critical to SA. These areas are aerodynamics, building, earth, marine and atmospheric sciences, energy; food; information; materials, micro-electronics and communications; processing and chemical manufacturing, production; roads and transport, and water

Its facilities have been extended with the completion of the National Accelerator Centre, an R80m medium-speed wind tunnel for aerodynamic research and the installation of equipment at the Satellite Applications Centre at Hartebeesthoek for the reception of high-resolution images from the Landsat satellite

Garbers believes Technifin, the venture capital company set up by the CSIR and the Industrial Development Corporation, will play an important role in the commercial application of new technology. Technifin has initial investment capital of R50m

He adds the CSIR has started a technology innovation fund to improve "partnership research," and has begun investigating the effective use of its overseas offices to bring technology to SA

A recent innovation is the introduction of a "technology audit service" which examines the strengths, weaknesses, opportunities and threats of a company's production processes. Several audits have already been conducted by the CSIR's Division of Information Services ■

CSIR cashes in on its expertise

(260) S Times 30/4/89.

A NEW-LOOK CSIR is eager to help industry sort out its technical problems — at a profit.

The R448-million-a-year scientific and technical research body is newly inspired after a revolution last year which changed its emphasis from research for the sake of science to research focused on practical national needs

By David Carte

The CSIR's parliamentary grant has effectively been frozen Expansion and development in future will depend on its success in getting work from clients in the private and public sector

The CSIR will still channel funds for basic research into universities and museums, but on its own campus will stick to contract work for industry It has been re-organised into 12 units and staff numbers have been cut by 500 to 4 272

This week's annual report reveals numerous successful and promising projects to follow up the battery car tri[illegible] with Anglo American some others among 2 500 contracts

● The division of micro electronics has developed a high-performance superfast computing cluster comparable to the world's most advanced

It has also come up with a compact high-frequency emitter couple logic chip, which radically reduces the size of printed circuit boards and power needed

● The same division has developed a small custom analogue chip which resulted in a R200-million export order for an SA client

● Against international competition, the division of earth marine and atmospheric science and technology won the contract for modelling the Katse dam in the Lesotho Highlands water project

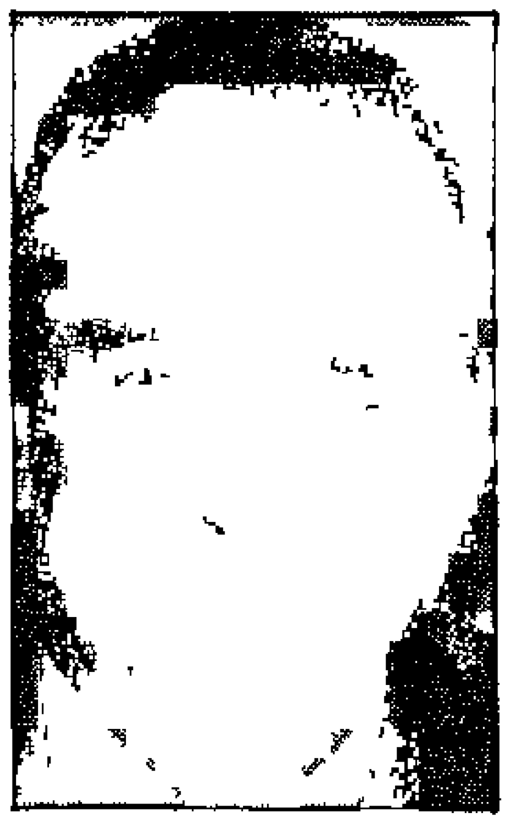
● The division of aeronautical systems has built an R80-million medium speed wind tunnel for testing subsonic aircraft

● Together with the Wits dental school and Colgate Palmolive, the division of production technology developed a mobile dental clinic that can be towed into remote rural areas The dental trailer has considerable export potential

● The Division of Food Sciences scored world firsts in characterising fumonisins, a group of potent fungal toxins, and in developing an immunoassay for biotin, a B-group vitamin and an important pathogen of maize

● The Division of Energy Technology did more valuable work on exploitation of low grade coals

● The Division of Building Technology helped the mining industry by investigating fire hazards involved in the use of wall pipe and cable insulating materials in mines This type of research aims at prevention of Kinross-type mine disasters



CHRIS GARBERS

● The Division of Information Services has established a clearing house for the transfer of technology information between sources and users Some 2 000 manufacturing and engineering companies are already subscribers

These are just some of the CSIR's successes Chairman Louw Alberts and president Chris Garbers say the new structure has led to a leaner, more motivated organisation

Investigations and services for clients in the year to March 1988 brought in R102,4-million — up from R73,4-million the previous year

According to Dr Garbers, indications are that the 1989 budget of R158,5-million was achieved, so contract income has doubled in three years The parliamentary grant was stuck at R196,7-million

On the spending side, R165,5-million (R138,3-million) went to salaries, R92,3-million to consumables, R23,9-million to levies and depreciation and R33-million (R27,8-million) to grants The amount devoted to grants rose to R49-million in the year to March 1988

The CSIR shows up most private sector corporations in providing inflation adjusted numbers Income from investigations rose 16,9% in real terms to comprise 28% of the total

A shortcoming relative to the private sector is that the annual report has come out more than a year after the year-end

Dr Alberts says this was unavoidable because the report still goes to the Minister and Parliament first He is hoping for speedier release as the apron strings are loosened

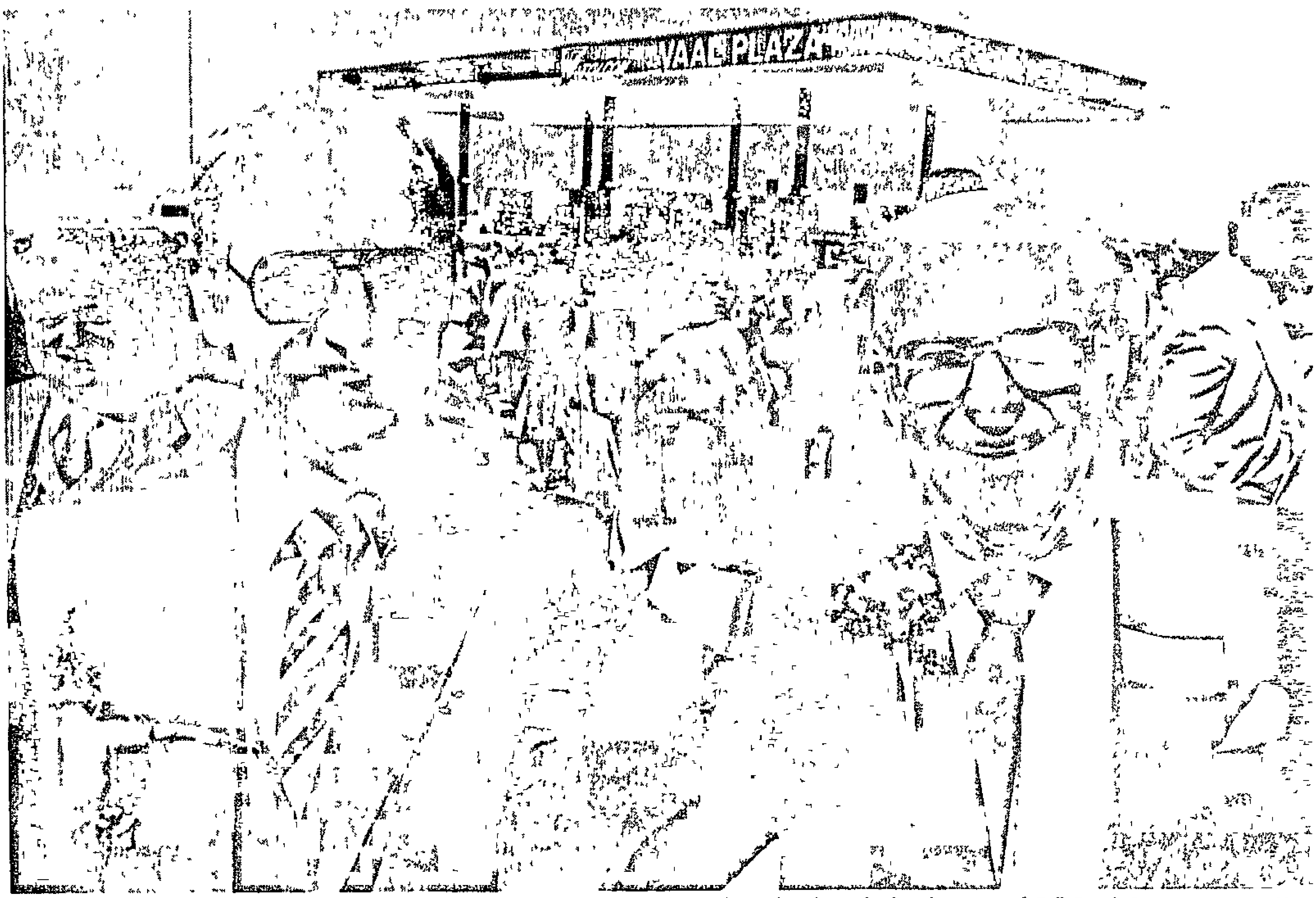
Progress

In his report, Dr Alberts makes the point that technical progress can be the most important contributor to economic growth

The economist Robert M Solow, for instance, found that 51% of the US's economic growth between 1909 and 1949 was based on improved technology, while only 38% derived from expansion and greater efficiency of the labour force A more recent study has corroborated Solow's study

Dr Garbers identifies weaknesses in the old structure "Past failure to meet deadlines, slow response to new inquiries and lack of commitment and understanding of client's needs

"Recognising the stultifying effect of bureaucratic control, which necessarily focuses more on inputs than outputs, our council propounded the guiding philosophy that CSIR must earn autonomy through greater market orientation, client participation and financial self-sufficiency".



FLASHBACK ... Mr Ronnie Meyer (right), director-general of Transport Affairs, clasps hands with the chairman of Toll Road Concessionaires, Mr McLennan, at the official opening of the Vaal Toll Plaza in July last year.

Tolcon spells out need for toll roads

Star 2/5/89

By RON MCLENNAN, Chief Executive of Tolcon

These are the reasons why toll roads are not a rip-off There are no quick bucks in it and Tolcon, the toll road company, endorses the "user-pays" principle.

Tolcon, the toll road company, is bringing you faster, safer and measurably cheaper motoring

Tolcon is maintaining roads which the country would otherwise not be able to afford. We are building new roads which would otherwise not have been built this century

Tolcon links the huge markets of the country's major industrial and manufacturing heartland in the PWV to the port of Durban — providing much of Natal's economic lifeblood in the process

We are part of privatisation Tolcon endorses the "user pays" principle which is a more equitable method of taxation.

We are vital to the transport industry Where local communities are affected, Tolcon offers generous concessions

We help tourism — and make it safer and easier for you to go on holiday.

Tolcon is a consortium in which five major companies hold the majority of shares They are Murray and Roberts, Group Five, Grinaker, Keeve Steyn Inc and Sanlam.

Toll roads were introduced after increasing demands on Government funds led to the scrapping of the dedicated fuel fund This meant that roads had to compete with all other State departments for funds

We have the concessions to toll the N3 from Alberton to Cedara, near Hilton Road, and the N1 from just south of Uncle Charlie's to Kroonstad

Over the next 22 years we will spend R1,5 billion (in 1989 rands) building new roads and fixing the old ones Existing roads will make up 35 percent of the total length of our concession

We are charging the cheapest rate we can Our agreement with Government limits us to charging 75 percent of the actual saving you make by driving on one of our roads We charge far less than this

This calculation is based on the fact that when you drive on a toll road you save time and fuel — and reduce wear on tyres, brakes, clutches, shock absorbers, springs and a myriad of other moving parts which make up a modern motor vehicle

We charge far less the the 75 percent maximum — because we work on the "perceived benefit" system

Applied to the N3 superway, between the foot of Van Reenen Pass and Frere, the saving, calculated according to Automobile Association figures, and adjusted for inflation, would total R17,55

Roads become cheaper

Tolcon could charge 75 percent of this Instead we charge only R6,50. That is because our perceived benefits policy acknowledges that motorists do not see all of this as a saving but take into account only the time and the fuel saved

In October 1988, the perceived benefit savings was R6,66 The toll was, therefore, adjusted downwards and set at R6,50

Now that the price of fuel has jumped by between 5 c and 8 c a litre, the toll road becomes much cheaper

Another benefit of toll roads is that the public is allowed to share in us. In terms of our agreement with Government, Tolcon has to list on the ...nesburg Stock Exchange within 10 years G... ment keeps a watchful eye over our activi... virtue of its shareholding in the company allows it to nominate three members to our bo...

The country's assets are protected We ha... bought — or been given — the roads W... agreement with Government is ratified by P... ment, all we will have is the right to toll the ... on the roads

At the end of 25 years we have to give bac... the new and the existing roads — or we have ... the right to toll them again

Toll roads are not a rip off. There are no ... bucks for the investor

But they do offer faster, safer, cheaper and ... enjoyable motoring

Interna...
and Corp...
in the Ch...

P.T.O

Storm over R100 000 win by SABC worker

1/3/5/89 STAFF REPORTER (260)

A R100 000 HOME offered as a prize in a competition run on SABC-TV has been won by an employee of the corporation which now insists he forfeit the prize.

The dream-in-a-lifetime win by Mr Elias Molane, who works in the record library of the corporation, has sparked a row between the sponsors, the Maize Board and Wimpey Homes, and the SABC.

The SABC says that according to its regulations staff were not eligible to enter the competition.

But a spokesman for the promoters, Mrs M Rowland, said Mr Molane was the legitimate winner.

Mrs Rowland refused to comment about the SABC's decision to disqualify Mr Molane, saying she would not like to "cross swords" with the corporation.

The R100 000 house, donated by Wimpey Homes, will be built in Spruitview, on the East Rand.

Wimpey spokesman Mr Bob Gregory, said the SABC had no right to disqualify Mr Molane.

The corporation had not run the competition.

d rvise1The chairman of the Maize Board, Mr H P de Lange, said: "As far as we are concerned, Mr Molane still remains the winner, with or without their approval. He is their employee, not ours."

Mr Molane said yesterday he was hopeful the matter had been resolved, and said he had already consulted legal advisers on the matter.

SA weapons on show in Turkey

ARGUS 3/5/89 260

From CRAIG KOTZE
Special Correspondent

ANKARA. — Armscor is exhibiting at the International Defence Equipment and Avionics Exhibition (IDEA) arms show which opened in the Turkish capital on Monday — the first time the corporation has taken part in an arms show outside Chile since 1982.

Kept secret until now to prevent political repercussions, Armscor's participation in one of the highlights of the international arms trade is part of an intensive export drive and is regarded as a breakthrough for the corporation.

Turkey is a member of the North Atlantic Treaty Organisation (Nato) and the show will give Armscor the opportunity to market its wide range of products in direct competition with the world's best arms producers.

"We are exhibiting the cream of our products," an Armscor spokesman said. "Our participation is an effort to increase South Africa's export of arms. This can lead to a further increase in the arms industry's already considerable contribution to the country's balance of payments."

20 000 jobs

Armscor's contribution to the economy last year was estimated by the corporation at R1 000-million and about 20 000 jobs.

Pride of place at the Armscor exhibit is the Rooikat armoured vehicle which was unveiled in South Africa last year.

Armscor's products have been sold to at least 32 countries, including Sri Lanka and Morocco. Iran and Iraq were both said to be buyers during the Gulf War but Armscor has denied this.

IDEA is one of the few arms shows in which exhibitors can show off the full range of their products — perfect for Armscor with its weaponry ranging from combat vehicles to many types of ammunition and smallarms

Had to pull out

Armscor last exhibited outside Chile in 1982 when political protest forced it to pull out of the Defendory arms show.

Armscor has exhibited since then at the Fida arms show in Chile in 1984, 1986 and 1988.

IDEA, which lasts until Saturday, is being attended by 450 exhibitors from 28 countries. Arms worth billions of rands are being exhibited on a floorspace of 200 000 sq m.

Great interest is being shown in Armscor's products. The Turkish Prime Minister, Mr Turgut Ozal, who opened the exhibition, the Minister of Economic Affairs and Sudan's Defence Minister were among the dignitaries who visited the Armscor South African stand on Monday.

"Best in world"

Also there were the entire Turkish General Staff, headed by General Salih Acarel, the arms procurement director, who showed keen interest in the display and described the G5 155mm howitzer as the best of its kind in the world.

The Turkish Minister of Defence, Mr Safa Giray, told a Press conference that Turkey sought to produce some of the military equipment required by its armed forces by joint ventures between his country and foreign companies.

The head of Armscor, Mr Johan van Vuuren, attended the show with seven Ministers of Defence from various countries. The IDEA exhibition was opened by Mr Ozal.

● More reports — page 13.

'I would not pass secrets' says ex-missile engineer

ARGUS 3/5/89

260

The Argus Foreign Service

LONDON. — Mr Ian Donaldson, 31, one of two former employees in the missile division of Shorts Brothers, Belfast, who are emigrating to South Africa, says he has never contemplated passing on missile secrets.

Mr Donaldson was being interviewed on Downtown Radio, a commercial station in Newtonards near Belfast. Mr Donaldson, who expects to arrive in South Africa on Wednesday next week, has been keeping his address and telephone number secret.

A father of two who is separated from his wife, Mr Donaldson is a senior electrical design draughtsman and lives in Newtonards, County Down. He worked for Shorts for 14 years.

He and his colleague, who has not been identified, worked on Britain's Blowpipe and Javelin missile systems and have intimate knowledge of development work on a new missile, the Starstreak

They handed in their notice to Shorts last Tuesday and were asked to leave the factory within 15 minutes.

Mr Donaldson said he had accepted a post in South Africa because of the attraction of wages there. He would be earning R80 an hour or R120 an hour with overtime This would be about R3 200 a week, about four times what he earned at Shorts

Military contracts

He had been recruited through an agent in London He did not know who his employer in South Africa would be all he knew was that the work would involve "military contracts".

He anticipated that he would stay in South Africa for four to five years.

He said he had asked his immediate boss at Shorts if his abrupt departure had had anything to do with the arrest in Paris of four men for trying to sell Blowpipe missile parts to a South African dipolomat, and had been told "No".

He added. "But on the news and in the Press since then somebody seems to be trying to link it"

Meanwhile, South African Embassy officials in London have denied that the two men were recruited by the embassy.

Campaigns to boost Iscor

260 BDay 3/5/94

GERALD REILLY

PRETORIA — A new corporate advertising campaign to prepare for Iscor's privitisation is to be launched within the next three months, a spokesman says.

The campaign will aim at enhancing the awareness of Iscor and its role in the economy

A separate campaign will focus on promoting the sale of Iscor shares This will be launched later in the year by the two merchant banks involved in the project as advisers

The Iscor journal Iscorian says job security will depend on employees' quality of work. Economic conditions will also play a role.

The banks will be responsible for the prospectus for prospective investors and other interested parties before listing on the JSE

They are also investigating the requirements for Iscor to become a public company.

The banks will appoint specialists to assist in the privitisation process.

One issue to be finalised is that of a special share ownership scheme for Iscor workers. A decision on this is expected before the end of May.

Consulting

Meanwhile, the Iscorian says, preparations for privitisation are progressing smoothly

Privitisation will not affect the medical benefit funds, the pension fund and the retirement fund, it says.

Iscor's internal privitisation committee, assisted by its team of advisers, is consulting goverment on an ongoing basis

Govt to open up air routes

BIDay 3/5/89 269

MIKE ROBERTSON

CAPE TOWN — Government has thrown open the domestic airline market

Transport Minister Eli Louw yesterday invited companies which wished to compete with SAA to submit applications to the National Transportation Commission (NTC) All applications would be accorded the same treatment as SAA

He said airports and air traffic control services would be converted to public companies with a view to privatising them

● LOUW

Louw said stringent regulations restricted access to the air transport market But an investigation into deregulation was making good progress

Transport officials said the NTC would use the following guidelines to evaluate all applications to compete with SAA·

- ☐ Market forces must determine economic decisions in regard to air transport;
- ☐ Quality and safety were the only criteria that should determine access to the air transport market,
- ☐ All participants in the air transport industry should receive equal treatment and be subjected to the same rules, and
- ☐ Consumer interests should be protected to prevent a deterioration in standards and compromising aspects

Louw said legislation implementing these principles would be introduced next year Meanwhile, he invited airlines which wished to provide services in accordance with these principles to apply to the NTC for permission to operate

While international air services were

● To Page 2

Govt to open up all domestic air routes

BIDay 3/5/89 269

● From Page 1

governed by agreements with other countries, he had agreed an in-depth study should be undertaken on this aspect

After studying the provision of services at other international airports, he had ordered an investigation by management consultants to review the situation at SA's international airports

It had recommended that central government should remain in control of the setting and monitoring of safety standards, overall planning and the establishment of guidelines for aviation development

But the provision, operation, maintenance and improvement of airports and airport facilities should be left to private enterprise

Louw said he anticipated that state airports and air traffic control services would be converted into public companies

MANDY JEAN WOODS reports Civil Aviation Association president Cor Beek said last night airlines had always been allowed to apply to the NTC for routes which SAA operated But generally such applications had been turned down

"But it remains to be seen if the NTC have been instructed otherwise As there is no change to the legislation yet, it would appear there is no change in our position of applying to the NTC to operate routes," he said

ISCOR PRIVATISATION 260

FMail 5/5/89

On your marks . . .

Iscor is ready to unleash a full-scale advertising and public relations campaign in the build-up to its privatisation and Johannesburg Stock Exchange (JSE) listing

Launch date of the campaign is May 19. Iscor won't confirm the figure but advertising industry sources say the total campaign is costing well over R10m.

They say it will be money well spent if it makes the listing a success. Besides earning many times the original R10m, it could determine the pace of the government's whole privatisation programme.

It's a foregone conclusion that institutional investors will take up the lion's share of Iscor. However, it's also intended to sell as many shares as possible to individual investors, particularly blacks.

It is at the smaller investor that the PR and advertising campaign is chiefly targeted. The first stage is to establish a popular corporate identity for Iscor. It won't be easy.

260 FMail 5/5/89

TWS, the public relations consultancy co-ordinating the project, concedes there are problems in popularising something that's perceived as a monolithic State corporation

Other privatisation targets, like South African Airways, have a clear public identity and are likely to be easier to sell to first-time or one-off investors

On the other hand, as an advertising industry executive says "If you can sell Iscor, you can sell anything"

Once Iscor is established in the public mind, the next stage is to persuade would-be investors it's worth buying Finally, it must sustain the interest and get people to put their money down when the shares are finally available

TWS says it will look beyond traditional outlets It plans to persuade banks, building societies and other institutions to make information available to customers

The campaign is likely to lean extensively on the British experience, where wholesale privatisation has led to an estimated 20% of the population becoming shareholders

Hennie Klerck, of the Klerck & White advertising agency responsible for the Iscor ad campaign, says it is associated with Saatchi & Saatchi, which handled much of the UK privatisation publicity He says his agency "will draw on the Saatchis' experience."

He says the campaign will encompass TV, and the popular and business press

Meanwhile, Iscor's private sector shareholders will face an immediate business problem after privatisation More than four years after it was pressured into doing so by government, Iscor is maintaining a discount steel delivery rate to the eastern Cape, particularly Port Elizabeth

The then Industry Minister, Dawie de Villiers, "persuaded" Iscor to discount rates in September 1985 when the eastern Cape was facing particularly harsh business conditions Iscor absorbs 25% of rail tariffs to the eastern Cape, a gesture that last year cost the corporation R4,8m ■

Fortune smiles on timing of the Iscor share issue

260

Star 5/5/89.

By Derek Tommey

Iscor, which is to be privatised later this year, should have some good news for prospective shareholders when it produces its 1988-89 figures in July or August

Iscor, along with Highveld, Samanco and other suppliers of raw materials used in the manufacture of steel, is benefiting from the overseas steel boom

Exports of iron ore from the Sishen mine through Saldanha Bay are running at record levels

Iscor's house newspaper, *Iscor News*, says sales of ore reached 1,1 million tons in February, an increase of 57 percent on budget.

Industry officials add that not only have sales tonnages risen sharply, but so has the overseas ore price

The Sishen mine is going full out to meet export and domestic requirements

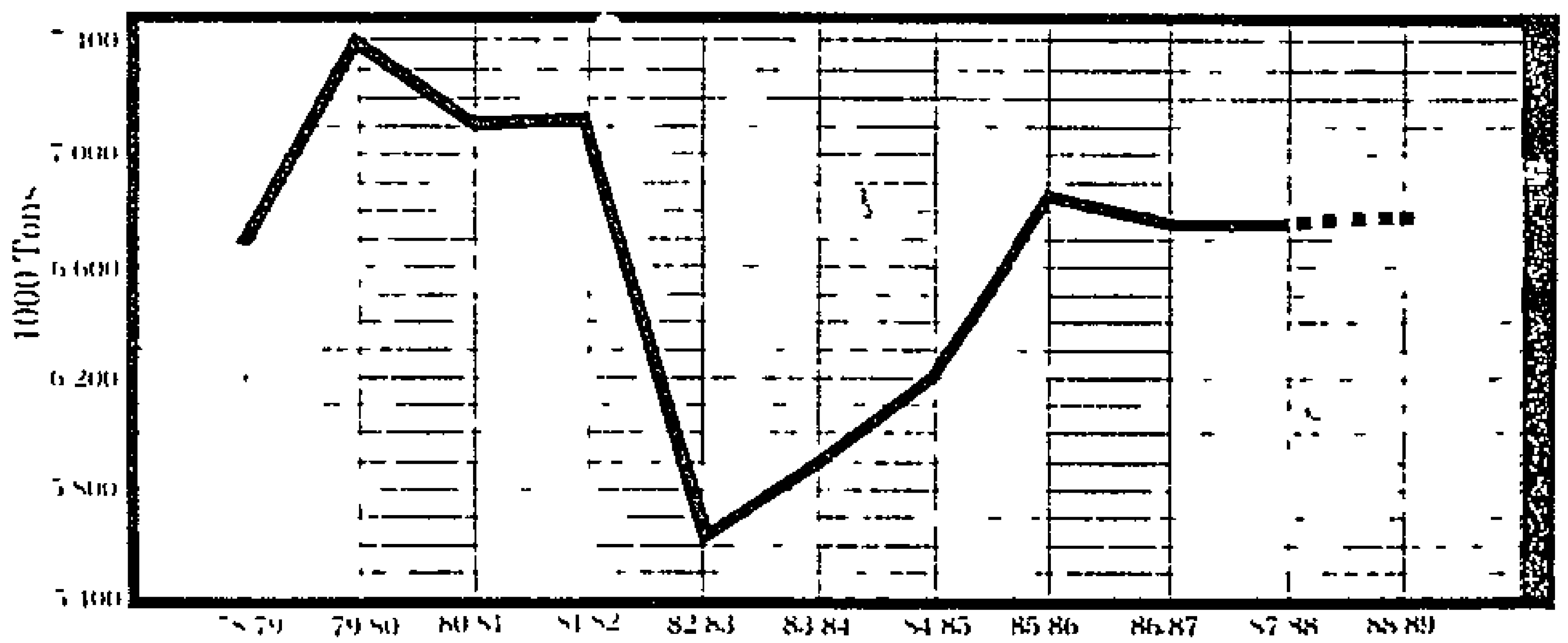
But it is not only iron ore that Iscor is exporting in large quantities Steel is also going overseas, although Iscor is keeping details of these exports close to its chest

Investors will have to wait for the profit statement to gain some indication of the value of Iscor sales

However, owing to political considerations Iscor is unlikely to disclose its export markets

Both the US and the European Community have imposed restrictions on steel imports from SA

But Iscor and other producers have learnt that the closure of one market usually leads to the opening of another



This graph of Iscor's liquid steel production at its Vanderbijl, Newcastle and Pretoria works shows how it was badly affected by the 1983-85 recession in South Africa. It also shows that Iscor has not embarked on any major expansion of production now that the economy has recovered, chosing instead to directing its efforts into producing better steel more economically.

Iscor and other producers are being helped by the limited expansion plans of most steel producers

For the past 15 years most of the world's steel mills have been operating below capacity and, in many instances, at a large financial loss

Although demand has recovered, the memories of the past 15 years remain strong and none of the major producers seems to be in a hurry to embark upon the huge capital expenditure needed for a major expansion

Instead, the majors are spending money on plant that helps to reduce costs so that when the expected world downturn arrives and demand drops they will still be able to sell steel at a profit.

Fuelling the demand for steel overseas has been the six-year upsurge in economic growth

This has resulted in a a steady growth in sales of new motor vehicles — a major user of steel

Car sales in the European Community last year reached a record 12,5 million — roughly one for every 16 people

It is digressing slightly to point out that the corresponding sales figure for South Africa was one new car for every 120 people — which, however, helps to highlight the excellent growth prospects of the local motor and steel industries

Meanwhile, intensive work is reported to be going on behind the scenes at Iscor preparing for its privatisation and share issue later this year

No figures are available, but it appears that R1,5 billion worth of shares might be offered to the public.

The institutions are expected to take up about 80 percent of the issue, leaving 20 percent for the small investor

Whether this 20 percent will be reserved for the small investor is not clear

But the Government is believed to be keen to spread share-ownership as widely as possible

If 20 percent of the shares are kept for small investors, it means they will be asked to invest R300 million, which is a large sum of money to find

However, it is possible that small investors may not have to pay for the shares immediately. It has been suggested that they should be allowed to pay for them over a period of time and this seems to be a possibility.

Iscor is faced with the task of selling itself to the public and then the idea that the public should hold shares in it. It also has to ensure that its 55 000 workers do not feel slighted or aggrieved in any way

Therefore, despite the long existence of the Johannesburg Stock Exchange and the familiarity of some members of the public with share investment, Iscor is in many ways a pioneer

As part of this pioneering work, Iscor is shortly to launch a new corporate advertising campaign to enhance the public's awareness of the company and its role in the economy.

One resident said a car licence could only be obtained after production of a

Labour leaders are concerned that the corporation would restrict their activities

81Day 5151

BUDGET VOTE: TRANSPORT

PRESENTATION ACCORDING TO STANDARD ITEMS

Items	1989/90	1988/89
	R'000	R'000
Personnel expenditure	52 652	43 718
Administrative expenditure	8 964	7 350
Stores and livestock	4 453	4 179
Equipment	39 471	29 903
Land and buildings	—	—
Professional and special services	40 805	40 930
Transfer payments	1 363 118	1 302 549
Miscellaneous expenditure	5	4
Amount to be voted	1 509 468	1 428 633

Departmental and miscellaneous receipts R66 347 000
1989/90 Officials earning R80 000 and more — 23
1988/89 Officials earning R59 200 and more — 18
Source Estimates of Expenditure

BUDGET VOTE: MINERAL AND ENERGY AFFAIRS

260

PRESENTATION ACCORDING TO STANDARD ITEMS

Items	1989/90	1988/89
	R'000	R'000
Personnel expenditure	33 506	28 933
Administrative expenditure	5 517	4 287
Stores and livestock	1 813	1 259
Equipment	5 133	4 140
Land and buildings	5	5
Professional and special services	6 837	4 735
Transfer payments	733 974	702 441
Miscellaneous expenditure	31	31
Amount to be voted	786 816	745 831

Departmental and miscellaneous receipts R3 328 000
1989/90 Officials earning R80 000 and more — 28
1988/89 Officials earning R59 200 and more — 10
Source Estimates of Expenditure

5 I Day 5 15 I 57

Govt looks into electricity costs

8 I Day. 5/5/54

260

CAPE TOWN — An investigation has been launched into the cost of the supply of electricity by Eskom to local authorities and the tariffs paid by consumers.

Announcing the investigation in his vote of the Budget this week, Economic Affairs and Technology Minister Danie Steyn said the price of electricity paid by the consumer was a delicate matter.

He said there was a perception that local authorities made high profits as a result of charging a higher price than they paid for the supply from Eskom.

Discontentment about electricity tariffs was continually raised, and it was often alleged whites paid less for their electricity than consumers from the other race groups.

"As a result of these complaints, an investigation has been launched by the Electricity Supply Board. Tariffs charged by Eskom to local authorities and by local authorities to the consumer will be investigated."

He said government was serious about providing a fair deal for everyone.

The investigation would look into any variations in the price between that charged by Eskom and that paid by the consumer, the profit margins which resulted from the resale of electricity and methods whereby the costs of electricity could be alleviated.

Steyn said the investigation was under way and although not yet complete, it showed price variations were the result of various factors, of which municipal profits was only one.

The Electricity Control Board had been requested to complete its report by the end of May and government would study its findings closely, Steyn said. — Sapa.

SABC looks to rectify licence fee losses

(260)

HÉLOISE HENNING

THE SABC is investigating a decoder/-encoder system as one way of preventing the loss of millions of rands annually through lost licence revenue

It is believed to lose about R13,5m a year through unpaid licence fees. Most of the offenders are believed to be in black and high density areas, where policing is difficult

In its latest annual report, the SABC said pirate viewing remained a great problem During 1988, 43 290 pirate viewers were traced and around R4m was recovered by way of licence and penalty fees

Soweto was believed to be the area where most offenders lived and was considered dangerous by inspectors

The SABC would like to be able to switch off its service to households that had not paid their dues One way to do that would be through a decoder or encoder similar to that used by M-Net

Industry sources said the existing M-Net decoder, which can handle up to eight channels, could be used for M-Net and the SABC

They believed it was the cheapest technology available to the SABC

The SABC, however, said the M-Net technology was not necessarily the cheapest and was, in fact, too expensive for it

Nonetheless, it said it would like to see a solution as there were two-million licence holders

B/Day 5/5/59

The sources said if the SABC were to accept the M-Net technology, the manufacturing economy of scale could result in a lower unit price, although there could be consumer resistance to such a move

The decoder now retails at around R600 It is also the fastest growing high-tech item retailing through stores

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260

5/5/89

By Derek Tommey

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Iscor's house newspaper, *Iscor News*, says sales of ore reached 1,1 million tons in February, an increase of 57 percent on budget.

Industry officials add that not only have sales tonnages risen sharply, but so has the overseas ore price.

The Sishen mine is going full out to meet export and domestic requirements.

But it is not only iron ore that Iscor is exporting in large quantities. Steel is also going overseas, although Iscor is keeping details of these exports close to its chest.

Investors will have to wait for the profit statement to gain some indication of the value of Iscor sales.

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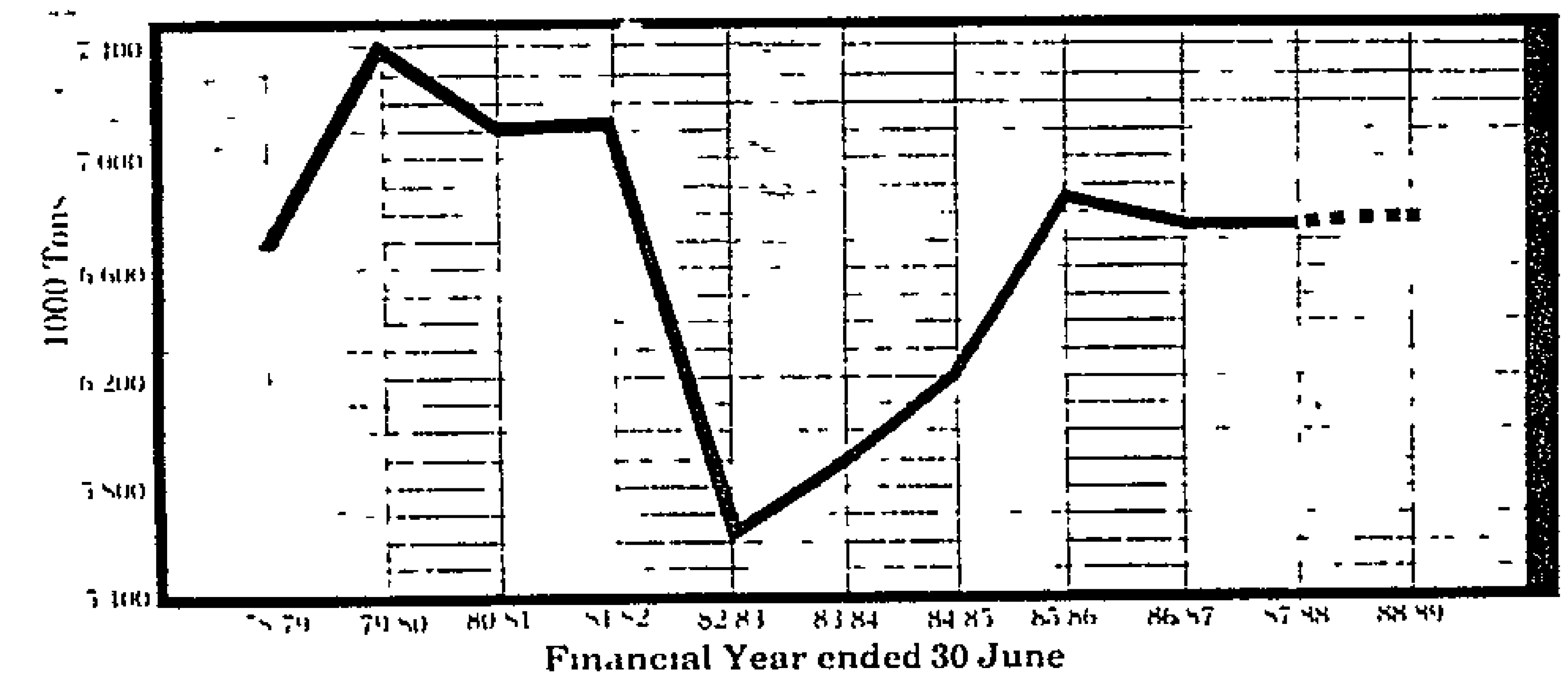

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Iscor and other producers are being helped by the limited expansion plans of most steel producers.

For the past 15 years most of the world's steel mills have been operating below capacity and, in many instances, at a large financial loss.

Although demand has recovered, the memories of the past 15 years remain strong and none of the major producers seems to be in a hurry to embark upon the huge capital expenditure needed for a major expansion.

Instead, the majors are spending money on plant that helps to reduce costs so that when the expected world downturn arrives and demand drops they will still be able to sell steel at a profit.

Fuelling the demand for steel overseas has been the six-year upsurge in economic growth.

This has resulted in a a steady growth in sales of new motor vehicles — a major user of steel.

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No figures are available, but it appears that R1,5 billion worth of shares might be offered to the public.

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Whether this 20 percent will be reserved for the small investor is not clear.

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Govt boost for local film industry

PRETORIA — A new, improved subsidy scheme for locally manufactured films had been approved and would come into effect on May 15, Dr Stoffel van der Merwe, Minister of Information, Broadcasting Services and the Film Industry, said on Wednesday.

Dr van der Merwe said a task group on the film industry had submitted their recommendations on improved subsidies and the Government considered their proposals "with great care".

He said the Cabinet had approved the following A-scheme subsidies:

- A 25 percent subsidy on local expenditure will be granted to motion pictures commercially released ~~in South~~ Africa in 35 mm format.
- A 70 percent subsidy on domestic earnings of such motion pictures will be granted up to a maximum amount of R2 million.
- A third subsidy of 80 percent on net overseas earnings of these motion pictures will be granted up to a maximum amount, equal to 50 percent of production costs.

Further details will be announced on May 15. — Sapa.

(2b)

BUSINESS

TRADE

Argus 5/5/89 (180) (207) (170) 260

Iscor posts record iron ore exports

Business Staff

EXPORTS of iron ore from the Sishen mine through Saldanha Bay are running at record levels.

Sales of ore reached 1,1-million tons in February, an increase of 57 percent on budget, says Iscor's house newspaper, Iscor News

Industry officials add that not only have sales tonnages risen sharply, but so has the overseas ore price.

STEEL BOOM

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SHARE ISSUE

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Finrand Index could boost foreign buying of Eskom

260

Star 8/5/89

By Ann Crotty

International buying of Eskom stock could get a boost from the proposed Financial Rand Index which, along with the Sats Gold-fin bond, would enable foreign investors to hedge against the currency risk and reap the benefit of attractive returns currently being offered on Eskom long-dated stock

The recent relatively strong foreign buying of Eskom long-dated stock reflects the fact that Eskom is offering real returns of 13 percent when most other long-dated international government bonds are offering a real return of four or five percent.

London stock broker James Capel says "Eskom gilts (which are both government-backed and highly liquid) are on a yield to the overseas investor of over 27 percent nominal When you strip out the SA official inflation rate of 14 percent, one is being offered a 13 percent real return.

"Surely this is more than discounting the potential political risk?"

As Capel says, the biggest risk in investing in an Eskom bond is definitely one of currency.

Charting the exchange rate of the financial rand against the dollar over the past 42 months, Capel says that in early 1986 and early 1988, the capital loss on Eskom bonds (due to the weak financial rand) would have negated the benefits of high-yield income

"Up to now there have been very few ways in which one could protect against a fall in the currency

"It has been possible to take forward cover in the financial rand or buy Eskom options, but these have been so prohibitively expensive it has hardly been worthwhile But suddenly new vehicles have appeared"

The Financial Rand Index is one such vehicle and is expected to be introduced after the implementation of an equity options market planned for July

The Financial Rand Index, which will be made up by a basket of overseas listed companies whose principal earnings are derived outside SA, will be used chiefly for futures trading

The basket is expected to comprise Charter Consolidated, Minorco, Richemont, FIT, Cons-Gold and Lonrho

To use this as a hedging device, Capel suggests "At the same time as buying an Eskom bond, the strategy would be to buy a put option in this Financial Rand Index"

But Capel says that in the early stages these options are likely to trade at a considerable premium (which opens up arbitrage opportunities)

"Thus the criteria would be whether the combined cost of this Finrand Index option and the cost of the bond would still offer a sufficiently attractive yield So wait until the options market starts trading"

As Capel sees it, a further advantage of the Finrand Index is that it does not rely on the supposed relationship between gold and the financial rand

Another important part of a trading strategy for an international buyer of Eskom stock is the Sats' two-year, gold-linked bond, which has been issued in a bear and bull tranche

Capel believes Eskom bonds are currently an excellent investment, "with a major reservation being the current weakness in the gold price But if you feel that the gold price has bottomed, just buy the bonds"

Those who do not take this view should buy the bonds and hedge their positions

Armscor impresses in stiff competition

From CRAIG KOTZE
Special Correspondent
in Ankara, Turkey

COMPETITORS in the more than R2-billion Turkish artillery improvement project say they are confident they will beat Armscor, but express grudging admiration for South Africa's G5 gun

WEAPONS

On the face of it, Armscor's closest contender seems to be Austria's Noricum arms manufacturer which has a 155mm gun similar to that of the G5. Both guns have barrels designed in Canada and manufactured under licence from there.

"The South Africans have a good gun and it is battle-proven We are proud to be competing with them, but we offer Turkey a complete programme to manufacture our gun here," said a Noricum spokesman.

Noricum's gun has the same calibre — 155mm/45 as the G5 and its technicians have displayed keen interest in the South African weapon displayed at the Idea '89 Arms show here in Ankara.

France's Giat company, however, believe its Howitzer is the best and will beat the G5.

"The G5 is a good gun but everything depends on what Turkey wants from its artillery," said a Giat spokesman.

However, he admitted Giat's gun was not battle-tested, only being delivered to the French army last year.

A Spanish contender, Santa Barbara, is also competing with its Howitzer, but this is still in a prototype stage and is not yet in production. But, a Santa Barbara spokesman still maintained their gun was the best.

"All the guns are good, but ours is best. We fire over shorter distances, but we are more accurate," said the spokesman

Eleven companies are competing with Armscor for the Turkish contract, which will involve a joint manufacturing venture.

Turkey requires about 500 155mm guns at a manufacturing rate of 50 per year, according to Progress, an IDEA '89 Arms Show publication

Turkey has already sent questionnaires detailing its requirements to gun manufacturers, including Armscor.

The Turkish army requires a range of 40km and the gun selected has to be able to use all kinds of suitable NATO ammunition The gun should also have auxiliary propulsion and a rammer system for the ammunition All these requirement are met by the G5

Requirements also include best test results under Turkish conditions. An effective and high rate of fire, with maximum accuracy, is also needed

According to Progress, the Turkish armed forces intend selecting the best and the cheapest artillery system, which they admit is a very difficult combination to find Cost efectiveness will, therefore, play a crucial role

Armscor's presence here is seen as essential to show off physically the G5 to the Turks

The Turkish General's Staff, including its Arms director, have already visited Armscor's exhibition stand and closely inspected the G5 cannon on display.

Progress says the successful contender is likely to gain R100-million annually from the contract.

Other competitors include Red China, other Spanish companies, and West German and British companies.

Eskom proposes plan for Soweto electricity

31/10/1989 (260)

ALAN FINE

ESKOM has submitted to the Transvaal Administrator proposals for normalising the supply of electricity to Soweto

Eskom management services GM Johan van der Bergh confirmed this on Friday and said Eskom was hopeful its recommendations — devised jointly with representatives of the private sector and the community — would be approved He said someone had already been appointed to oversee the project

He was reluctant, he said, to disclose much detail of the proposals at this stage. However, any project would be a joint venture between Eskom and the private sector

The Urban Foundation (UF) is one body which has been involved in discussions on the project

UF director Sam van Coller said on Friday the UF had interacted with both Eskom and the Soweto Delegation, headed by SACC general secretary Frank Chikane It had indicated it was available as a resource to both, and to anyone else involved

A Soweto project would be very different from Eskom's joint venture with the private sector at KwaNobuhle launched last year In that case there was a complete absence of electrification

While 70% of Soweto homes already have electricity, Eskom's problem is that few users have paid for the service since the rent boycott began in 1985 It would appear Eskom's priority would have to be to gain support in Soweto for its initiative

A further difference between KwaNobuhle and Soweto is that, in the case of the former, a small number of companies employ most working residents of the township Volkswagen was the prime private sector participant in the project

Van der Bergh said the intention of the Soweto project was to ensure a quality service and to eliminate billing problems and the inconsistent supply of electricity

Chikane was not available for comment However, at a recent media conference he declined to answer queries on the project because of its "sensitivity"

Govt to investigate Eskom privatisation

BDay 9/5/89

(260)

MIKE ROBERTSON

CAPE TOWN. — Government has ordered further investigation into the privatisation of Eskom and hopes to be in a position soon to clarify the fate of the utility

Administraion and Privatisation Minister Dawie de Villiers has ordered a series of probes to determine

- The consequences if Eskom were to become a taxable entity at the moment,
- The most advisable corporate structure for Eskom as well as the creation of shares in such a structure

● DE VILLIERS

De Villiers has also instructed that a consultant be appointed to evaluate the financial model put forward in an internal document on possible privatisation prepared by Eskom

This report had said Eskom could be privatised

De Villiers said arguments that tariffs would rise to unacceptably high levels when Eskom became a taxpayer and distributor of dividends were superficial

He said they did not take into account commercial efficiencies that would flow from privatisation

Nor did they address the current situation where low tariffs were being subsidised by the taxpayers and nobody knew the real cost of the subsidy

"The fact is, when an enterprise is not a tax paying entity and renders an important product or service to the community, somebody else is having to pay for the perceived low tariff of that service"

At the moment an unfair burden rested on taxpayers who were not major consumers of electricty, De Villiers said

In future the users of electricity would have to pay market-related prices

Restraint on sale of Iscor planned

260

Star 25/8/89

CAPE TOWN — The billion-rand sell-off of Iscor to the private sector is due to start early in November with the Government restraining big business and foreigners.

Sources said today the Government had established "guidelines" limiting Iscor stock bought by any group of shareholders to no more than 20 percent.

It also intended pegging total foreign investment to 20 percent at most, with any single foreign investor allowed a maximum of 10 percent.

The State expects at this stage to realise more than R1 billion from the sale — Political Staff.

Govt to investigate Eskom privatisation

Cit Times 9/5/89

260

By MIKE ROBERTSON

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They did not take into account commercial efficiencies that would flow from privatisation. Nor did they address the current situation where low tariffs were being subsidized by the taxpayers and nobody knew the real cost of the subsidy.

"The fact is, when an enterprise is not a taxpaying entity and renders an important product or service to the community, somebody else is having to pay for the perceived low tariff of that service," he said.

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In future the users of electricity would have to pay market-related prices.

Upgraded services in black areas

ARGUS 9/5/89

From NORMAN CHANDLER in Johannesburg

260

THIS could well be the last winter during which the people of Soweto will need to shiver because of a need for electricity, and it could also be the starting point for a bold new venture to bring power, water and other services run by a single corporation to all deprived black towns and cities nationwide.

TOWNSHIP

Eskom has disclosed that it has submitted to the Administrator of the Transvaal proposals for normalising the supply of electricity to Soweto, in particular. The plans call for a joint venture between the utility corporation, private enterprise and the people of Soweto.

But it is not only electricity which is under discussion — services which are taken for granted in any other city and town in South Africa are also involved in the in-depth investigation which has been undertaken.

Soweto is already 70 percent electrified — but as a result of the rent boycott and reluctance on the part of residents to pay service charges (such as electricity and water), very little income has been generated from Soweto residents since the start of the boycott in June 1986.

Eskom is now determined to turn this around.

The utility has what it calls a "vision for the future" — and that includes providing electricity for all the people of South Africa, the firm belief that Southern Africa as a whole has the potential for growth, and being the top power utility in the world.

Eskom is taking each "vision" one step at a time. Soweto is part of the first step, and is obviously interlinked to the other stepping stones to success.

The organisation's credo is wrapped around the fact that South Africa cannot stay in what it terms "low gear" in terms of electrification, and as a result has been looking at opportunities.

There is no doubt now that the utility has had its appetite whetted for joint ventures with the private sector as a result of its experience at Uitenhage's KwaNobuhle.

There, a utility called Kwanolec has been established to provide power to every sector of the vast township populated by thousands of people uprooted from the old Langa area. That has led to approaches from other towns and cities in the eastern Cape, western Cape, Natal and Transvaal.

Occupational Class	KwaZulu I	KwaZulu F	Lebowa I	Lebowa F	GaZankulu I	GaZankulu F	QwaQwa I	QwaQwa F	KwaNdebele I	KwaNdebele F	KaNgwane I	KaNgwane F	Total I	Total F	Total V
Speech Therapist	9	0	0	0	0	0	0	0	0	0	1	0	10	0	10
Town and Regional Planner	0	0	0	0	0	0	0	0	1	0	1	0	2	0	2
Regional Magistrate	0	0	0	0	1	1	0	0	0	0	0	0	1	1	0
Dentist	21	20	7	5	5	4	2	2	1	1	4	2	40	34	6
Dental Technician	2	1	0	0	0	0	0	0	0	0	0	0	2	1	1
Dental Therapist	0	0	0	0	0	0	1	1	0	0	0	0	1	1	0
Technical Assistant	5	3	0	0	0	0	0	0	0	0	0	0	5	3	2
Typist/Data Typist	0	0	0	0	0	0	0	0	4	4	2	2	6	6	0
Horticulturist	0	0	0	0	0	0	1	0	0	0	0	0	1	0	1
Veterinarian	7	2	5	5	5	1	1	0	1	1	1	1	20	10	10
Animal Health Officer	7	3	2	1	1	1	1	0	1	1	2	2	14	8	6
Traffic Inspector	0	0	2	2	2	2	1	1	0	0	2	1	7	6	1
Nursing Staff	14	6	0	0	2	2	12	0	2	1	6	3	36	12	24
Food Service Supervisor	1	0	0	0	0	0	0	0	1	1	0	0	2	1	1
Foreman: General	13	4	24	19	0	0	0	0	0	0	0	0	37	23	14
Laundry Supervisor	2	2	1	1	0	0	0	0	0	0	0	0	3	3	0
Water Care Plant Superintendent	0	0	0	0	0	0	0	0	0	0	1	0	1	0	1
Works Inspector	0	0	9	8	0	0	5	3	4	4	13	7	31	22	9
Total	1 390	824	444	323	207	149	132	79	335	212	311	173	2 819	1 760	1 059
CS Educators	353	284	218	188	228	173	161	126	166	144	173	129	1 299	1 044	255

Sasol: pipeline/transport costs collected

397 Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology.

(1) Whether (a) pipeline and (b) transport costs are collected in respect of fuel manufactured by Sasol, if so, why, if not,

(2) whether the fuel price for motorists includes levies in respect of these costs, if so, (a) who receives the benefit of these levies and (b) why?

B704E

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

(1) Yes
(a) and (b)

Petroleum products are transported by pipeline, rail and road and a transport differential is calculated from the coast to areas in the interior These areas are based on magisterial districts and magisterial districts with the same transport differential are grouped in a prize zone There are, for example, 23 main price zones and a number of other price zones which cover the total RSA and ECOSA-countries

The Secunda installations are situated in the interior and fuel from coal is distributed in the interior and sold at the ruling price in the area concerned The supply area is not static because consumption increases or decreases Fuel is also supplied to the area from the coast and from Natref Sasol pays the real transport cost to the point of resale and would, in certain instances therefore, pay less transport cost than what is actually collected in the price This is a location benefit The benefit which Sasol may derive is taken into consideration of the level of protection in respect of fuel production from coal and is reflected in the protection level at present.

(2) Falls away.

Department of Mineral and Energy Affairs: payment made to Sasol

398 Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology

(1) Whether the Department of Mineral and Energy Affairs made any payments to Sasol over the past six months, if so, (a) what amounts and (b) (i) when and (ii) why in each case,

(2) whether Sasol is permitted to price its petrol as though it were an imported product, if so, why?

B705E

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY.

(1) (a) No.

(b) (i) and (ii) fall away.

(2) Yes. Fuel prices are determined according to a formula in terms of which the landed cost of imported final products forms the basis The South African oil companies must, therefore, compete price-wise with big international refineries which have export capacity In turn, Sasol must again compete with the South African oil companies and the base price is therefore the same although cost structures differ substantially and a synthetic installation requires much more capital than a crude oil refinery

In order to prevent massive duplication of marketing channels, Sasol also sells its fuel to the oil companies at the ruling international price which the oil companies also get for their own production

Govt to put limit on Iscor shareholders

B|Day 10/5/89 (210)

CAPE TOWN — Government will restrict shareholdings of individual institutions to a maximum of 20% when it privatises Iscor in the first half of November, Administration and Privatisation Minister Dawie de Villiers said yesterday

De Villiers said the pricing of Iscor shares would be determined by market conditions At this stage it seemed that more than one flotation would be necessary, but government and the IDC committed themselves not to vote any shares that could not be sold at the first flotation

Earlier this year De Villiers said government hoped to float off more than half of Iscor's shares This would make it the largest flotation ever, far exceeding the R525m Sasol issue

He said yesterday during debate on the Conversion of Iscor Bill that further flotations would be carefully planned so as not to adversely affect the Iscor share price

The proceeds of the Iscor privatisation would be used to reduce government debt, fund capital projects, but under no circumstances would they be used to fund current expenditure

The minister said unless market conditions changed materially, government was intent on offering Iscor shares to the public in the first half of November

After the first flotation it was the state's

MIKE ROBERTSON

intention not to exercise any future control in Iscor

Government intended encouraging small investors to take up shares in Iscor, and they would be given first preference in the flotation However, because of the sum involved it was necessary to allow major institutions to take up stakes

To prevent Iscor falling into the hands of a large institution, government would impose a restriction preventing any single shareholder and its associated companies from holding more than 20% of Iscor.

De Villiers said the restriction could not be changed without consultation with the minister and would function in much the same way as a "golden share"

Foreign shareholding would be restricted to 15% by any single company Cumulative foreign shareholding would be limited to a total of 20%.

De Villiers said his advisers had investigated the possibility of divorcing Iscor's mining and steel-making activities, or selling the comapny off as three separate concerns to prevent a private sector monopoly emerging But consultants had concluded neither of these measures would promote

● To Page 2

Govt is to restrict Iscor shareholders

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● From Page 1

further competition in the steel industry

They had recommended that the present structure be maintained to ensure the most economic production of steel

The privatisation of Iscor had also been referred to the Competition Board, which had said there was sufficient competition in steel as well as from substitute products for Iscor to be privatised as a single entity

Government was negotiating with Iscor employees, and would be in a position to announce an attractive package to encourage them to take up shares in the company

De Villiers said it had been suggested government would continue to control Iscor via the shares it sold for R600m to the IDC last year He gave an assurance that any shares held by either government or the IDC after the first flotation would not be voted

As regards pricing of the shares, De Villiers said government would attempt to get the maximum realisable amount, but the return on investment of investors would also be an important yardstick

Earlier DP Finance spokesman Harry Schwarz said after analysing past profits of the company, it was clear Iscor shares would have to be sold at a substantial discount to net asset value if they were going to be in line with other companies on the JSE

Rather than selling the shares off at one go, government should instead float off certain operations on a piecemeal basis, he said This would ensure that in selling off an important national asset, the state would be getting the maximum amount

Iscor slices limited to 20%

260 Star 10/5/87

Political Staff

CAPE TOWN — The billion-rand sell-off of Iscor to the private sector is due to start early in November, with Government restraining big business and foreigners from being too greedy

Sources said today the Government had established "guidelines" limiting Iscor stock bought by any group of shareholders to no more than 20 percent

It also intended pegging total foreign investment to 20 percent at most, with any single foreign investor allowed a maximum of 10 percent

Speaking on the details of Iscor's gradual switch in Parliament — conducted in stages because of the sheer size of the steel giant — Minister of Privatisation, Dr Dawie de Villiers, said the state expects at this stage to realise more than R1 billion from the phased sale, starting on the JSE six months from now

Government sources said Dr De Villiers wanted State intervention in Iscor to be "absolutely minimal"

It is the first major South African privatisation project so far undertaken

Sources said one of the State's principal aims was to promote wide share ownership

Top officials thought there was an "over-concentration of economic power in too few hands", hence the introduction of the 20 percent ceiling

R1 bn sell-off of Iscor starts in November

STAR 10/5/89

260

CAPE TOWN — The billion-rand sell-off of Iscor to the private sector is due to start early in November, with Government restraining big business and foreigners

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It also intended pegging total foreign investment to 20 percent with any foreigner allowed a maximum of 10 percent

This emerged as the Minister piloting the Government's privatisation programme, Dr Dawie de Villiers, was about to speak on a Bill set down for debate in Parliament yesterday, preparing the way for Iscor's conversion to private enterprise

The State expects at this stage to realise more than R1 billion from the phased sale, starting on the Johannesburg Stock Exchange six months from now announce it would move strikers to Bloemfontein — Sapa

Zambian clampdown on ANC

CAY 76413 10/5/89

LUSAKA. — Zambia vowed yesterday to clamp down on members of the African National Congress who break its laws by carrying or using firearms.

"We cannot allow someone to play around with guns, even if he is a freedom fighter," Secretary of State for Defence and Security Mr Alex Shapi said.

He was commenting on an incident here on Sunday when an ANC militant shot dead his girlfriend after a quarrel and then killed himself.

It was the second fatal shooting in a month involving members of the ANC.

Mr Shapi said some ANC members were authorised to carry arms. But this is limited to protect the group's premises and leaders. — Sapa-Reuter

By Roy Billingsley

Radio 702, SABC square up for battle of the airwaves

Small station Radio 702 is squaring up to tackle the giant SABC with a series of programmes aimed to attract older, "more adult" listeners. But the seemingly slumbering giant, which incorporates Radio 5, Radio Highveld and Radio Jacaranda, is content to let the lightweight station try — ~~they've taken~~ 702 on and beaten them before. **DAWN BARKHUIZEN** reports

Star 12/5/89

260

DJ John Berks . . . direct challenge to Radio Today with news, interviews and music.

The gloves are off and muscles flexed as the radio giants move into their respective corners for a "battle of the airwaves"

This follows this week's declaration of war from the bantamweight independent station, Radio 702, against the heavyweight SABC

The eight-year-old Bophuthatswana-based corporation is pressing ahead with a new image, re-targeting at an older, "more adult" listenership

With the accent on American-style up-to-the-minute news, in-depth interviews and chat-shows, they're aiming to deliver a series of body blows to Radio South Africa, Radio Highveld Stereo and Radio Jacaranda from June 5

Thanks to the good results achieved in 1988 when they experimented with the concept (audience figures climbed 19 percent and levelled with a dramatic shift in the profile to an older audience) Radio 702 looks confident in their corner

Their first punch will be aimed at Radio South Africa's Update with an extended version of Chris Gibbons Newstalk between 5 pm and 7 pm

The second will be a direct challenge to Radio Today with a programme of news, interviews, music and talk between 7 am and 10 am from DJ John Berks

The third blow will come from 702 DJ Stan Katz, who retired from the airwaves last week to devote his energies to his role as general manager and director of Radio 702

Speculation that younger DJ's would be axed has been dismissed, although there will be a new line-up to be announced shortly

Radio 702 also believes it will deliver a punchy informative programme "the perfect merging of entertainment and information" — free of the limits that circumscribe the SABC

But the current champ — the SABC — is resting easy in his corner, confident of a well established audience

Mr Jan Pretorius, editor-in-chief of news and public affairs, radio, for the SABC, is unworried by his contender

He believes the Update and Radio Today programmes (based on constant market research catering for the more serious listener) have a loyal audience nationwide who are well satisfied by the programme mix that includes in-depth local and international reports, business news and news reports

With the emphasis on quality and objective content, he believes his 392 000-strong audience will only grow

Mr Pietie Lotriet, boss of Radio Highveld Stereo and Radio 5, also has no fears

Radio 5 has faced Radio 702 before, and although the early rounds took their toll, the SABC station came out the winner.

"When Radio 702 first started we lost half the audience for Radio 5," he said

Figures in the third quarter of 1984 show that the Monday to Friday Radio 5 audience dropped to 283 000. By 1989 the listenership was up to 879 000

A Radio 702 spokesman argued that Radio 5 figures were drawn from a national listenership and could not be compared against Radio 702 broadcasting in the PWV area

Mr Lotriet countered that Radio 5 broadcast only in the major cities and had in fact narrowed their broadcasting area when they went stereo, switching from medium wave to FM in 1984. They cater for an audience aged 16 to 34

Radio Highveld is primed for attack

"We have identified our audience, switched to stereo and are providing a billingual entertainment with high quality sound."

Their audience is "middle-of-the-road contemporary" aged from 16 to 49

Stan Katz . . . retired from the airwaves to lead assault as director of 702

(b) and (c) Unknown The wheat was imported by a private concern

Applications for and renewal of passports

328 Mr S S VAN DER MERWE asked the Minister of Home Affairs

(a) How many applications for passports and renewal of passports were received in 1988 and (b) how many such applications in respect of (i) Coloureds, (ii) Indians, (iii) Blacks and (iv) Whites were refused in that year?

B671E

The MINISTER OF HOME AFFAIRS

(a) 231 882

(b) (i) 16

(ii) 39

(iii) 135

(iv) 24

The honourable member's attention is drawn to the fact that the number of applications involved in the refusals were

Coloureds	10
Indian	24
Blacks	112
Whites	23

The reason for the difference in the number of applications refused and the actual number of applicants involved, is ascribed to the fact that several applicants re-applied for passports after their applications were refused

Museums and monuments

260

343 Mr A GERBER asked the Minister of National Education †

Whether it has been determined which (a) museums and (b) monuments in South Africa fall under (i) general and (ii) own affairs, if not, why not, if so, what are the full particulars in this regard?

B750E

The MINISTER OF NATIONAL EDUCATION

(a) With the commencement of the new constitutional dispensation in 1984 the responsibilities in respect of museums that fell under the Minister of the earlier Department of National Education as declared cultural institutions in terms of the Cultural Institutions Act, 1969 (Act 29 of 1969), were divided between the Minister of the new Department of National Education and the Minister of Education and Culture, Administration, House of Assembly

(i) The following museums at present fall under the Department of National Education

The South African Museum, Cape Town
The Transvaal Museum, Pretoria
The Natal Museum, Pietermaritzburg
The National Museum, Bloemfontein
The South African National Museum of Military History, Johannesburg
The Afrikaans Language Museum, Paarl
The National English Literary Museum, Grahamstown
The South African National Gallery, Cape Town
The William Humphreys Art Gallery, Kimberley

(ii) The following museums referred to in (a) at present fall under the Department of Education and Culture, Administration House of Assembly

The National Cultural History and Open-Air Museum, Pretoria
The South African Cultural History Museum, Cape Town
The Voortrekker Museum, Pietermaritzburg
The War Museum of the Boer Republics Bloemfontein
The Michaelis Collection, Cape Town
The William Fehr Collection, Cape Town
The Engelenburg House Art Collection Pretoria

In addition to the above-mentioned museums, certain museums are the responsibility of the Ministers of Education and Culture of the three Houses, the Minister of Education and Development Aid and the Administrators of the provinces

(b) As a result of my undertaking on 10 February 1986 during the second reading of the War Graves and National Monuments Amendment Bill, 1986 (Act 11 of 1986), the Department of National Education conducted an investigation into conservation, including monuments, and this matter is now being finalised The matter referred to in the question has also been dealt with in this investigation

(i) Falls away

(ii) Falls away

Illegal strikes

372 Mr P H P GASTROW asked the Minister of Justice

How many workers in each race group were (a) charged with and (b) convicted of illegal strikes and related conduct in 1988?

B774E

The MINISTER OF JUSTICE

The information is not readily available in the Department In an effort to be of assistance to the Honourable Member, the following information (which is only available for the period 1/7/87 till 30/6/88) was obtained from the Central Statistical Services

(a)	Whites	0
	Coloureds	4
	Asians	0
	Blacks	921
(b)	Whites	0
	Coloureds	3
	Asians	0
	Blacks	819

Official identity documents, persons charged/acquitted

387 Mr S S VAN DER MERWE asked the Minister of Justice

Whether any (a) White, (b) Black, (c) Coloured and (d) Indian persons were (i) charged with, (ii) convicted of, and (iii) acquitted on a charge of, not being in possession of an official identity document in 1988, if so, (aa) how many and (bb) in terms of what statutory provision in each case?

B789E

The MINISTER OF JUSTICE

Statistics of this nature are not kept by the Department The Honourable Member is referred to my written reply to question No 35 of 1986

Sentences for refusal to render community service

414 Mr D J DALLING asked the Minister of Justice

(1) Whether any persons were sentenced by magistrates in 1988 as a result of their refusing to render community service in terms of section 72I(2)(a) of the Defence Act, No 44 of 1957, if so, (a) how many persons, (b) to what period of detention was each sentenced and (c) where are these detentions served;

(2) whether any of these persons were given suspended sentences; if not, why not; if so, how many?

B835E

The MINISTER OF JUSTICE

(1) No, not as far as could be established

(2) Falls away

Corporal punishment for males

443 Mr R A F SWART asked the Minister of Justice

(1) How many males (a) under the age of 18 years, (b) aged 18 to 21 years and (c) aged 21 years and over in each race group were sentenced to corporal punishment in 1988

Shy MD sets Iscor on course for listing

By Don Robertson

MANAGING director Willem van Wyk is looking forward to Iscor's listing on the JSE in November. It is expected to value the steel giant at R3-billion.

With 50% of the corporation on offer, it is estimated that Iscor will seek R1,5-billion of public money. Its listing will be by far the largest in JSE history.

Sasol, previously the largest issue, was capitalised at R1-billion. The issue raised R750-million in 1979 being oversubscribed 30 times — or by R1-billion.

At the time, there were complaints that small investors were not given a proper chance to share in the offer.

Iscor intends to give the ordinary man an equal opportunity to invest in the company. Staff members will be given an incentive to acquire a stake.

Provided the stock market holds and the shares are offered on a reasonable PE, the Iscor issue could be as well received as Sasol's was.

Willem van Wyk stake in a giant for the small investor

Mr Van Wyk is a shy retiring man who does not relish the glare of publicity that the privatisation involves. He believes that not much will change as the corporation bares itself to national scrutiny.

The board will remain unchanged, although it is possible that new members will be admitted.

Iscor's plan is for the widest possible public participation, so the issue price must be kept at "affordable levels".

A figure of R1 a share might be a good guess for the issue price while the two merchant banks, four stockbroking firms, two public relations companies and an advertising agency shape their strategies for the listing.

[redacted]

Mr Van Wyk says: "Apart from the State, 500 000 A shares, 341-million B shares plus 90,2-million preference shares have been issued to financial institutions and individuals. So we have always had to report to shareholders."

This almost unkown shareholding results from the fact that when the corporation was floated many years ago, individuals were offered shares.

Lack of demand from the public forced the State to underwrite the issue and it became the largest shareholder.

Mr Van Wyk believes there will be no change "in our approach to running the company. We intend to carry on the same way as before.

"Our policy has been that our results today must be better than yesterday and that they must be beaten by tomorrow's results."

Reluctant as he is to face the limelight, Mr Van Wyk will become a major figure in the business world. He will carry on operating a company with a turnover of R4,8-billion and profits of R249-million in the year to June last.

With two months to go before the end of the current year, Mr Van Wyk says profits will be better than in 1988.

Mr Van Wyk is convinced that Iscor will come to the market with steel demand high.

'For the first time in 15 years there is a reasonable relationship between supply and demand on the international market. But a few more years of higher demand will be needed before realistic returns can be expected.

"Although demand is improving, there are indications that it will flatten towards the end of the year. Worldwide steel sales are not expected to be much above the record 783-million tons of crude steel sold last year.

"There are also indications that the economy is slowing in SA and demand could falter late in 1989."

With its strong international trade links, Iscor will be able to maintain foreign sales.

[redacted]

"About a third of our production is sold overseas, although this represents only 1,3% of world sales. However, we could sell more steel without any difficulty if we had it and in spite of sanctions imposed on SA by several countries."

Mr Van Wyk is proud of the improvement in productivity at the various plants — 55% since 1977. The workforce has been cut from 79 000 in 1981 to 54 000. Production has declined marginally, but this was because several less-efficient and more costly plants were taken out of operation.

Production in 1981 was 7,3-million tons of steel, but has fallen to 6,8-million tons. It is expected that the previous record will be reached in the next few years using existing plant.

Iscor has pioneered the manufacture of special steels in SA, mainly for use in the Mossgas offshore project.

Mr Van Wyk believes that because Iscor is one of only a few companies which can make this steel, it could open up interesting export orders.

Iscor will soon manufacture electro-galvanised plate for the motor industry and will establish a tin-plating plant for the canning industry.

Running Africa's largest steel company is a full-time job for grandfather of three Mr Van Wyk and it leaves him little time to himself. However, he plays a "bad" game of golf on occasions and "I enjoy hunting small game".

Two of his three daughters are married and one is at university.

He is president of the Steel Engineering Industries Federation of SA (Seifsa), is on the boards of Dorbyl, Usco and Metkor, chairman of the SA Rolled Steel Producers Association, on the board of Potchefstroom University and the International Iron and Steel Institute.

Mr Van Wyk started at the bottom at Iscor and worked his way up the corporate ladder. His first job after leaving school in 1953 was as an apprentice fitter and turner at Iscor.

After completing his apprenticeship in three years, Mr Van Wyk was granted a scholarship to study at the University of Natal. After graduating with a BSc (mechanical engineering), he joined the Vanderbijlpark works as an engineer in the maintenance and project engineering departments. He became maintenance manager of the steel-melting plant in 1968.

[redacted]

In 1970, he was transferred to Newcastle as project manager during construction of the plant and four years later he moved to headquarters in Pretoria as planning manager. A position as general works manager at Pretoria works followed.

In 1980, he returned to head office as general manager of steel operations and on June 1, 1984, he was made managing director.

Proposal to privatise electricity

Several initiatives to extend and improve electrical provision to black people have recently taken place, according to the latest SAIRR "Social and Economic Update".

The most important, it said, was a proposal that electricity services in Soweto be managed by a private utility company, possibly composed of representatives of township groups and business, in which Eskom would be the major partner.

Officials hoped this would "de-politicise" the service and allow agencies with expertise to manage distribution and tariff collection. In this way they believed the supply would be cheaper and more efficient

A similar scheme is under way in kwaNobuhle, Uitenhage.

260

Star 15/11/89

Eskom hints at new plan

260

A single corporation to run electricity, water and other services is being envisaged for Soweto and, later, other black towns and cities The lead has been taken by Eskom as part of its vision for the future NORMAN CHANDLER reports.

This could well be the last winter in which the people of Soweto will shiver because of a need for electricity — and it could also be the starting point for a bold new venture to bring power, water and other services run by a single corporation to all deprived black towns and cities nation wide

Eskom has disclosed that it has submitted to the Administrator of the Transvaal proposals for normalising the supply of electricity to Soweto, in particular

The plans call for a joint venture between the utility corporation, private enterprise and the people of Soweto

But it is not only electricity which is under discussion — services which are taken for granted in any other city and town in South Africa are also involved in the in-depth investigation that has been undertaken

Soweto is already 70 percent electrified — but as a result of the rent boycott and reluctance on the part of residents to pay service charges (such as electricity and water), little income has been generated from Soweto residents since the start of the boycott in June 1986

6/5/91 Star

Eskom is now determined to turn this around

The utility has what it calls a "vision for the future" That includes providing electricity for all the people of South Africa, with the firm belief that southern Africa as a whole has the potential for growth, and being the top power utility in the world

Eskom is taking each "vision" one step at a time Soweto is part of the first step and it is interlinked to the other stepping stones to success

The organisation's credo is wrapped around the fact that South Africa cannot stay in what it terms "low gear" in terms of electrification and as a result it has been looking at opportunities

There is no doubt now that the utility has had its appetite whetted for joint ventures with the private sector as a result of its experience at Uitenhage's kwaNobuhle

There, a utility called Kwanolec has been established to provide power to every sector of the vast township — populated by thousands of people uprooted from the old Langa area That has led to approaches from other towns and cities in the eastern Cape, western Cape, Natal and Transvaal

The most difficult approach, however, is that regarding Soweto

And it really has been difficult, top Eskom sources have confided to The Star

The first thing that Eskom as well as the Soweto City Council, the Transvaal Provincial Administration and the Government has discovered is that the non-payment of electricity charges is not political — but the rent boycott is

Certainly Eskom and its partners have found a link between the two, but essentially the complaint is that people in Soweto are paying more for their electricity than those in Johannesburg

This has been the case since the start of the multi-million-rand electrification scheme in Soweto and at one time the city council even approached private enterprises to check electricity meters because of the flood of complaints

When lights and power supplies in general are cut off for non-payment, it takes far longer to have re-connections take place than in "white" Johannesburg — with the result that consumer relations are at zero level In some cases, up to a week has been the norm for domestic users, while shops have had to wait 48 hours with the result that thousands of rands worth of perishables have been ruined

And that is something which Eskom's dynamic chief executive, Mr Ian McRae, refuses to accept or allow

He told me "We want people to have trust in us The present situation simply cannot be allowed to continue and we will not let it continue"

The behind-the-scenes discussions which have been taking place — with all manner of parties, even including taxi owners — have been dramatic to say the least

Hostility was the name of the game at the start but as events have turned out, there has been a major shift in attitude on all sides, a shift which has been indicative of the desire to get things moving

A plan of action has now been hammered out to the mutual advantage of all concerned and it is at present a question of waiting for the Transvaal Provincial Administration to give the green light to a very ambitious scheme

SABC keeps mum

(260)

Sowetan 17/5/84

THE SABC yesterday refused to comment in the controversy surrounding their employee who won a competition run on TV

Mr Molane, as reported in Friday's *Sowetan*, won a R100 000 house in a competition sponsored by the Maize Board

The corporation said it had taken the decision in accordance with the rules which barred employees of the organisers from entering

But the Maize Board over-ruled the corporation and said Molane was the SABC's employee, and not theirs

This now means that Molane can go ahead with plans to have the house built

ISCOR LOOKS AT HITACHI

BDay 18/5/89

ONE OF Control Data's major sites — Iscor — is evaluating equipment from other computer manufacturers. Although Iscor PR manager Piet du Plessis says that "evaluations take place from time to time," it's understood that Persetel has installed one of its Hitachi machines at the steel giant's Pretoria premises.

Speculation is that the Persetel machine was not installed at Iscor's request, but rather for evaluation, and Du Plessis holds back on further comment because he says anything to do with computers or data processing is extremely "sanctions sensitive". 260

Sources also say that Iscor is looking at rewriting a substantial amount of its software using SPL's Adabas system. Asked whether a move such as this would be wise at a time when Iscor is taking the privatisation route, Du Plessis says that no decision has been taken on the Adabas front.

"If we did undertake any significant software changes, this would not in any way affect our privatisation moves, as we have extensive planning facilities at our disposal and these would take all of our business plans into account," Du Plessis points out.

B/Day 19/5/89

Skilled manpower shortage rules out fuel plant — CSIR

260

GERALD REILLY

PRETORIA — The shortage of highly trained manpower would rule out the establishment of another synthetic fuel plant in the next five years, CSIR chairman Louw Alberts said here this week.

He doubted that the plant would materialise, even if the oil price increased steeply in the immediate future, the oil boycott became more effective or even if the capital was available.

Alberts said SA was richly endowed with mineral raw materal and relatively cheap energy — a powerful background for technological development.

He stressed the greatest single obstacle to this development was the lack of highly skilled manpower.

Demographic factors determined the extent of high-level manpower among whites. Out of every 100 births, 33 attained matric exemptions, 30 degrees and 2,7 degrees in science and engineering.

The number of white births had decreased from nearly 90 000 in 1974 to just 70 000 in 1987 — a decrease of 22%.

Opinion split on merits of Eskom privatisation

BDay 22/5/89

260

BRUCE ANDERSON and MARC HASENFUSS

FOR the privatisation of Eskom to be effective the corporation should be privatised into a truly deregulated market, Anglo American Industrial Corporation (Amic) deputy chairman Leslie Boyd said last week.

Boyd, who is also president of the Federated Chamber of Industries, said Eskom did not have a competitor. The absence of a competitor meant the current environment for the privatisation of the corporation was not ideal.

Business Day canvassed opinion from Boyd and other prominent industrialists last week after suggestions of an industrial lobby against the privatisation.

Boyd said the Eskom privatisation should be put on the backburner until government had gained more experience in privatisation.

He said it was the general view of industry that SA should wait and see what happened in the UK when the supply of electricity was privatised.

A spokesman for the Ministry of Administration and Privatisation said the ministry was still in the early stages of investigating the possible privatisation of Eskom.

"We are aware of some criticism, but we have not heard of any lobby. We have just finished canvassing the opinions of leaders in the private sector," he said.

Eskom chairman John Maree was also not aware of an industrial lobby against the privatisation of Eskom.

He said Eskom had talked to the main electricity consumers, who were generally in favour of Eskom's privatisation although reservations were expressed.

Maree admitted there were a number of factors still to be considered before Eskom's privatisation, for example, closely monitoring the UK process.

Price rises

At the end of last year Assocom said the immediate privatisation of Eskom would inevitably mean an increase in electricity prices to a greater extent than would have otherwise been required.

Assocom said a major purpose of privatisation should be the reduction of the public sector's involvement in the economy, but there was little advantage in replacing public sector with private sector monopolies.

Samcor group MD Spencer Sterling said as a matter of principle he was in favour of privatisation.

However, in the case of a supplier of a significant and strategic commodity such as electricity, various factors should be considered before privatisation took place.

For instance, said Sterling, how the element of competition would be introduced with regard to Eskom. Without competition there would be a real possibility of price increases, added Sterling.

He said Eskom as a government monopoly kept the cost of electricity down, and one could only hope that after privatisation the same philosophy would continue.

Hulett Aluminium MD Des Winship felt privatisation was an excellent idea, provided it was done properly to allow the public access to shareholding.

Eskom had, up to now, done the right thing by curtailing costs and improving efficiency.

Mintek president Aidan Edwards said there was no reason to be alarmed at the privatisation of Eskom as, normally, privatisation led to better efficiency resulting in costs coming down rather than going up.

He said because Eskom was such a large organisation it would privatise small sectors at a time, and if there was any price increase in electricity, it would be phased in over a long period.

Hansard.

QUESTIONS

† Indicates translated version

For oral reply:

General Affairs

Equipment for oil-drilling: importation by certain person/subsidiary

*1 Mr R J LORIMER asked the Minister of Economic Affairs and Technology

(1) Whether a certain corporation, the name of which has been furnished to the Minister's Department for the purpose of his reply, or any subsidiary of or any person acting on behalf of this corporation imported equipment for oil-drilling and/or any other purposes during the past three years, if so, what is the name of the corporation in question;

(2) whether permission was necessary for the importation of such equipment; if so, (a) what permission and (b) from whom,

(3) what was the value of the permits granted for such importations?

B1017E

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

(1) Yes An import permit was granted to Energy Resources and Mining Coporation Ltd in 1987 to import a second-hand oil drill.

(2) Yes

(a) An import permit in terms of the Import and Export Control Act, 1963 (Act 45 of 1963)

(b) Department of Trade and Industry

(3) No exchange import permit was issued as the oil drill is leased from a foreign source and will be re-exported again on completion of the contract

Cedarberg: State-owned wilderness areas

*2 Mr R J LORIMER asked the Minister of Environment Affairs

(1) Whether there are any State-owned wilderness areas in the Cedarberg, if so, (a) what areas and (b) what is the status of each such area,

(2) whether permission was granted to any persons to graze stock in any of these areas during the past five years, if so, (a) (i) to which persons, and (ii) for what reasons, in each case and (b) in terms of what statutory provisions was such permission granted?

B1018E

†The MINISTER OF ENVIRONMENT AFFAIRS.

(1) Yes

(a) Only one, namely the Cedarberg Wilderness Area

(b) The area was set aside as a wilderness area in terms of section 7A of the repealed Forest Act 1968 (Act 72 of 1968) by Government Notices 1256 of 27 July 1973 and 476 of 26 March 1976

(2) No, not within the declared wilderness area

(a) (i), (ii) and (b) fall away.

Government Service Pension Fund: actuarial report

*3 Mr H H SCHWARZ asked the Minister of National Health and Population Development

(1) Whether with reference to his reply to Question No 248 on 27 April 1989, he has as yet received the actuarial report on the Government Service Pension Fund, if so,

(2) whether he intends tabling this report in Parliament, if so, when, if not, why not?

B1020E

The DEPUTY MINISTER OF NATIONAL HEALTH

(1) Yes,

(2) no, in terms of the existing statutory requirements it is not compulsory to table the report in Parliament The report will be available on request towards the end of the month

Wavecrest: majority/minority reports

*4 Mr D J N MALCOMESS asked the Minister of Constitutional Development and Planning

Whether he will make available to members of Parliament the majority and minority reports of the committee appointed by the Administrator of the Cape to inquire into the establishment of a township at Wavecrest, if so, (a) when and (b) in what manner, if not, why not?

B1022E

†The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

This matter vests in the Administrator of the Cape Province and he has furnished the following information:

Copies of the majority report as well as the recommendations contained in the minority report, were tabled in the Provincial Council 15 years ago

Public Service Pension Fund/Pension Fund for Associated Services

*5 Mr M J ELLIS asked the Minister of National Health and Population Development.

(1) Whether he has received an actuarial report on the (a) Public Service Pension Fund and (b) Pension Fund for Associated Services; if not, when is it anticipated that he will receive these reports, if so, when,

(2) whether he will table these reports in Parliament; if not, (a) why not and (b) what were the main findings of these reports; if so, when?

B1021E

The DEPUTY MINISTER OF NATIONAL HEALTH

(1) (a) Yes.

(b) no, it is not possible to furnish a date at this stage,

(2) no,

(a) in terms of the existing statutory requirements it is not compulsory to table the reports in Parliament The report on the Government Service Pension Fund will be available on request towards the end of the month

(b) the main findings contained in the report will be available after it has been released

Nuclear power staion: land purchased

260

*6 Mr D J N MALCOMESS asked the Minister of Economic Affairs and Technology

(1) Whether his Department recently purchased or caused to be purchased any land in or around the area in which the second nuclear power station is to be established, if so, (a) how much land, (b) from who and (c) when,

(2) whether any option on any land in this area has been taken by or on behalf of his Department, if so, (a) on how much land and (b) who currently owns this land?

B1023E

†The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY

(1) No

(a), (b) and (c) fall away

(2) No

(a) and (b) fall away

However, Eskom is at present buying land for a possible future nuclear power station The properties constituting these sites are being purchased to ensure that they are available in the future when there is a need for nuclear power stations to be built These sites are situated between Oyster Bay and Cape St Francis and Eskom emphasized in its statement on 15 March 1989 that the purchase is not an indication that a nuclear power station will be erected on any of these sites in the foreseeable future

The Council for Nuclear Safety, an independent statutory body established to ensure public safety and to exercise regulatory control over inter alia the construction and use of nuclear installations, has been advised of Eskom's intention to purchase these sites and will assess them independently and will also solicit public comment

Big increase in CSIR earnings

Star 24/5/89 (260)

By Norman Chandler, Pretoria Bureau

The days of the wire security fence surrounding residential and factory properties may be numbered

The Council for Scientific and Industrial Research (CSIR) has developed an infra-red beam barrier which can even distinguish bird movements

The fence uses beams instead of wire between the stays, and the technology has been made available to industry

Known as the ACL 600 electro-optical perimeter monitoring system, it is believed there is a large potential market.

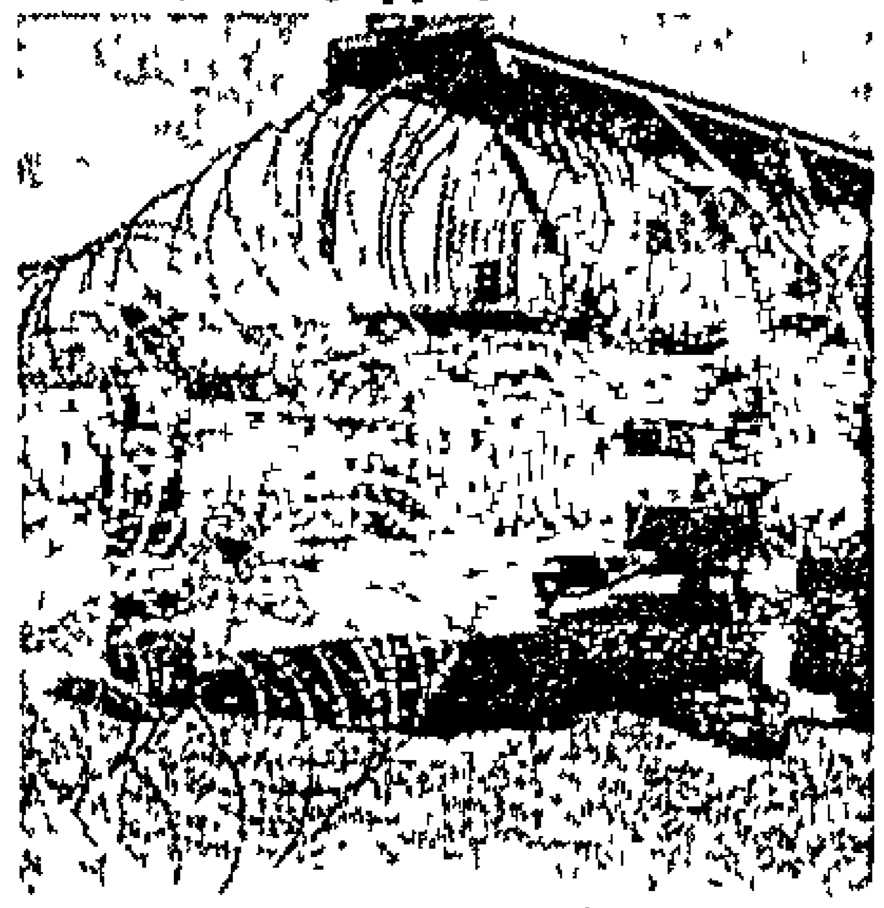
The system is weather resistant, reliable and can also distinguish between genuine and false alarms

It monitors its own performance and warns operators when environmental conditions such as fog and rain are such that it cannot operate effectively

If an intruder does cross a beam, it takes six milliseconds for an alarm to be activated.

It is one of many new developments by the CSIR, which this year expects to earn more than R140 million from contracts.

Dr Brian Clark, group executive in charge of research, development and implementation, said earnings would be considerably higher than during the 1987-1988 financial year



Approaching redundance ... wire security fencing may become a thing of the past as a result of the CSIR's recently developed infra-red beam barrier.

While not divulging last year's earnings, Dr Clark said that the restructuring of the CSIR into a one-stop research service had played a major role in the improvement

"It is our aim to work with our customers as their technology partner We believe that by providing them with a competitive technological edge, we are indeed promoting the development of South Africa."

Dr Clark said the CSIR would be involved in more than 5 400 research projects during the year

Some of the other scientific developments perfected at the CSIR includes a method of obtaining a very pure form of a carcinogen aflatoxin, which it says is "a rare material which is at present selling at about R3 500 a milligram"

The availability of the material will improve quality control in milk

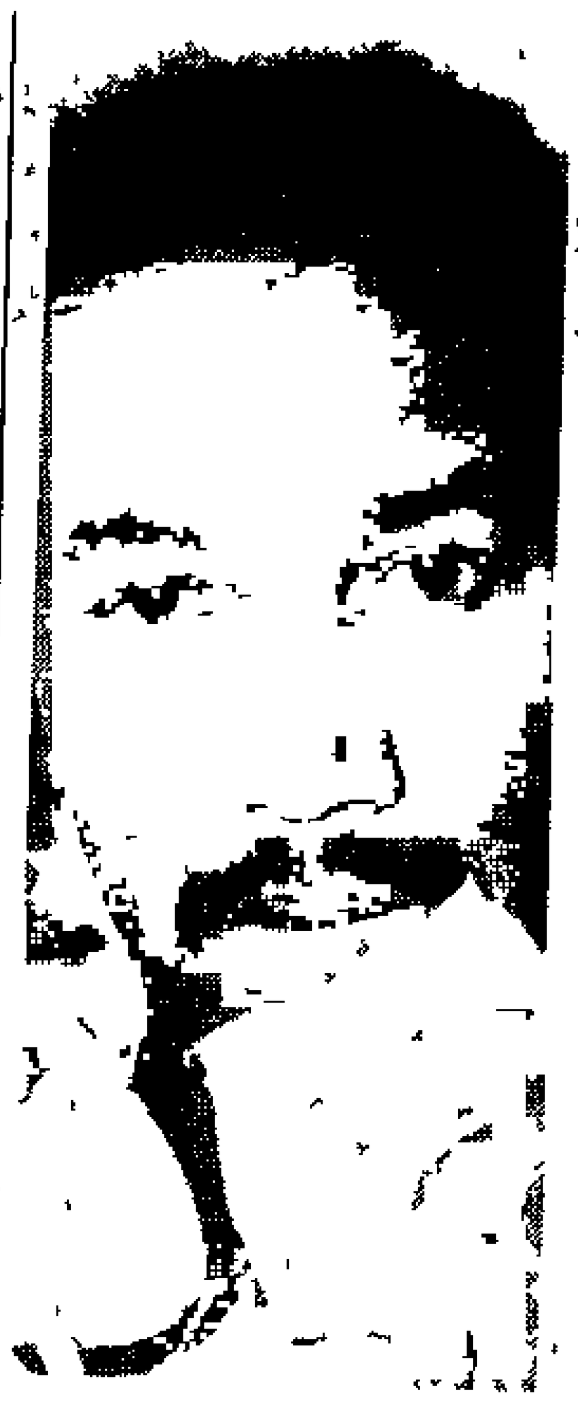
The CSIR has also developed technology by which a high-protein sunflower seed meal without excessive fibre content can be produced

The CSIR says "this meal can be used in poultry feed to replace costly imported soya bean presscake, which is at present costing more than R100 million a year

"Chickens , cannot tolerate a high fibre content "

Computer technology has been developed to help shoe factories, cable manufacturers, chemical manufacturers and others to save money, to produce products of higher quality and to improvement management procedures

In some instances, a saving of 9 percent on raw material can be realised as well as a reduction in production time.



"Hotstix" Mabuse

SABC bans four Mabuse records

Argus 24/5/89

260

The Argus Correspondent

JOHANNESBURG — Four tracks from the new Sipho "Hotstix" Mabuse international album, *Chant of the Marching*, will not be played by the SABC.

It's believed the songs are regarded too "sensitive".

This news, conveyed to Sipho's Johannesburg record company days before his departure for Germany to promote the record, was greeted with dismay.

The no-no tracks are "Chant of the Marching", "Refugee", "Room of Horror" and "Kululani UMandela (Free Mandela)".

This is the first time this popular artist has had his work "restricted" by the corporation.

RESTRICT

Before he left, Sipho said he was disappointed by the restrictions, but felt the SABC should have heard his side of the story before deciding to restrict it.

"I find it absurd, he said.

He conceded that the "banning" of the Mandela song was "acceptable" in the view of the sensitivity of the subject.

"I expected the SABC to react to this song, even though I wasn't saying anything new."

Inventory control has saved millions

260

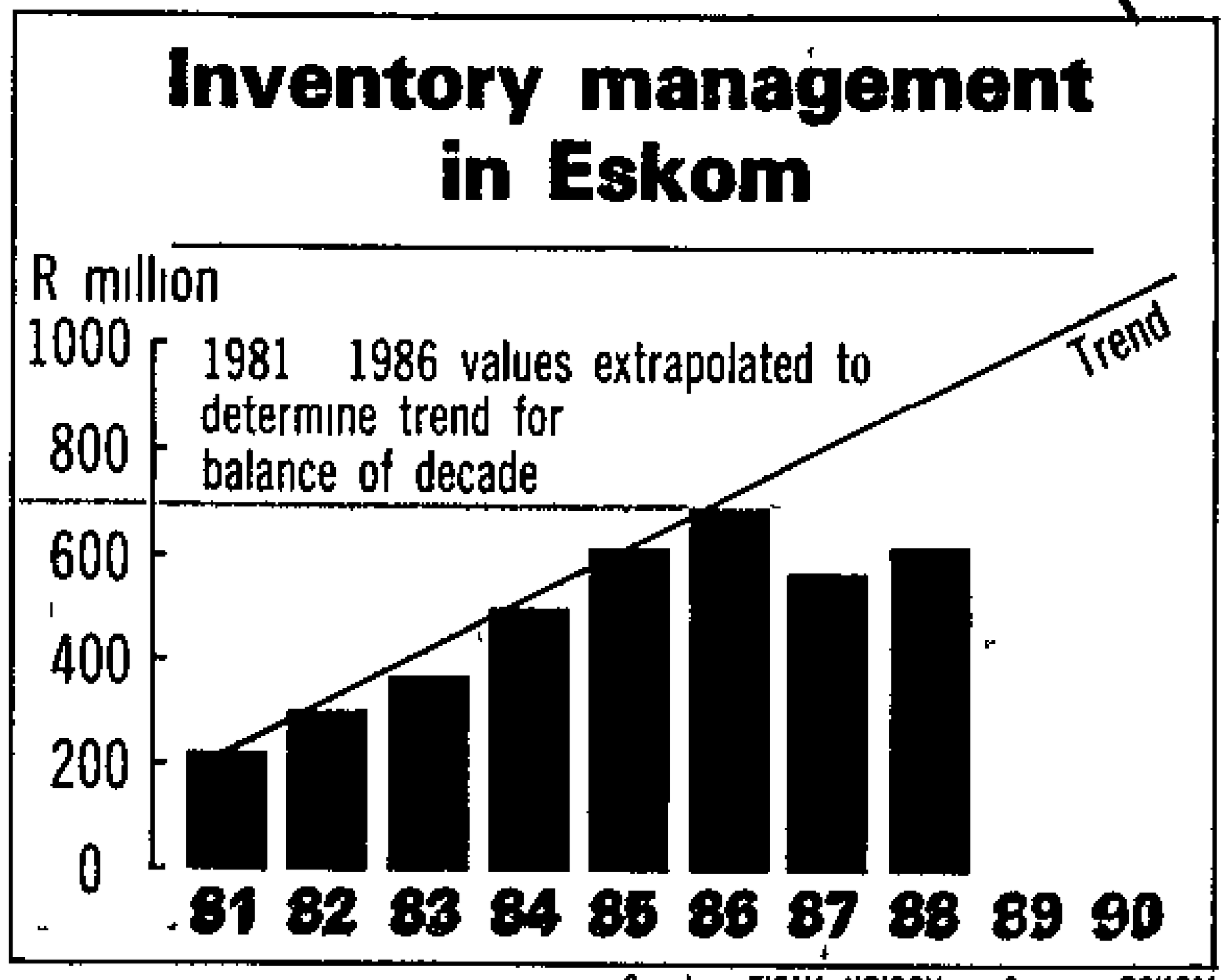
Bday 29/5/89

STRICT inventory control since its drive to cost-efficiency saved Eskom R86,25m annually in expenses incurred in holding stock, said deputy commercial manager Dennis Cook

Eskom's net income for the year was R816m The cost-cutting exercise represents 10,6% of the corporations' profitability The measure, along with other tighter management, assisted in keeping the tariff increase to users in 1989 to 10% — below the rate of inflation

The level of stock in 1987 was R691m If Eskom had taken no action, stock levels in 1988 would have been inflated by the 15% producer price index (PPI) On a stock turnover of once a year, stock levels last year would have had to be inflated to R913m

However, at the end of 1988 Eskom had reduced its stock levels to R568m This R345m reduction saved the corporation R86,25m per annum in holding costs, said Cook



Graphic FIONA KRISCH Source ESKOM

Keeping the tariff increase down was also the result of better management of the primary costs of energy — namely coal and water The tighter management of resources and costs meant that Eskom reduced its interest below the budgeted figure on borrowings by R112m, thereby reducing its reliance on capital market funds

Eskom's ratio of stock to fixed assets was at 2,4% in 1983 and was brought down to 1,5% in 1987 This performance outstrips that of other utilities like Sats which, according to annual reports, has a ratio in excess of 6%, and Sasol which has a ratio of around 12,5%

"Last year we sold R20m of redundant stocks We have been selling to other utilities, some of them in neighbouring countries We have also entered counter-trade agreements, and are about to close another foreign deal However, that leaves us with R60m of redundant stock which we hope to reduce even further this year," said Cook

Stocks

Eskom needs to hold certain stocks and spares, because the technology of the generating plants is imported It has to ensure against accidents and natural disasters through holding strategic stocks, while providing for any unforseen customer demand. It must deliver on demand

Standardisation of stock is the next step toward better materials management now being addressed in the corporation

The exercise to hold less stock started in 1986 after the De Villiers Commission on Eskom recommended certain reorganisation Under the chairmanship of John Maree, Eskom was decentralised into 35 business units, each with its own business accountability

Educate

This created a new corporate function — that of implementing systems, policies, tools and education in materials management. Cook was appointed in 1986 to co-ordinate these functions.

"We set out to educate our buyers, storekeepers, inventory control managers and commercial managers We have run 60 five-day courses educating 500 people on materials management during 1988 alone"

Meanwhile, corporate managers were put throught the Certificate of Production and Inventory Management (CPIM) This year Eskom is running a CPIM programme in-house, and has 125 people registered for courses in the certificate

Eskom projects scoop prizes for use of steel

EDWARD WEST

3/12/2 26/5/89 (260)

TWO steel projects at Eskom's new Matimba power station near Ellisras received the 1988 Steel Construction Award last night from the SA Institute of Steel Construction

One project is an air-cooled platform, housing six cooling units, believed to be the largest of its type in the world The other is the steel support structures for the power station's six boilers

Judges said the projects ~~in the~~ northern Transvaal provided a striking testimony to the versatility of structural steel and the fine tolerances that can be achieved

Radio 5 top SABC station

2i0

MANDY JEAN WOODS

RADIO 5 has increased its daytime listenership by more than 50% during the past year and is now the SABC's most profitable radio station, Radio 5 head Pietie Lotriet said yesterday

According to the latest WCA (whites, coloureds and Asians) radio AMPS (All Media Products Survey) report, Radio 5 increased daytime listnership while almost all other stations lost listeners

In its 8 30am to noon slot, Radio 5 increased its audience from 141 000 to 222 000, in its noon to 2pm slot, the audience grew from 127 000 to 220 000, in the 2pm to 4pm slot, listeners increased from 135 000 to 215 000, and in the drive time, 4pm to 6 30pm, listeners increased from 82 000 to 122 000

SABC marketing manager Coen Gouws said Radio 5 increased its average weekday, daytime listenership from 747 000 in August last year to 879 000 in April this year and "the average daily WCA listenership could break the one million mark by August"

Lotriet said the station's listenership is already more than 1,1-million, if the 231 000 black listeners are taken into account

B | Day 29/5/89

More listeners meant more money and the station had on average doubled its monthly gross income for the past year, Lotriet said

Ad Index figures show Radio 5 grossed R7m in the first three months of this year In the year April 1988 to March 1989, the station made R27m gross

Lotriet said 58% of Radio 5 listeners nationwide were in the A/B income group

He attributed the station's success to successful market segmentation, a strong lineup of DJs, and the introduction of stereo sound

Competitions were another factor

Boraine challenges SABC over claims

CAPE TOWN — The SABC was challenged yesterday by Idasa executive director Alex Boraine to give him the opportunity to refute "propaganda" claims made against Idasa in a radio broadcast yesterday morning.

Boraine said he would be prepared to be questioned on any aspect of Idasa's work in a radio programme of the SABC's choice

(260)

"If the SABC does not accept this challenge, it can only be assumed that its allegations and smear tactics are without foundation"

It was clear from the attention that Idasa was receiving at official level, in Afrikaans newspapers and from the SABC, that a carefully orchestrated campaign had started

B/Day 30/5/89

Boraine said "After the discussion and much wining and dining with Angolans, Cubans and Russians, obviously new scapegoats have to be found in order to try and rally the SA white electorate behind a fast disintegrating Nationalist party"

The SABC's editorial comment, relayed on the English radio service, said Idasa was one of several extra-parliamentary groups which received "several hundred million rands" in foreign funding annually to advance ideological causes for which they could not attract sufficient financial support in SA

It said it would be intolerable if the future course of political events in SA were to be dictated by big money interests residing overseas For this reason, South Africans were entitled to know which extra-parliamentary groups were receiving money from abroad, who the donors were and exactly what this money was being used for in SA — Sapa

GOVERNMENT GAZETTE

OF THE REPUBLIC OF SOUTH AFRICA

260

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VOL 287

CAPE TOWN, 30 MAY 1989

KAAPSTAD, 30 MEI 1989

No. 11897

STATE PRESIDENT'S OFFICE

No 1049. 30 May 1989

It is hereby notified that the State President has assented to the following Act which is hereby published for general information.—

No 57 of 1989: Conversion of Iscor, Limited, Act, 1989.

KANTOOR VAN DIE STAATSPRESIDENT

No 1049. 30 Mei 1989

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word —

No. 57 van 1989: Wet op die Omskepping van Yskor, Beperk, 1989.

Programme is hamstrung by shortage of cash, says Minister

Star 31/5/84

SA has space know-how

260

By Peter Fabricius, Political Correspondent

Cape Town

South Africa has the know-how for its own "modest" space programme — but will not launch one yet for economic reasons

Minister of Economic Affairs and Technology Mr Danie Steyn said at a press conference yesterday that the Government had decided this after studying a Council for Scientific and Industrial Research (CSIR) report

But he added that the Government had accepted a recommendation in the report and had appointed a space "brains trust" to keep South Africa abreast of space technology

The CSIR has concluded that South Africa could support its own advanced space programme because it already has considerable ability and know-how

Mr Steyn said "This assessment holds for the space borne and earth-borne elements of a modest but meaningful space programme"

Overseas consultants

The scope and timing of a space programme would depend on proven need and available finances

He said the CSIR had made use of local consultants and a "very knowledgeable overseas consultant group"

The CSIR had also approached various international space agencies and organisations

"It was most informative to observe that there was so much willingness to discuss, to contribute and to participate in a possible space programme," said Mr Steyn

South Africa has been involved for some time in utilising space technology, so the CSIR study was not something new

It was an attempt "to discover where we stand and how to approach these activities in the future"

Mr Steyn said the "brains trust" would advise the Government continuously on the optimum involvement in space technology which South Africa would have to sustain in order to keep abreast of the rapidly changing space industry

The "brains trust" consists of representatives of the Industrial Development Corporation, CSIR, Department of Posts and Telecommunications, Weather Bureau, Department of Trade and Industry, SABC, and the academic space research community

He said the Government had accepted the report's major conclusion that it was impossible for South Africa to justify a major space programme — for economic reasons.

An investment

But it had also accepted the report's recommendation that it was imperative that South Africa did not isolate itself from the rapidly changing space industry

Any country which wished to maintain and enhance its technological position in the decades ahead should invest in space-related activities, the report found.

Long wait for visas to W Germany

Sowetan 31/5/84

Staff Reporter

South African visitors to West Germany now require visas — and would-be tourists are finding the new system involves a long wait

The visa requirement was introduced on May 9 when the West German government, along with four other Western European countries — France, Belgium, the Netherlands and Luxembourg — decided on the move

West German visa applications may only be lodged in Johannesburg between 8 30 am to 10 am on Mondays, Tuesdays and Thursdays

Mr Albrecht Fritzsche, the German Consulate General, said the new system had many shortcomings and admitted it was inefficient

He said his staff sometimes worked from 7 am to 8 pm to deal with nearly 700 visa applications received daily by the consulate

The consulate had employed four additional staffers since the inception of the system

SPECIAL TREATMENT

To speed up issuing of visas, a fifth consulate employee will be added to the staff in June

Mr Fritzsche said he had also applied to his Foreign Office for more help, but had not received a reply

The consulate general said it took a week to issue a visa, but it was hoped to cut this to between one and three days

He also offered to grant special and preferential treatment to urgent applications, especially to businessmen

Mr Fritzsche dismissed allegations by the Association of South African Travel Agents (Asata) that applicants were being turned away because consulate staff could not cope with the workload

Mr Chris du Toit, the executive director of Asata, criticised the West German government's decision requiring SA visitors to obtain visas

He said the new system was being operated in a climate of total chaos.

"The consulate does not have qualified people to do the work, it does not have an efficient administration infrastructure," Mr du Toit said

SRC members and matric pupils at Bedfordview's St Andrew's School model the jerseys and hats they knitted for the elderly in Bloemfontein's Bochabella township. In front are Thea Motha (left) and Cathryn Fuller. Behind them are Charlotte Curle (left) and Nicky Mashesh. Behind Nicky are Charlotte Kilbane (left) and Johanna Ramogayane. In the rear (from left) are Robin Price, Ingrid Miot, Lyndall Musterson, Annabelle Cooke, Barbie Purcell, Pippa Symons, Mandy Walters and Camilla Cox.

Nip in the air prompts feverish knitting

By Jacqueline Myburgh

Winter has arrived — and that chill in the air has prompted the girls at St Andrew's School in Bedfordview to knit jerseys and blankets for people less fortunate than themselves.

As a result of the skillful knitters' hard work, students representative council social services convener Johanna Ramogayane and SRC head Camilla Cox will this week deliver 200 articles of clothing and blankets to residents of the Bloemfontein township of Bochabella

Johanna says it is a five-year tradition at the school to take food and clothing to Bochabella once a year.

Each form at the school is told what they should knit and the girls usually do so quite gladly

The acting vice-head of St Andrews, Ms Sandy McCallum, says some girls regard knitting these articles as a real task, but others get carried away and knit more than they have been asked for

PUBLIC SECTOR – GOVT. – STATE ENTERPRISE

1989

JUNE – DEC.

SABC may up licences to cover open time

B/Day 1/6/89 (260)

MANDY JEAN WOODS

TELEVISION licence fees may be increased to combat the financial impact of government's decision to allow M-Net to continue to broadcast in open time, SABC director-general Wynand Harmse said yesterday

Since October 1986, the pay-TV station has been allowed to broadcast nationally for limited periods to reach viewers without decoders M-Net used this time to market both the station and its decoders.

Harmse said he was "concerned" at the decision and would have to review the impact of open time on the corporation's finances

A falling rand value, a renewed effort to increase local content and pressure to improve service to rural areeas had put strain on the corporation's finances, Harmse said A decision could be expected within the next few weeks

M-Net chairman Ton Vosloo said he was disappointed by the decision to halve the open time "This is a backward step which, in our opinion, is not easily reconcilable with the country's privatisation programme"

Industry sources said neither station was happy with government's decision, with M-Net wanting to keep the lengthier open time and the SABC wanting it scrapped altogether Both stations claim the decision will cost them "millions of rands" in lost revenue

M-Net will be allowed un-encoded national broadcasts on its own transmitters for one hour a day from 6pm to 7pm starting August 1 and ending in June, 1991, Broadcasting Minister Stoffel van der Merwe said Open time currently runs from 6 15pm to 8pm

Subscription fees rise as SABC wields axe

M-Net open-time battle hits viewers

Star 3/6/89

260

GARALT MacLIAM and DON ALBERT

THE public is the loser in M-Net's battle with the SABC over open time — which resulted this week in the annoucement that the pay station is to lose 45 minutes of its daily open "window", despite pleas to the Government.

M-Net's subscription fees have already increased. On June 1, they rose from R34 a month to R39.

On top of this, there is a possibility that SABC licence fees will also increase this year. The corporation has admitted that competition with M-Net's open time meant losses of between R15 million and R20 million a year in advertising revenue.

"More open time means greater advertising losses, which in turn means higher licence fees," said an SABC spokesman.

M-Net, on the other hand, estimates that it will lose 80 percent of its advertising revenue with the closing of its "window". Its advertising revenue between April 1988 and March 1989 was R50,32 million.

It believes that "three hours-plus would be ideal for open time". The station points out that Canal Plus, the French pay station, has a four-hour open-time slot.

The SABC recently announced huge profits, and judging from MRA's Adindex of advertising placed with it for the period April 1988 to March 1989, it is still in a healthy state.

The figures are:

TV1	R246,693 m
TV4	R 55,755 m
TV2/TV3	R 54,734 m

Asked if the SABC was anticipating a loss in the current financial year, a spokesman said: "We shall have to curtail expenditure to remain in the black."

The corporation claims that it faces huge increases in the cost of imported programmes and sports broadcasting rights, partly as a result of the decreased value of the rand.

M-Net faces the same costs for sports programmes and imported material, and its advertising revenue is not a seventh of that of SABC-TV.

Its viewership, too, is a fraction of the corporation's. About 2,25 million TV licences are paid annually. To date, the pay station has sold about 275 000 decoders.

Important

Open time is extremely important to the pay station from both a marketing and revenue point of view, says M-Net.

It adds: "Research has shown that about 80 percent of subscribers have purchased decoders due to M-Net's open-time promotions."

But the R600 cost of the decoder goes to manufacturers and retailers, and not to the pay station.

From August 1, M-Net open time will be for one hour, from 6 pm to 7 pm daily. The new schedule dates will be released by the middle of June.

It could be argued that M-Net should have made better preparations to meet its restriction deadline, since its original licence stipulated that open time would cease with the sale of 150 000 decoders.

June 8 1989

Interview broadcast for less than 5 mins

SABC distorted my views — Idasa chief

Star 8/6/89

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By Kaizer Nyatsumba

An SABC interview was so badly edited that it distorted his views, claimed the executive director of the Institute for a Democratic Alternative for South Africa (Idasa), Dr Alex Boraine, yesterday

Dr Boraine said a 15-minute interview he gave to "Radio Today" on Monday was broadcast for less than five minutes yesterday.

He had earlier challenged the SABC to give him an opportunity to deny "propaganda claims" against Idasa in a radio commentary last week

Foreign funds

In the commentary, the SABC alleged that Idasa and other extra-parliamentary organisations annually received "several hundred million rands" from abroad to advance ideological causes for which they could not attract sufficient funding in South Africa

In a subsequent letter to Dr Boraine, the SABC's senior director of news and external services, Mr Sakkie Burger, said the interview was meant to be a demonstration of the corporation's good faith and proof that it was not engaged in a smear campaign against Idasa

In Monday's interview, Dr Boraine said he was asked why Idasa was formed, what it was trying to do, who was funding the organisation and why it was giving undue credibility to the African National Congress by arranging meetings between many South African groups and the ANC

"I explained that we were not giving credibility to the ANC, because the ANC already has a lot of credibility," said Dr Boraine yesterday

"We think it is important for people to know what the ANC is all about, and for the ANC to know what we think"

Dr Boraine said he explained that countries funding Idasa all had diplomatic relations with Pretoria "and if these countries are our enemies, then the State is conspiring with our enemies"

He said he told "Radio Today" Idasa wanted to create a climate conducive to negotiations, and was as opposed to a violent overthrow of the Government as it was "to the fact that the State cannot govern without the state of emergency"

Dr Boraine said the SABC did not deal with "the central issues" raised in his interview on Monday, and he would like to be interviewed live on radio or television "to explain ourselves fully"

The SABC's executive editor strategic news planning, Mr P L Raubenheimer, allowed The Star to listen to the 2½-minute broadcast, in which Dr Boraine said 80 percent of Idasa's budget came from beyond the borders of South Africa because South Africans were hesitant to give large sums of money to an organisation which was still getting off the ground

Mr Raubenheimer denied Dr Boraine's views were distorted and said "the whole issue dealt with foreign funding, and we agreed to give him some air time to reply to the question of foreign funding" The original interview was about 11, not 15, minutes long, he said

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Spectrum

Striving for the truth

The Panel


FRANS ESTERHUYSE Staff Reporter


MICHAEL MORRIS Political Staff


MARGARET WILLIAMSON Argus Woman Editor

FACE TO FACE

A weekly feature in which personalities at the centre of the news are questioned by an Argus panel on issues of the day

PROFESSOR JOHAN GARBERS discusses with an Argus panel the role of the Human Sciences Research Council, its objectives and methods of obtaining results, and its role of "bringing a national dimension to the public debate."


PROFESSOR GARBERS: "The most important precondition is a very firm scientific base."

FRANS ESTERHUYSE: To start off, one of the the council's objectives is stated as "broadening the democratic base in the country." In the light of that, do you think South Africa is ready for a major political change?

GARBERS: Yes. I think so. I think that in the inclination and perception of people there is an openness to change. But I think it is also very complicated. And as far as our surveys are concerned, it's clear there is an important precondition and that is that everyone must have a say in the central decision making infrastructures. We think it really boils down to a precondition.

We also notice that certain attitudes, certain resistances that were prevailing, are changing. There is, I think, a much greater openness in this words, we try to bring the expertise available together, no matter where it is. So you involve the best specialists wherever they are — the university, the private sector and so on.

In the investigation into the training of artisans, the committee — consisting of representatives from unions, employers, and the State, etc — came up with a consensus report. And I was very much impressed by two things. the major contributions by the unions, and the extent of expertise in the private sector. I think this programme was implemented 100 percent.

We are not always that fortunate. Let's take the education research programme. I think quite a number of recommendations were implemented there The designing of question banks to monitor standards was almost spontaneously understand the implications of findings and how they could be implemented.

That's why I say partnership is part and parcel of our research. When we do something we try to get the decision-maker involved because we don't want to make those decisions

MORRIS: What are the research priorities to the year 2 000?

GARBERS. Managing the tide of urbanisation in such a manner that it will also be a modernisation influence is probably the most pressing problem we have to face. The other major area is affordable social security. Just take the elderly, for instance. Within, let's say 25 years, we will have almost four million aged people. How are we going to afford old age pensions and support systems?

I think there's another what is the present status of our relationship with the world in this sphere?

GARBERS: May I just say I consider isolation to be absolutely in conflict with the spirit of research. We have learned that the best possible strategy is to create an informal personal network between scientists. If you have a good scientist you have no problems with isolation And we have very lively contacts of this kind. We invite individual scientists over, and we send scientists on visits.

But apart from that, you know, five percent of the whole research outlook of First World countries is really focused on southern hemisphere problems.

And they haven't been very successful in Africa. So we feel

The reaction is our test. Good research should meet that test, and be usable by any political party. They can translate it into their ideology.

ESTERHUYSE: Does that mean that you can make a contribution to political thinking by political parties?

GARBERS. Yes. We've done it quite frequently when we have interesting new information. A few of us come down and give guidance to the National Party, the Progressive Federal Party, to the CP, to the Labour Party, etc. We present the same thing to them all and it's up to them to translate it in ideological terms. That's not our task.

WILLIAMSON: What about disseminating information to the public on things that you think ought to be known — do you find the Press generally co-operative?

GARBERS: Yes, it's very important. If you do human sciences research, your informant is a partner and you can't just keep on asking them questions, you must also give them feedback. But apart from that, an enlightened public is the only thing that can really make democracy work. And that's why we make these things available.

There is however one major problem — and you people in the Press will realise it — that it's not easy to find someone who can popularise science. It is a difficult issue. We have also found that people are often not amenable to what science can offer, because of the abstraction of it. It is tricky, but we are trying our best.

is an important precondition and that is that everyone must have a say in the central decision making infrastructures. We think it really boils down to a precondition.

We also notice that certain attitudes, certain resistances that were prevailing, are changing. There is, I think, a much greater openness in this regard.

MORRIS: What role does the council have in this process of change?

GARBERS: I think it's in bringing a rational dimension to the public debate. We are not a pressure group ... though if we exert pressure by unveiling the truth then we are a kind of pressure group. But we are not a pressure group in the normal sense, because we would lose our credibility very quickly if we tried to be.

So that is why the most important precondition is a very firm scientific base. We know we are going to be scrutinised and because of that we strive for the truth, otherwise we'd be out of business, I think.

MARGARET WILLIAMSON: Do you try to change attitudes or do you remain entirely neutral?

GARBERS: No, we try to remain neutral and try to portray what is really happening in society. Nothing is more convincing than the truth, I think

ESTERHUYSE: You operate independently of any government reference?

GARBERS: Definitely, yes. But let me tell you this ... the human sciences' major contribution is to make an input into social policy formulations. Be it in education, in social provision or in sports. So we feel it is very important to make these contributions to the decision-makers wherever they are.

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However we do realise that to get research findings implemented is something that is continuously underestimated. And that is why we are conducting a national programme on the implementation of the research findings. We are convinced that once you finish a large project you're only about a third of the way — there's another two-thirds to come which will boil down to changing attitudes, training people, making people susceptible to change

If you want to influence social policy you must provide research that really provides answers to the real questions, and also realise that you must design your research in such a way that it will enhance implementation.

ESTERHUYSE: To what extent is your research actually used by the government?

GARBERS: It differs quite considerably. I think our major success was in the training of artisans. Our policy is one of partnership and brokership. In other and the extent of expertise in the private sector. I think this programme was implemented 100 percent.

We are not always that fortunate. Let's take the education research programme. I think quite a number of recommendations were implemented there. The designing of question banks to monitor standards was almost spontaneously implemented; the design of psychological and educational tests is being used by a million people annually, so there was almost spontaneous implementation there too. It differs tremendously.

I must also point out that "implementation", in the human sciences, can also be interpreted as changing the frames of reference of people. In other words, if the public sees things differently as a result of research, that is also "implementation".

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WILLIAMSON: We did a survey on divorced people and the failure of some people to pay maintenance. There was a strong recommendation from the HSRC in January last year that action should be taken against maintenance dodgers. Now, is a thing like that followed up? And what would you say the result of that sort of recommendation is?

GARBERS: It's a very good one. That actually forms part of a very large research programme on affordable social security. That particular project was part of the creation of social support systems. To get that implemented in reality is, of course, very complicated because then you must look into legislation. So, translating the implication of that file into a change of legislation — in policing, etc — you can quite appreciate that is a very comprehensive process.

WILLIAMSON: So does the man in the street or, for instance, the woman in the divorce court trying to get maintenance, actually feel the benefit of your research?

GARBERS: Well let's hope so. But that is not really within our jurisdiction. The moment we start influencing ... being a pressure group, then of course we'd be in the political arena, and we are very hesitant to act. In other words, we will monitor, we will recommend, but it's the decision-maker who should follow up on that.

WILLIAMSON: Do you always make a recommendation, or only if asked to do so?

GARBERS: Research, you know, is interesting. Researchers are sometimes quite happy just to analyse and describe. Frequently it is very important to have a separate infrastructure to translate those findings. That is why it is so important to have an infrastructure of scientists who real- a manner that it will also be a modernisation influence is probably the most pressing problem we have to face. The other major area is affordable social security. Just take the elderly, for instance. Within, let's say 25 years, we will have almost four million aged people. How are we going to afford old age pensions and support systems?

I think there's another one which is frequently underestimated and that is culture, popular culture. How are we going to create a South African culture which will be distinct from group cultures. I think it is probably the most important arena in society where the future will be affected.

Then there is education and training. I think our major task there is to make formal education more affordable, and use the resources of the private sector in the whole education profession. Another interesting and important priority is how to change stereotypes and attitudes.

MORRIS: Has the council found any ways of achieving this?

GARBERS: No, we are battling with that. We are at the moment focusing on a large project on values, which is designed to measure values, but it's very difficult. However, I think values are the clue to change. We have monitored the attitudes of the various groups towards each other since 1972. I can tell you the bad news is that they haven't changed much.

So I don't think the response is to change attitudes. I think the solution lies in teaching people to act in a professional, well-behaved manner towards one another. You don't change attitudes that easily

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ESTERHUYSE: What are those attitudes that haven't changed. Are they racial attitudes?

GARBERS: Naturally, towards other groups. You can read this in that report on inter-group relations.

WILLIAMSON: Who initiates your projects? Do you get requests from various people?

GARBERS: Yes. You see we are in a new phase now, what is being called the so-called framework autonomy. In other words our budget is determined on the basis of a specific formula and then within that budget we are quite free. A large part of our work is the result of requests from the private and public sectors. A number of are based on the judgment of highly trained people within the organisation, to identify trends in society. It is obviously important to see where they lead, and what steps must be taken to accommodate the problems. But I think most projects are requested by clients.

MORRIS: Turning to a different topic ... what has been the impact of international isolation on the research community, and scientists over, and we send scientists on visits.

But apart from that, you know, five percent of the whole research outlook of First World countries is really focused on southern hemisphere problems.

And they haven't been very successful in Africa. So we feel that we must extend this network into the southern hemisphere and develop an informal network there, because we feel South Africa has the infrastructure, the know-how, to really make a contribution. And that's why we've tried to make contact with southern African and South American countries on a very informal basis.

MORRIS: Have you had some success?

GARBERS: Oh yes, definitely. In one instance, we've developed a school readiness programme which is being marketed in 12 languages in Namibia, in every school. We can see no reason why we can't make that available to other southern African countries.

ESTERHUYSE: Have you made contacts in the rest of Africa?

GARBERS: Yes, we are working on that one. I don't want to elaborate too much on that, but it will really be on a very personal level, and we will try to keep away from the politicians as much as possible.

WILLIAMSON: Do you send delegates abroad to conferences and do they come here?

GARBERS: Oh yes. We have a whole scheme of support and finance and prominent researchers come here. We always feel that that is a better way to do it, because if you get one specialist here and you can arrange a number of seminars, you can expose him to quite a number of people.

MORRIS: You have mentioned the importance of keeping out of politics? Do you find that hard to maintain?

GARBERS: Yes, it's very difficult. We often know we are going to get a hiding, but we just don't know if it is going to come from the left or the right. But I think the moment we lose that neutrality then we will have problems. We must simply restrict ourselves to bringing a rational, dependable view on the very complex matters in our country.

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Another Sasol fire. Only the insurers have noticed

By BRUCE ALLEN

ANOTHER fire at a Sasol plant has gone virtually unnoticed. Although no deaths or injuries were suffered, damage incurred stands to make the fire the largest single insured loss ever experienced in this country.

Occurring on 6 May, a fire at the Sasol 2 plant caused extensive damage, with a total expected loss of some R350-million.

Dr Dirk Mostert, executive director at Sasol, has been reported in *Insurance Times* as saying the fire was caused by a ruptured pipe. Damage to equipment is estimated at R30-million and loss of income at about R320-million.

According to Mostert: "Although the fire was extinguished within an hour, damage to the equipment was such that the whole plant had to be shut down. Major equipment, however, was not damaged."

He adds that Sasol is fully insured.

Mostert says no fuel shortages are expected as a result of the fire, adding that the two other Sasol plants, Natref and the coastal refineries, are producing at full capacity.

Sasol's media co-ordinator, Pierre Louw, says the refinery section of the plant is already back on line. He says repairs to the damaged section should be completed early in July. Apparently no major damage was suffered but pipes and wiring will have to be replaced. Full production will be reached in August.

This fire follows the one on January 31 at Sasol 3. Although Mostert says the Sasol 3 plant is already producing at design capacity, 12 people died and nine were injured in the fire.

According to the Chemical Workers Industrial Union's Chris Bonner, an inquiry into the first fire is currently under way. She adds that since no lives were lost in the most recent fire, she does not expect a further investigation.

Keith Nilsson, deputy managing director of Guardian National, which is the lead insurer says: "The matter was heavily reinsured and it will not impact heavily on any particular company."

However, the fire will make Sasol's life more difficult when it comes to arranging revised rates for 1990. The CWIU will also, no doubt, take a close look at safety standards at Sasol's plants.

2 SUNDAY TIMES, Business Times, June 11, 1989

Sasol pays R40m in annual premium

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By Robyn Chalmers

SASOL is estimated to be among the largest insurance risks in the world. Its assets of R25-billion are insured for annual premiums totalling R40-million

Sasol has submitted claims for R460-million, one for the fire at Sasol 2 on May 6 The conflagration caused R30-million damage to equipment and resulted in loss of income of about R320-million

The fire is believed to be the largest single insured loss ever in South Africa The second-biggest claim is said to have been lodged by Sappi, which received R100-million for losses after the explosion at its Ngodwana mill in the Eastern Transvaal in November 1987

Second

The Sasol fire was its second this year The first was on January 31 at Sasol 3, Secunda It caused the death of 12 people

Initial estimates put the insurance bill for the Secunda fire at R390-million, but Sasol believes the final claim will be about R110-million

The main SA insurers of Sasol are Guardian National Deputy general manager Keith Nilsson says that although he cannot disclose the extent of Guardian's exposure, the risk is widely spread and, at net level, no SA insurer is likely to suffer

Sasol media manager Jan Krynauw says SA insurers will handle about 8% of the two claims.

"It is general practice among insurers around the world not to carry the total risk of enterprises of significance, but to spread it risks among participants in the well-developed reinsurance market

"The fires at Sasol 2 and 3 were the first major disasters since the plants were commissioned We handle dangerous substances, such as gas and fuel, and thus have stringent controls"

Mr Krynauw says it is still too early to comment on the cause of the fires Both were caused by ruptured pipes, but the plants have excellent safety standards

The plants hold National Occupational Safety Association (Nosa) five-star ratings as well as Sartes and Noscar awards, the highest forms of safety recognition that can be achieved in SA

"For instance, the accident frequency rate at Sasol 3 after the fire is 3,04 a million man hours compared with a figure of seven for the SA industry

"The effectiveness of our risk-control measures means we are confident enough to carry the largest deductible of any company in SA"

The entire Sasol 2 plant had to be shut down after the fire, but a spokesman says the refinery section is back on line and the damaged section should be repaired by July

Full production is expected to be reached by August. Sasol does not expect any fuel shortages as a result of the fire because Natref and the coastal refineries are producing at capacity

It is estimated that the Sasol 3 fire will result in the plant's losing about 7% of its synthetic fuel output this year, and 3,5% of Secunda's output as a whole.

Our most banned balladeer refuses to change his tune

SINGING funnyman David Kramer refuses to be silenced — despite his notoriety as the most-banned local musician on SABC airwaves.

The "Boland Blik Balladeer" vowed this week that he would not allow the muzzling to influence his songwriting

"I have done humorous songs, serious songs and satirical songs, but they are all about the South Africa I know," he said

"I cannot change my tune just because the SABC decides some of my songs are not as squeaky clean as they would like them to be"

According to one media survey, David Kramer is acknowledged by both black and white South Africans as the "most recognisable" personality on television

Vulgarity

The only local recording star with a guitar taller than himself, he appears in at least two television commercials with his instantly recognisable centre parting, red velskoen shoes and baggy khaki trousers

Speaking from his home in Cape Town, David said 11 of his 63 songs recorded on eight albums had been banned by the SABC

GAGGED .. stroppy songster David Kramer celebrates his status as the man who most often irritates the SABC

Report: JANICE HILLIER Picture: HETTY ZANTMAN

Some of the reasons for the bannings, he said, were "use of mixed languages, pulling down the Afrikaans language, using vulgarity, blasphemy, sex and politics"

David finds his visits to the SABC's record library enlightening "As you pick out your albums, you see little stickers all over them with the words 'To be Avoided' next to certain songs"

The reputed "super-joller" said "I work in a highly politicised cultural scene and I try to reflect society as it is"

He said he was not only unhappy about the bannings, but also believed the SABC had "distorted" his image

"They tend to heavily promote the lighter, more humorous happy-go-lucky songs which make people think that is the only kind of work I do This is far from the truth"

Once, five minutes before a TV concert was to be performed live, a producer phoned him to say a song he had co-written with Johnny Clegg would have to have certain lines deleted

"I had no choice then, but I did feel strongly about it because it was an infringement of copyright"

The producer also told David that another song he had performed for the same programme — and had been earlier approved for broadcast — was to dropped entirely

"And there was nothing I could do," David said

Now the singer is recording a new album and he hopes fervently the SABC won't add more of his songs to their banned list

But an SABC records committee member, Mr Roelf Jacobs denied the SABC "banned" songs

"We just do not play them," he said

He admitted there were over 1 000 titles which could not be played on SABC stations

A special committee comprising heads of radio and television stations met once a week to review song lyrics

Said Mr Jacobs "The committee then makes a decision as to what South Africans may or may not hear on television or SABC radio broadcasts

"Songs which are put on the banning list are those which the SABC committee feels are morally offensive or politically sensitive"

Among David's songs which have incurred the wrath of SABC censors is Botteltjie Blou, a song about "bergies" — the homeless people who live on the slopes of Table Mountain and drink methylated spirits

David's "loose use of the Afrikaans language" led to the song's demise

Another song, Tjoepstil, about township life, was censored because of his use of the word "abalungu" — a derogatory term for whites

Another banned song, Hekke van Paradise, irritated SABC censors apparently because it "questioned the status quo"

4 SUNDAY TIMES, June 11 1989

CARRY ON, KRAMER!

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Call to govt after PW interferes with SABC

CAPE TIMES 12/6/89 (260)

Political Correspondent

OPPOSITION parties yesterday demanded that the government stop using the SABC as its private propaganda tool to manipulate voters in the coming election

This follows fresh revelations at the weekend that President P W Botha went to extraordinary lengths to interfere in the internal workings of the publicly owned broadcasting monopoly during the 1987 poll

Weekend newspaper reports show that two months before the May 1987 general election Mr Botha attempted to remove three prominent political analysts from an SATV commentary team on election night

And then, when Mr Botha took issue with an assessment aired on the SABC programme of how the parties were faring, he ordered its immediate cancellation

Both Mr Botha's attempts at manipulating the SABC failed — but the careers of those who refused to buckle to Tuynhuys pressure are believed to have suffered

The then SABC director-general, Mr Riaan Eksteen, who declined to drop the election panelists, was subsequently sacked (allegedly for financial mismanagement)

The SABC's senior director of news at the time, Mr Sakkie Burger, who refused to cancel the election programme after a midnight call from Mr Botha, has since been overlooked as the clear favourite for the post of chief director of news

Mr Botha has declined comment on the issue

However, both the Conservative Party and the Democratic Party were furious yesterday at the latest revelation of National Party manipulation of the SABC and labelled it as "another form of corruption"

DP spokesman on the media, Mr Peter Soal, said last night "To abuse a public utility that is funded by taxpayers' money like this is the ultimate in corruption."

The CP's Professor Fanie Jacobs echoed the DP's comments by saying his party was "sick and tired of the SABC being manipulated in its political news reporting"

He said the abuse of the the SABC as "a propaganda instrument" was all the more reprehensible because the corporation was a monopoly which operated on a national basis at taxpayers' expense

Another SABC golden handshake?

Own Correspondent

JOHANNESBURG — It is being widely speculated at the SABC that the senior director of news and external services and acting head of news, Mr Sakkie Burger, 50, will retire early — with a golden handshake — following the announcement last week he would not fill the senior news post permanently

SABC director-general Mr Wynand Harmse announced last Wednesday that the senior director of radio, research and planning, Mr Carel van der Merwe, had been appointed to the post with effect from today

Mr Burger yesterday declined to comment on speculation of his possible retirement

He said he was still negotiating "other options" with Mr Harmse and was to meet with him again on Tuesday or Wednesday

Mr Harmse also declined to comment on speculation of Mr Burger's early retirement or on the possibility Mr Burger would receive a "golden handshake" if he retired

Mr Burger, once tipped to make it into the SABC hierarchy, reportedly fell into disfavour after a casual remark during last October's election coverage that the results seemed to show a swing towards the CP It is reported the innocuous comment "so enraged powerful political personalities" he received a call from "the very top echelon of power ordering him to withdraw his remark or take the programme off the air"

Mr Burger assumed the position of acting head of news on January 1

Mr Harmse flatly denied any politicians had influenced the final appointment

Close proximity to houses causes concern

Eskom pylons anger Alberton residents

By Jacqueline Myburgh

A group of Alberton residents are up in arms over the erection of electrical pylons in the Brackendowns area

The 300 homeowners fear the power lines may be a health hazard and will devalue their properties.

One resident, Mrs Anne Critchley, said a British newspaper had claimed electrical pylons were hazardous to people's health and could promote cancer.

Mr Eddie Grossop said residents had no concrete proof of health hazards, but regarded the pylons as "unsafe until you prove they aren't"

He said the two pylons, one 34 m and the other 25 m high, undoubtedly reduced the value of properties, since they were so close to some houses they seemed to be "growing in the back garden"

About 60 people have signed a petition demanding financial compensation from Eskom, which built the pylons on land belonging to the Rand Water Board

Lost interest

Mrs Critchley said some residents had attempted to sell their houses but potential buyers lost interest when they saw the pylons

"I am the worst hit," she said "They are right outside my kitchen window and loom over the house"

Mr Grossop said when Eskom was questioned about the matter, a spokesman said· "These people bought in a cheap area, therefore they can expect this kind of thing to happen"

Representatives from Eskom and the Rand Water Board were invited to a meeting at the weekend, but did not arrive to hear residents' grievances

Eskom said the proposed construction was advertised in three newspapers in December 1988 and the pylons were built in March 1989.

Mr Grossop said the advertisements were placed while most people were away on holiday and appeared in obscure sections of the newspapers

Business Times, June 18, 1989 13

Eskom seeks R250m from ELCIs

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By Don Robertson

ESKOM has placed a second issue of its equity linked cash instruments (ELCIs) on the market with the immediate intention of raising R60-million. ST Times 18/6/89

The issue will be for R250-million and Eskom hopes to raise the balance of R190-million later this year

ELCIs are the latest in a series of financial instruments offered on the market In the case of the ELCI there is no coupon on the instrument

The first ELCI issue was offered in March with a maturity date in September and raised R60-million Another R100-million has been raised since then The maturity date coincides with the futures maturity dates

The funds are used to provide working capital Eskom plans to have two issues on the market throughout the year Although the instrument has a six-month life, it will mature quarterly

Attractive

The product is linked to the JSE gold, industrial or overall indices and investors are offered the choice of either a bull or a bear tranche Should the buyer of a bull instrument realise that his forecast is not materialising, he is able to hedge it on the futures market The same applies to the buyer of a bear instrument

Investments are available in units of R100 000

Francois Botha, Eskom's treasury manager, says the ELCIs have proved successful and an active secondary market has developed

But some brokers say that because of the many instruments available, the bull and bear aspect of the ELCI is a further complication

Others say that although the market is not large, it is likely to take on when more units are in circulation They see it as fairly attractive

S/Times 18/6/89

Iscor now a company

IN another move towards its listing in November, Iscor has been incorporated as a company Iscor's conversion will have no effect on the corporation which will continue to operate as before All Iscor's stock is deemed to be debentures

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STEEL GIANT EDGES TOWARDS PRIVATISATION

BRENT MELVILLE

B Day 19/6/89

ISCOR has announced an additional step on the road towards its privatisation

The statutory corporation was incorporated as a company in terms of the Companies Act (Act 61 of 1973) on June 9 — a major step pushing the steel giant much closer to its imminent listing on the JSE

Providing stock market conditions remain favourable, Iscor is to be listed by year-end.

In terms of the Conversion Act, the metamorphosis from a statutory company into a public company will have no effect on its assets, liabilities, rights or obligations

With effect from June 9, all Iscor's stock is deemed to be debentures as defined in Section 1 of the Companies Act, and any reference to debentures or stock will be taken to be a reference to debentures or stock of Iscor as a public company

Iscor's financial year remains unchanged — ~~running~~ from July to end-June

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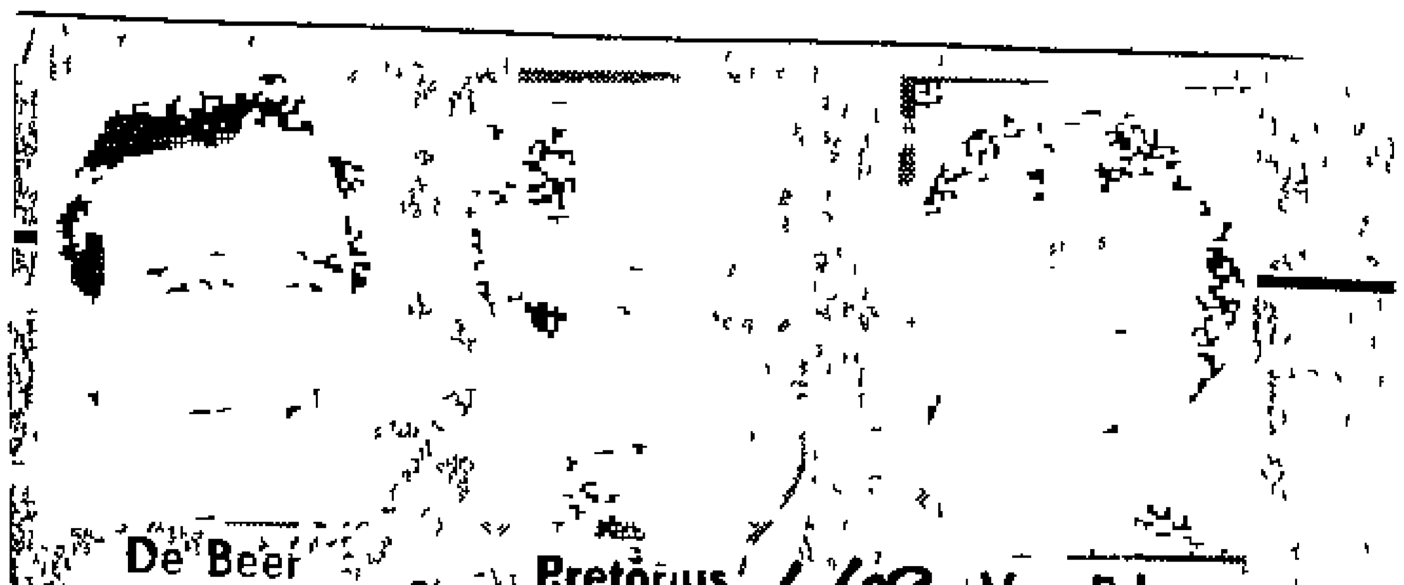

De Beer Pretorius Van Eck

AK645 22/6/89

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Van Eck 'pleased' with SABC apology

By MICHAEL MORRIS
Political Staff

CLAREMONT MP Mr Jan van Eck has welcomed last night's apology from the SABC and the retraction of remarks made about him by Johan Pretorius in a TV interview with Dr Zac de Beer.

In the interview on Sunday night Pretorius asked Democratic Party co-leader Dr de Beer if he could be sure Mr Van Eck would not resign from the DP after the election, given the fact that he had resigned from the PFP in August 1987 after winning his seat as a PFP candidate earlier in the year.

Mr van Eck accused the SABC of "attempted character assassination". He took strong exception to the implication that he was deceitful and lacking in principle.

The DP took the matter up formally with the corporation.

Mr van Eck said yesterday. "I was told there would be an apology and a retraction. I am very pleased."

● Pretorius insisted yesterday that the interview was conducted "fairly", writes Tony Jackman, the Argus Television Reporter.

Mr Pretorius was approached for his comment after an angry reaction from readers and television viewers to the "aggressive and argumentative" style of Sunday [illegible] Network interview

WRITTEN REPLIES

The approach was met with a series of to-and-fro phone calls as a reluctant Mr Pretorius checked with his superiors to establish whether he could speak to the Press.

He then pondered the questions put to him and formulated written replies. These, he said, represented the reaction of Mr Carel Van der Merwe, the SABC's chief director of news

He said the SABC believed the interview had been conducted fairly and in the spirit of interviews conducted with Mr F W De Klerk and Dr Andries Treurnicht

The object of the interviews, of which there would be more, was to give party leaders the chance to voice their policies and views and to ask them questions which the voters would like answered.

After the interviews with Mr De Klerk and Dr Treurnicht, the SABC had received complaints from their supporters that the interviewer (Pretorius) had conducted the interview unfairly.

All three interviewees had "performed impressively" and had at no stage indicated that they had been unfairly treated

The interviewer's questions had not necessarily repre-

(Turn to page 3, col 8)

AK64 260

Apology: Van Eck 'pleased'

(Cont from page 1)

sented his own views and any suggestion about antagonism toward any political party was therefore subjective.

The interviews had been conducted according to accepted norms

As editor-in-chief, politics of the SABC, one of Mr Pretorius's priorities was "to maintain good relations between all political parties and the SABC."

The political parties would have to judge for themselves on that score

● Mr van der Merwe said yesterday that political parties were being informed about the way the SABC would cover the election.

"The SABC regards this as fair and something on which the parties themselves will have to pass judgment. A statement on the coverage will be made in due course."

ad is not going to be defeated" remain the head of his party.

Mr Savimbi ... stepping aside.

Worrall slates TV silence on poll deals

260

Star 22/6/89

By Esmaré van der Merwe
Political Reporter

A new row has erupted between the State-controlled SABC-TV and the Democratic Party on coverage of political events, with DP co-leader Dr Denis Worrall challenging the corporation to state its reasons for not broadcasting DP revelations of election deals offered to it by the National Party

While the Sunday Star's recent revelations of such deals were reflected by the local news agency Sapa, Dr Worrall said further details revealed by DP co-leader Mr Wynand Malan had been released by Sapa too — "the SABC thus would have had it"

However, the SABC denied receiving any statements from the DP on the matter.

The SABC has declined to comment fully on pertinent questions by The Star on its coverage of opposition politics, its handling of General Magnus Malan's denial of an election deal offered by his Modderfontein constituency without reporting on the DP's revelations of such a deal, and details of its intended coverage in the run-up to the general election on September 6

In a brief reply to The Star's questions, the SABC said "We received a statement on the matter from General Malan, MP for Modderfontein. We have, however, not received a statement from the DP on the matter"

The other questions were not answered

Star 23/6/87 (260)

CSIR develops top computer

Own Correspondent

CAPE TOWN — A breakthrough in micro-electronics has enabled the Council for Scientific and Industrial Research (CSIR) to develop a computer system which will cost a fraction of equivalents from the United States.

The computer, said to be 32 times as powerful as the largest used by the local insurance industry, was developed by the CSIR's Division for Micro-electronics and Communications Technology, said project spokesman Mr Danie Perold.

He said his division had moved into the research of high performance computers to "establish local capability" and save foreign exchange.

"Due to limited technological and human resources in South Africa, the only solution to achieve high performance computing is to make use of parallelism," he said

"This means that a number of computers are used as a unit to achieve higher performance levels"

The cost of the machine was about R750 000 compared to a cost of R60 million for a machine with similar capabilities in the US

Each component machine on its own could only handle one programme at a time but, joined together, the whole system was able to work with 64 different research programmes

Mr Perold said the CSIR had developed a full range of machines that covered the spectrum from a single user to large multi-user machines

This technology was developed by a project team of 12 people under the leadership of Mr Neil Viljoen

There was "excellent" co-operation among users of the technology and some parts of the systems were contracted out to the University of Stellenbosch, Mr Perold said.

The CSIR was actively pursuing the commercialisation of the technology

A new company, Concurrent Technology Systems, was formed between the Altech group and Techfin, a venture capital company, to produce and market the machines

A number of systems had already been sold and the latest sale was that of the MC2/64, capable of working at a rate of 640 million instructions a second and about 100 million floating point operations a second

SABC's 'Collage' bars Kumalo's photographs

Star 26/6/84

260

Staff Reporter

A Johannesburg exhibition by leading photographer Alf Kumalo will not be featured on SABC television — because of its "controversial, political" nature

Mr Kumalo, a photographer for The Star, was told his Market Gallery exhibition, "Women Photographs from a Press Photographer's files", will not be given time on TV1's Sunday arts programme Collage

An independent film company, which does the Collage diary on behalf of the SABC, had one look at the pictures and said they just wouldn't be acceptable

Ms Wendy Rogers, a spokesman for the company, said the producer of Collage heard about the exhibition and suggested the company "have a look at it", not realising "how political and controversial it is"

She said if only a few, "not so controversial" pictures were selected to be shown on the programme, this would misrepresent the exhibition to the public.

Mr Kumalo's exhibition, which opened last Sunday, has already received high praise from critics.

Kumalo focuses his lens on, among other things, the brutality of forced removals, poverty in shanty township homes and the hardship of rural labour

Entrance to the exhibition, which contains 32 photographs, is free

Eskom joins nuclear 'world club'

ARGUS 28/6/89 (210)

By HENRI du PLESSIS, Staff Reporter

ESCOM has been admitted as a full member of the World Association of Nuclear Operators (Wano) in what is seen as an bid by private nuclear energy agencies to wrest a measure of control over peace-time nuclear activities from their governments

N-POWER

The organisation, comprising nuclear power "utilities" from all countries with nuclear capabilities except for Bulgaria, was formally announced after the formation of four regions and a central council and secretariat in London

The final conference, held in Moscow, brought together West and East in an agreement to share civilian nuclear technology for the sake of the "highest possible" safety measures, said Mr Peter Spencer, nuclear manager of Eskom's engineering group

The Moscow conference involved representatives from 137 electricity utility companies across the world

This meant that Eskom could now freely exchange information with Americans, Russians and Red Chinese alike

The four regions, not necessarily based on geographical lines but rather on priority of allegiance, have their bases at Tokyo, Atlanta, Paris and Moscow

Eskom has chosen to join the Paris region — an indication of its ties with the French nuclear industry which helped build Koeberg Nuclear Power Station near Cape Town

On the other hand, Cuba has joined the Moscow region for obvious reasons, rather than the Atlanta region which is situated relatively close by.

The initiative to form Wano came from the utility companies who basically said "To hell with governments, we want to co-operate," an Eskom spokesman, Mr André van Heerden, said

Wano was first proposed by Lord Marshall of Goring, chairman of the British Central Electricity Generation Board (CEGB), in 1987

He believed that Wano's mission should be to maximise the safety and reliability of the operation of nuclear power plants by exchanging information and by encouraging comparison, emulation and communication among its members

This comparison would however initially be to the advantage of the eastern bloc countries, including the Soviet Union, who were behind on technology, especially as far as safety aspects were concerned, Mr Spencer said

"I personnally believe it was Chernobyl which at last demonstrated that no country, no matter how large, could actually win a nuclear war and this was why the Soviets had become so willing to talk about nuclear arms reductions," he said

"Chernobyl has also been a severe blow to the Soviets' confidence In Russia there is a lot of criticism of what is called the ineptitude of utility staff and their lack of motivation"

According to Mr Spencer, the founder members of Wano had to overcome numerous political obstacles

"Not only the Soviet Union, but also the US had a lot of political opposition to this," he said

"In order to make the organisation work the way it is supposed to work, it does not help excluding anybody"

Announcing Eskom's membership in Johannesburg, Escom's Chief Executive, Mr Ian McRae, said "I must stress that it is not countries which are coming together in Wano, but power utilities This is the strength of the organisation — it sidesteps politics"

(260) Fmail 30/6/89.

NUCLEAR CO-OPERATION

Eskom joins world powers

The Chernobyl nuclear disaster in the Soviet Union brought massive nuclear fallout and emotional distress to Europe Ironically, it has also opened doors for SA

That became clear this week when Eskom CE Ian McRae confirmed Eskom was one of 138 invited signatory members to the World Association of Nuclear Operators (Wano) established in Moscow on May 15

This breakthrough comes at a time when SA recently faced a Third-World inspired threat of expulsion from the UN-based International Atomic Energy Agency (IAEA) — a similar body to which governments, as distinct from utilities, belong

Wano's mission is to "maximise the safety and reliability of the operation of nuclear power plants by exchanging information and by encouraging comparison, emulation and communication among its members"

All the world's nuclear power-operating utilities, with the exception of Bulgaria's, are Wano members and pass on operational problems experienced at their nuclear plants. But, McRae stresses, this does not include manufacturing technology, which must still be negotiated direct with suppliers and plant manufacturers.

Before Chernobyl, the Soviet Union and its East bloc partners jealously guarded their nuclear plant operating secrets But the shock of the disaster forced Moscow to reassess its secrecy and to invite Western experts to participate in its clean-up operations The accident, together with earlier US problems at Three Mile Island, led to an international rethink on peaceful nuclear co-operation.

"We were freely and openly received in Moscow and now have the co-operation of all Wano members in operational problems we may experience, without any political or visa hassles," says McRae "But I must stress that Eskom is the Wano member, not SA — and Wano is made up of operating nuclear utilities, not governments."

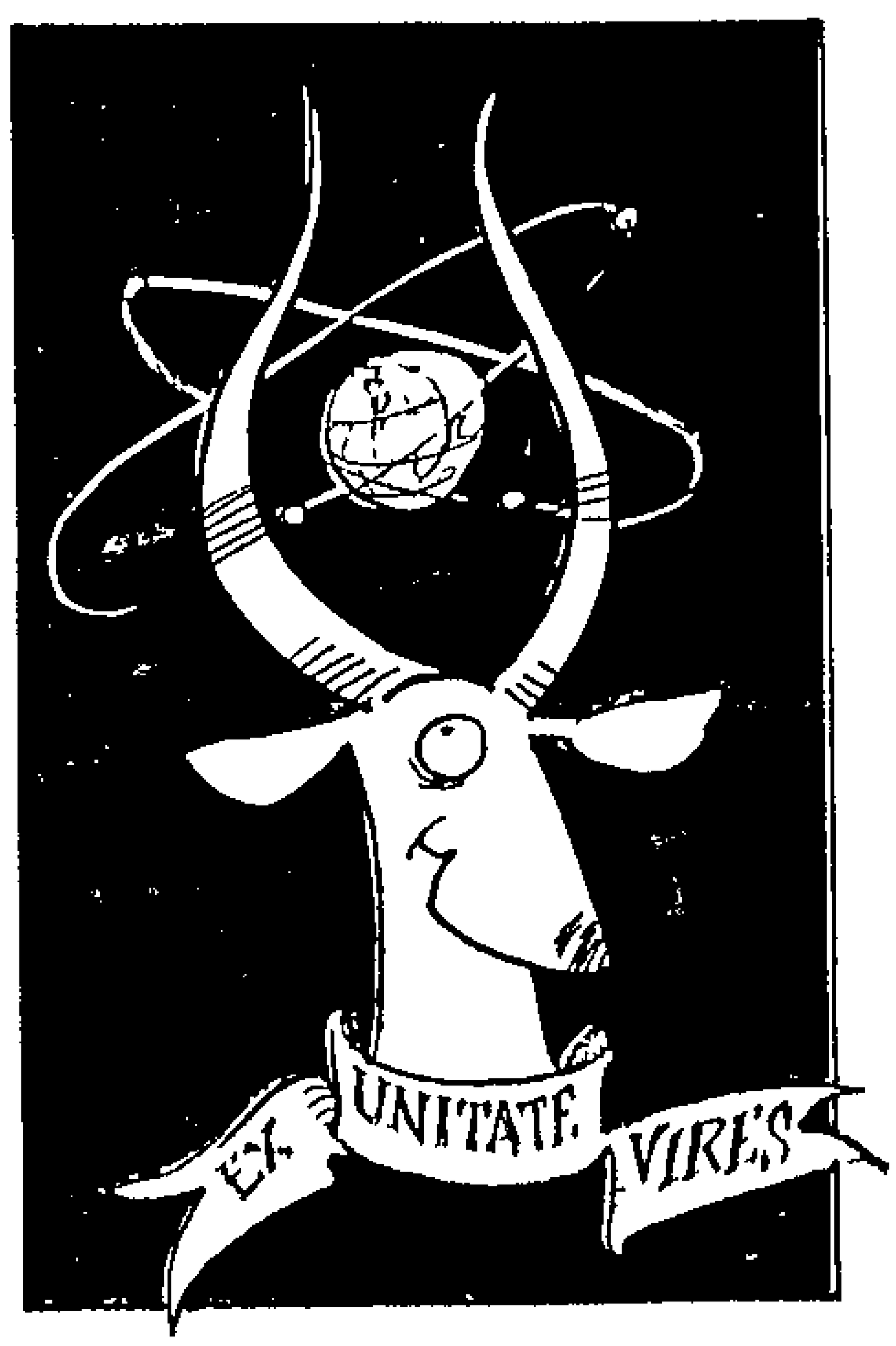
McRae says Eskom is now using nuclear rods produced by SA's Atomic Energy Agency as a fuel base, but refuses to disclose what percentage of its nuclear fuel is still imported "Our intention is to go for 100% local fuel content," he notes.

But there are no plans "at this stage" to build a second nuclear plant after Koeberg, although Eskom has taken options on land in the eastern Cape

According to Paul Semark, Eskom GM responsible for power generation. "The siting of a nuclear plant is vital and must be carefully assessed for environmental and other considerations As acceptable sites in SA are limited, it makes sense to find suitable potential sites as early as possible — with no guarantee that a nuclear plant will eventually be built there."

With a nuclear plant still costing about double a similar-sized, coal-fired plant, it makes sense not to rush the issue. "SA's coal is among the cheapest in the world and it makes economic sense to concentrate on that first," says Semark. McRae adds that SA's coal reserves could provide power-generating capacity to 2050.

But two other issues could also affect the choice between coal and nuclear power There is growing international concern over the so-called greenhouse effect (warming of the earth's atmosphere caused by the burning of fossil fuels). Also, peace moves in southern Africa could speed up McRae's vision of a regional power grid



"Cleaning up a thermal (coal-powered) station by 'scrubbing' out noxious fumes and carbon dioxide pollutants could add about 30% to capital and running costs. One might reach the stage where a pollution-free nuclear station could become economically more feasible, thus eliminating the greenhouse risk," says Semark.

McRae says peace moves in Angola could open the way for the western portion of his proposed power grid, using the cheaper and pollution-free hydro-power generating capacity of the Congo River

Provided Angola and an independent Namibia agree to a link-up, the whole of southern Africa could benefit from the Congo's 100 000 MW/year generating capacity — nearly five times SA's current annual electricity consumption of 21 000 MW McRae also looks forward to the day when events in Zimbabwe and Mozambique allow power from the Zambezi and Kunene rivers to enter the picture

Oh well, there's nothing wrong with dreaming. ■

Free shares for Iscor employees

AS PART of its drive to encourage wider share ownership, the state and Iscor are offering all Iscor employees an attractive package of 150 million shares when the giant steel producer is listed later this year

Participation by Iscor's 58 000 employees is entirely voluntary and will be extended to all full-time employees who are working for Iscor and its subsidiaries on August 31, 1989 and who are still in service when the offer opens

The package consists of three offers First, 100 free shares will be offered to all full-time employees of Iscor and its subsidiaries, with the full cost carried by the state

Secondly, all employees will be offered shares at a 20 percent discount on optional, deferred payment terms over a maximum period of three years The number of shares offered will depend on job grading

Thirdly, the state is also setting aside almost five percent of Iscor's issued shares for staff on a preferential basis Allocation will be equal to the number of shares for which each employee qualifies under the discount scheme

The 100 free shares and 20 percent discount shares will make up 50 percent of the 150 million shares offered to employees, with the preferential shares making up the other 50 percent.

This accounts for about 10 percent of the issued shares of Iscor — Sapa

Share scheme for Iscor employees

B|Day 31/7/89

(260)

ALAN FINE

EARLY feedback from employees on the Iscor employee share ownership programme (esop) indicated understanding, acceptance and some enthusiasm, Iscor spokesman Piet du Plessis said at the weekend.

However Numsa, the largest union among Iscor's 58 000 employees, has expressed bitterness at not having been consulted beforehand.

Employees and unions were briefed on Friday about the scheme, which has been in the pipeline for months as part of Iscor's privatisation programme.

The 150m shares set aside for employees are expected to be worth R300m, assuming a R2 a share pre-listing price. This share bloc represents nearly 10% of Iscor's total equity.

This compares to the 3,5% of equity ultimately to be offered to Anglo American group employees in terms of its esop launched 18 months ago. In the Anglo case, all shares are given free of charge to employees.

Government has promised to privatise at least 51% of Iscor's equity in the first phase of the corporation's privatisation.

However, it is understood the company is expecting outstanding results for the year to June 30, and this could increase the number of shares initially made available to the public.

Numsa's Bobby Marie said he had expressed the union's extreme unhappiness at not having been consulted to Iscor MD Willem van Wyk at the briefing.

"Iscor's take-it-or-leave-it attitude is unacceptable. We wanted the opportunity to talk. Instead the scheme has been presented as a *fait accompli*".

He said the union was examining the offer with a view to formulating an attitude to its detail.

Du Plessis said Iscor's response to this criticism had been that privatisation was not a management matter, it was the decision of government, the major shareholder

A privatisation unit spokesman argued that any share offer was made unilaterally. It was up to the potential buyer, in this case each employee, to decide whether to accept it

The scheme was devised "as part of the state's drive to encourage wider share ownership among all South Africans", privatisation unit adviser Eugene van Rensburg, said in a statement Participation would be entirely voluntary.

The share offer will be extended to all full-time employees who are working for

□ To Page 2

Iscor (260)

B|Day 31/7/89

□ From Page 1

Iscor and its subsidiaries on August 31 and who are still in service when the offer opens, probably in early October

Each employee will be entitled to 100 free shares

Secondly, all employees will be offered shares at a 20% discount An interest-free loan payable over three years will be available The number of shares offered to each employee will depend on job grading, and is understood to range from 900 to several thousand

These two facets represent almost 5% of Iscor's total equity

Thirdly, the state is setting aside another 5% of issued shares for staff on a preferential basis, the numbers available to each employee similarly dependent on job grading

Du Plessis said Iscor was establishing share information offices at all its centres to assist the process of communicating the scheme to staff.

The Iscor offer also differs from the Anglo one in that shares, other than those being paid off in terms of the loan arrangement — and which would be held in trust — would be immediately negotiable through the JSE.

Employees who do not immediately take up their entitlement of discount shares will be able to do so in November 1990 or 1991

Those shares set aside on a preferential basis and which are not taken up will be added to the public offer

● Comment: Page 6

SABC will 'try to be impartial'

260

Star 5/7/89

CAPE TOWN — SABC board chairman Professor Christo Viljoen has emphasised the corporation's autonomy.

Interviewed on "Netwerk", Professor Viljoen said the SABC would strive for impartiality in coverage of the general election.

He said as an SABC board member he had never received orders from a Minister. — Sapa.

Iscor details share scheme

260

CT Times 3/7/89

Own Correspondent

JOHANNESBURG. — Early feedback from employees on the Iscor employee share ownership programme (Esop) indicated understanding, acceptance and some enthusiasm, Iscor spokesman Piet du Plessis said at the weekend.

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However, it is understood the company is expecting outstanding results for the year to June 30, and this could increase the number of shares initially made available to the public.

260

Sasol fire caused slump in total chemical output

THE fire at the Sasol III plant that killed 12 employees contributed to a marked drop in SA's total chemicals production during the first three months of 1989, the Reserve Bank said in its quarterly report.

"The decline in chemical production could be attributed partly ... to a fire at the Sasol III plant in January 1989," the central bank said in the report, published last week.

Sasol, which is 30% government-owned and is regarded as a strategic industry, would not disclose production losses caused by the fire. BDay 4/7/89

Production at Sasol's three plants and their contribution to SA's fuel supplies are kept secret under the Petroleum Products Act.

Portion

A Sasol spokesman said the fire caused a loss of R124m from lost revenue and material damage, for which the plant was fully insured. He said the plant came back on stream in early June.

The Sasol III oil-from-coal plant at Secunda, Eastern Transvaal, produces a significant portion of the company's output of liquid petroleum gas, petrol and diesel fuel.

Official figures show the volume of chemicals in the category that includes Sasol fell in February and March.

A seasonally adjusted index compiled by Central Statistical Service showed output slumped after the January 30 fire to 115,6 in February and 117,6 in March from 124,6 in January and 126,1 in December. The base year for the index is 1980=100. — Reuter.

advisor — found gassed in his car — was used to make pornographic material, after a large haul of sex videos

about 10 30 am yesterday at his home in Fifth Avenue, Parktown North, police said

of a paid holiday in lieu of June 16, either on March 21 or May 1 "

Judgment reserved on Ian Smith's pay

HARARE — Judgment was reserved in the Harare Supreme Court yesterday during an appeal in which the former Rhodesian Prime Minister, Mr Ian Smith, was seeking the Supreme Court to set aside a High Court decision to reject his application for repayment of his salary and allowances held back after he was suspended from Parliament in 1987.

Mr Smith was suspended from Parliament in April 1987 for alleged contempt of Parliament.

Arguing the appeal before the Chief Justice, Mr Justice Dumbutshena, and four other judges of appeal, Mr Julian Colegrave submitted that although Mr Smith was suspended from Parliament, he should not have been deprived of his salary and allowances because he remained a Member of Parliament. — Sapa

Star 4/7/89

Seven in court over R360 000 robbery

Work on coal mine project on schedule

Star 4/7/89

Pretoria Bureau

(260) (245)

Iscor's R400 million Grootgeluk coal mine project near Ellisras, in the north-western Transvaal, is on schedule. It will increase the mine's capacity to produce coal from the current 4 million tons to 12 million tons a year.

Iscor's official publication, *Iscor News*, says in its latest edition that commissioning of sections of the plant will take place in March next year.

The Grootgeluk project comprises the construction of a beneficiation, crushing and screening plant, a coal-blending bed, offices, workshops, and residential flats and houses

Civil work on the beneficiation plant should be completed by the end of November and will be commissioned in March, the publication says

Meanwhile, Iscor is doing rehabilitation work at the old Coastal mine near Middelburg, Transvaal, which should be completed by the end of the year

Eskom death is referred to A-G

Star 5/7/89

Pretoria Correspondent

The Attorney-General is to investigate the possibility of prosecuting Eskom after a Pretoria inquest magistrate found there was a possibility that the commission could be responsible for the death of one of its workers who was electrocuted.

In his findings yesterday into the death of Mr Johnathan Hollis, a Kriel Power Station worker, magistrate Mr J N Theron said there had been confusion about which electrical panels were live because there were insufficient signs on those where Mr Hollis had been working.

NOT NEGLIGENT

Mr Theron found that Mr Herman Berry, Mr Jacobus de Beer and Mr Michael Lee, three Eskom workers, had not been negligent.

The court had been told there were warning signs only on the electrical panel next to where Mr Hollis was working, despite the fact that his panel was live.

SECURITY FEELING

In evidence yesterday, Professor Charles Farrel Landy, a professor in the Department of Engineering at the University of the Witwatersrand and a registered electrical engineer, said Mr Hollis had been given a false sense of security because he was doing a routine maintenance job and had expected proper procedures to have been followed.

He said the adequate warning notices had not been provided to ensure safer working worings. Eskom should have seen to this.

Iscor plan a 'derisory bonus' for blacks

BD 4 5/7/87 260

ALAN FINE

AS A purported attempt to use the privatisation process to redistribute wealth, the Iscor employee share ownership programme (Esop) announced last week was bogus, Numsa said yesterday.

Numsa official Bobby Marie said initial union impressions were that the Esop would mean a financial killing for Iscor management but was little more than a derisory bonus for black workers.

He said also if Business Day's assumption that Iscor was being valued at R3bn was correct, it would mean government was selling off the family silver at an undervalued price Such an exercise would further skew the distribution of wealth in favour of wealthy investors.

Marie said Numsa's views were based on initial feedback from the union's nearly 10 000 members at Iscor, and on limited information received from Iscor.

He said Numsa was devising a comprehensive response to Friday's announcement, and was, for this purpose, seeking further information from management He repeated the union's unhappiness at not having been afforded prior consultation on the structure of the offer.

The deal, in terms of which 150-million shares have been set aside for staff, includes 100 free shares for each of the 58 000 employees; a further allotment at a 20% discount on the listing price, with each individual's entitlement dependent on job grading; and an equal number of shares at the full price being made available on a preferential basis.

Marie said the most likely scenario was that most black workers would accept the free shares and sell them

The Star Finance

Star 5/7/89

260

Iscor confident of repeat performance

By Roy Cokayne

Iscor has every chance of matching its record 1987/88 results in the current financial year and could even improve on them, says managing director Willem van Wyk

In 1987/88, Iscor achieved a profit of R248,5 million.

Mr van Wyk says profit expectations are a result of the worsening of the rand and the improved dollar price on the export market

In an article in the latest issue of the in-house journal, *The Iscorian*, Mr van Wyk says international production of raw steel in 1988 was 783 million tons — the highest level ever

He says Iscor is faring better in the export market because of growth in demand, together with the structural correction in prices resulting from the depreciation of the dollar over the years since 1985.

Mr van Wyk says Iscor expects to make a profit despite the production problems experienced with blast furnaces in the Vanderbijlpark and Newcastle works and problems with electric arc furnaces in the Vanderbijlpark works

He praises the Newcastle works for its considerable contribution and singles out Sishen for thanks.

"When the world demand for steel increased and led to a greater demand for iron ore, while coinciding with strikes and plant problems in some other steel-producing countries, Sishen reacted by producing more.

"The mine is currently running at 120 percent of planned capacity, which is making a large contribution to Iscor's profitability," Mr van Wyk says

With reference to the annual executive meeting of the International Iron & Steel Institute, from which he recently returned, Mr van Wyk says it is noteworthy that almost all countries involved are currently cooling down their economies

"South Africa's economy is purposefully being cooled down because of its unfavourable trade balance

"It is unfortunate that it must be like this and one trusts we will soon get the opportunity to grow at more than a modest three percent a year

"We do not yet see the effect on steel demand of the dampening of the economy, but it is expected that domestic demand in the third and fourth quarters of this year will decrease"

Concerning the international steel scene, Mr van Wyk says all countries are concerned about inflation and rising interest rates — even a country such as the Taiwan, which has become a major power in the world economy

"Nobody is prepared to risk making a prediction beyond the years after 1989 If the world economy remains at the same level as 1988, it is favourable because we will conduct our trade under the same circumstances as those applying in 1988

"If the overseas markets remain as good as they currently are, we will not be so vulnerable to fluctuations in the domestic market

"We can at least look forward in the next two years to reasonable business conditions," he says

Share spread for Iscor

B Day 6/7/89 ROBERT GREIG (260)

SMALL investors are likely to be favoured in share allocations when Iscor's offer opens in October, but they will not get preferential offers

Iscor's articles of association and the terms of the offer will limit the size of local and foreign institutional shareholding for five years

Eugene van Rensburg of the State Privatisation Unit said the offer's design would reflect government's desire to spread share ownership.

Iscor has said its 58 000 employees would be offered 150-million shares.

● Report Page 7

Small investors likely to get niche in Iscor offer

BDay 6/7/87 (260)

ROBERT GREIG

SMALL investors are likely to be favoured in share allocations when Iscor's offer opens in October, but they will not get preferential offers.

Iscor's Articles of Association and the terms of the offer will limit the size of both local and foreign institutional shareholding for five years

These limitations have been agreed to by the JSE as an exception to rules

According to the State Privatisation Unit's Eugene van Rensburg, design of the offer will reflect government's desire to spread share ownership, avoid concentrations of economic power, and guard against foreign control of strategic industries

"The exact terms of the public offer have not been decided yet I think you will find that there will be a strong preferential treatment of individual shareholders in the allocation," Van Rensburg said

He added that the holdings of individual institutions would be limited to 20% — 300-million shares

Last week it was announced that Iscor's 58 000 employees would be offered 150-million shares Cumulatively, foreign holdings will be restricted to 20% with no individual foreign shareholder having more than 10% The state will initially hold 49%

The definition of *institution* loosely follows that of the Banks Act In effect, it will mean that family clusters of institutions will be treated as an institution

Cluster

"The limitation on SA corporate holdings is intended as a clear signal that government does not intend Iscor to fall into the hands of dominant institutions," Van Rensburg said

Privatisation spokesmen agree that, in theory, this would be difficult to police, even with proposed securities legislation requiring holders of more than 10% of equity of one company to disclose their holding to a proposed Takeover Panel

JSE president Tony Norton believes, however, that a 20% holding by even by a cluster of institutions would be so large that "a concert party would surface"

The limitations respect a Competition Board recommendation against state regulation of Iscor as a defence against monopoly ownership and in favour of internal regulation, said Van Rensburg

The limitations will operate for five years and be written into Iscor's Articles of Association

Ministerial permission will be needed to change them within that period

After that period shareholders — the majority shareholder being government — will regulate ownership

□ Plans are in place for a marketing campaign to sell the benefits of share ownership to potential Iscor investors

The state's marketing team, comprising an advertising agency and two public relations agencies, has commissioned what an advertising executive called quantitative, in-depth research into share ownership and attitudes to it

This is expected to be completed by the end of next month and will help to fine-tune proposed advertising and marketing strategies to sell share ownership in Iscor

BDay 6/7/89

State chips in to cover perks tax

229

KAY TURVEY 260

THE State is to carry the full cost of the Iscor employee share participation scheme — including the perks tax — with funds raised through privatisation.

Iscor privatisation adviser Eugene van Rensburg said the State would pay the Receiver of Revenue one lump sum for taxes owed from funds raised.

This would include the fringe benefits tax applicable to the gift of shares taken up by employees. However, the payment of this perks tax attracts tax, itself being an additional perk.

Bernard Kaiser, assistant of GM Senbank, one of Iscor's merchant bankers, said it had been agreed with the Receiver of Revenue that, where this tax was paid, it would do only one round and fall away.

This tax situation comes into effect without any exemptions from fringe benefits tax legislation, although Iscor employees will not in effect pay tax on the benefit.

Iscor was being treated in much the same way as any other private sector company, Van Rensburg said.

To introduce an exemption from perks tax under the Income Tax Act would have been unacceptable, tax experts pointed out, because it would be contrary to equal treatment for public and private sector bodies.

S/Day 7/7/89. (SAP) 260

CSIR breakthrough sets SA on winning course

SOUTH Africa has its own electronic fuel-injection system for motor vehicles in an advanced state of development

The system is the work of the CSIR's Division of Production Technology (DPT) and the company, Advanced Fuel Systems

Prototypes have been "repeatedly and successfully evaluated" in a number of test vehicles, says the DPT These include cars used in rallies and off-road racing, where conditions are particularly taxing

The system uses state-of-the-art technology, but is of such a nature that it can be manufactured locally

Commercial introduction would have considerable advantages for SA, notably in view of the revamped local-content programme, local engine development and commonality, and testing and repair capabilities

The system has a microprocessor-based electronic control unit (ECU), capable of controlling between one and eight injectors, depending on engine requirements

Hot-wire

A common ECU is used for all applications, and all changes are made by either eliminating some components on the simpler units, or by making minor changes to the software programme

A feature of the system is that it makes use of a hot-wire anemometer for sensing air mass flow, which in turn reduces the need for altitude adjustments

It can be used as a conventional fuel-injection installation, or as a replacement for carburettors using the single-point version

At present it is not practical to produce carburettors locally, as a special unit would have to be made for each application and tooling costs would be prohibitive

The single-point electronic fuel-injection system would eliminate these problems, and would allow local manufacturers to undertake more ambitious local development programmes

Replace

Application changes would only require "reasonably minor" software program adjustments As all the expertise for the system is locally available, there are a number of advantages

Local engine development is facilitated The system can serve as a replacement for only the electronics of imported multi-point systems — or it can be offered as a complete package

This would include all injectors, fuel pump, pressure regulator, wiring harness, a locally produced inlet manifold and a throttle body for both single and multi-point injection systems

Problem

At present there are few repair facilities for fuel-injection control units If one fails, it has to be replaced at considerable cost

The new system solves this problem — and there's a plan for an exchange system to cut costs to consumers

Commonality is ensured As the same range of air mass sensors and electronic control units will be able to be fitted to all cars, the price of the system will benefit from reduced tooling costs

Differences between various models will be found in the software programs

Testing is local and flexible All testing can be done under local conditions In the event of any problems or queries, it will be a simple matter to consult the designers and producers Changes could be quickly implemented

Local content is improved With the change in local content legislation, the system will be "very advantageous" as it's a high-value item

Interest

"At present we estimate the local content of our electronic units to be 60%," says DPT spokesman Alan Webb

"Several well-known manufacturers of high quality electronic equipment are interested in the manufacture of this system"

In the development phase, a lot of effort has gone into designing a system which will be able to withstand harsh conditions, such as varying temperatures, vibrations and electrical disturbances, as well as service abuse

Iscor's lost opportunity

BDay 7/7/89

WITH ALL the heady talk of the "big" negotiation floating around, two more modest examples have, or should have, surfaced in the past week

The "should have been" is the Iscor share offer to employees announced last Friday. The offer is superior in many respects to equivalent private sector schemes implemented in the past few years

With 10% of total equity set aside for employees, it is larger than all except the Samcor deal, where an employee trust received 24% of that company's equity in the special circumstances of disinvestment

It is also comparable with the largest employee share ownership programmes (esops) implemented in the UK's privatisation process Further, employees' shares will be immediately negotiable upon the listing of Iscor

This approach recognises prospective share-owners as mature adults capable of making their own economic decisions The more popular private sector approach is to keep shares in trust, and the employees as captive share-owners, for a few years while they 'learn" the benefits of share ownership

□ □ □ □ 260

THE Iscor esop, though, is more than a run-of-the-mill private sector scheme It is a critical part of a new and controversial government policy — privatisation — with important political and economic implications

In this light, the official argument against prior consultation with representatives of the workforce — that no share offer involves negotiation — is both questionable in itself (what, for example, were Mobil and Gencor doing in the first few months of the year?) and irrelevant.

The creation of this scheme was an opportunity — now lost — to engage unions, who represent well over 50% of Iscor's non-managerial staff, in debate over some of the major economic questions of the day.

Debate would have been difficult, particularly given that the major unions at Iscor — Cosatu's Numsa with nearly 10 000 members and the whites-only SA Iron and Steel Industries Union (more than 6 000) — come from opposite ends of the political spectrum

But it is quite possible that it would have thrown up some extremely creative ideas. Numsa is now devising a comprehensive response to the scheme, and the outcome of these deliberations may give an inkling of what opportunities were missed.

If there is a less than positive response to the scheme — from employees or their organisations — those in Iscor management, the privatisation unit, or the Department of Administration and Privatisation, who decided it was necessary to proceed unilaterally, will have to bear the blame.

□ □ □ □

THE second example is the mostly amicable settlement reached this week between the NUM and the Chamber of Mines, which holds out some important lessons on how the negotiation process works in South African industry

There was, back in April, a great deal of outrage expressed by the Chamber and many independent commentators at the NUM's opening demand, which was for increases of more than 100% in some respects

The Chamber, as a player, was entitled to express its views on what, at face value, appeared a wholly unreasonable demand That, after all, is how the "game" is played

For outsiders, though, it should have been simply a reaffirmation of South African traditions of collective bargaining

Opening demands invariably reflect what the union's constituency considers a fair or living wage These demands are intended to make a serious point, and are generally not related to payability in the industry or company concerned

The real negotiations come later and, more often than not, are successfully concluded

260

Iscor to spend R1bn on projects

B Day 5/7/89.

CHERILYN IRETON

ISCOR is to spend R1bn on capital projects in the next couple of years.

Outlining the steel giant's expansion plans to reporters yesterday, chairman Willem van Wyk said Iscor would be in a position to finance the expansion from internal resources

Iscor is in the process of being privatised and its shares will be listed on the JSE on November 8

Capex

It will not receive any of the capital raised through the listing Instead government will use the funds from the sale of its shareholding to reduce public debt At the end of June 1988, Iscor's debt ratio (expressed as total debt as a percentage of total assets) amounted to 27% and in spite of the extensive capex programme, this ratio is not expected to exceed 30% in the next couple of years

Because of the low gearing, Iscor's advisers to the listing said it was unlikely that the group would have to raise additional funds through rights issues

Van Wyk said the two biggest capital projects currently under way are.

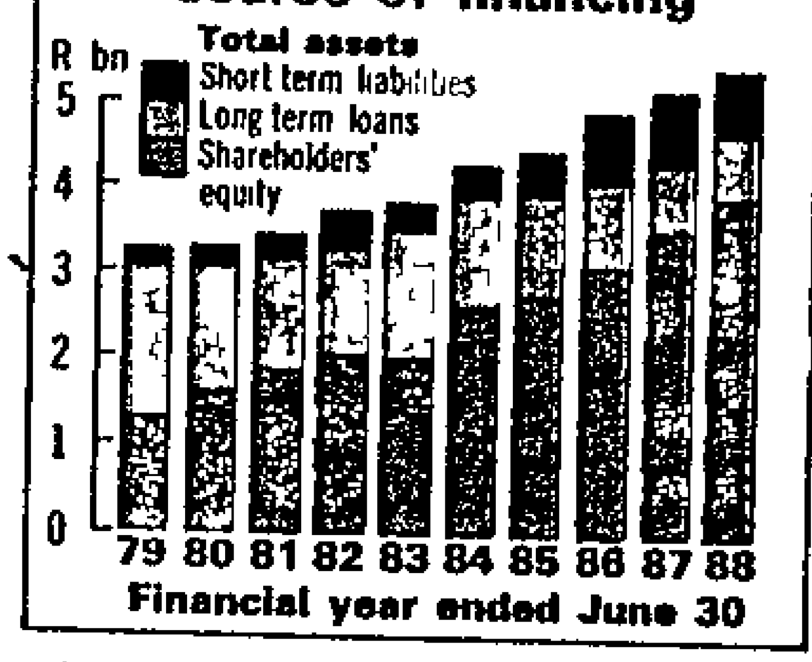
- The extension of the Ellisras coal mine, where capacity is being increased from 4-million to 12-million tons for supply to Eskom's Matimba power station, and,
- The upgrading at Vanderbijlpark of the hot-strip mills which will increase capacity and improve the value of projects

Iscor is also installing a production line to supplement its tinning capacity. According to the latest annual report, the tin free steel, which is a steel sheet coated with a layer of chromium, is intended for the manufacture of beverage can tops and will serve to replace certain grades of tinplate in general applications.

Results for the current year, which will determine the market capitalisation of Iscor, will be released on September 21

Chairman Marius de Waal says pre-tax profits will again show considerable growth and taxed earnings will show adequate real returns Budgets for the current year showed a continuation of this trend.

Iscor — total assets and source of financing



Eksteen, PW secretary set for top consultancy

BDay 13/7/87

260

TIM COHEN

STRONG speculation exists that former SABC director Riaan Eksteen, P W Botha's private secretary Capt Ters Ehlers and former top Foreign Affairs official Kobus Greeff are to establish a high profile consultancy

The trio are remaining tight lipped about the venture, but according to sources it will be launched as soon as Ehlers leaves the State President's office

Eksteen, speaking on behalf of himself and Greeff, said last night "Once the company has been formed and all its members are in a postition to address the media, a full Press statement will be released and a proper Press conference will be held"

It is understood that the consultancy will not focus on politics specifically, but will involve interaction with political departments both locally and in other southern African states.

The company, which will advise top businesses, will specialise in analysis and smoothing the path of enterprises to the mutual benefit of all parties.

The possible establishment of the company comes at a time when government is attempting to encourage business enterprise between SA and its neighbours

If established, the company will also try to take advantage of the recent peace initiatives which will facilitate such enterprises

Election

The proposed company will not be a lobbying group as such, but will "oil the wheels", according to sources

It is understood that Ehlers will remain in the State President's office until after September's election, when Botha will stand down Then he will join the other two

Eksteen, a former SA ambassador to the UN, retired from the SABC following a row with Botha

He still maintains close contact with Foreign Minister Pik Botha and with other government officials

He has been doing political risk analysis for Baird Communication in Randburg and brokers Ed Hern, Rudolph Incorporated

Francois Baird said yesterday he did not expect Eksteen's other business affairs to interfere with his work for the communications company

Ehlers spent three years in France training for his post as SA Navy submarine commander In his capacity as the President's private secretary, he has accompanied Botha on all his trips to Europe and Africa

Greeff was vice-consul in Milan, but has since become a businessman involved in a major food packaging and processing business

For many 260 white is right

WHITE TV viewers have definite preferences when it comes to the TV channels on which they prefer to see multiracial advertising Star 18/7/89

From a recent survey conducted by Impact Information among 200 white TV viewers on the Witwatersrand, it was evident that multiracial ads are preferred to be seen on TV4 (31%), followed by M-Net (23%) and TV1 (20%).

However, to half of all TV viewers it makes no difference whether the ad flighted on a particular TV channel is multiracial or features whites only English-speaking, 35-49 year olds, in the upper income groups in particular hold this view

However, when asked which types of ads are preferred by viewers for flighting on TV1, one-third of the respondents expressed a clear preference for commercials featuring whites only. This view is held in particular by 16-24 and 50 plus year olds, lower income, Afrikaans respondents By contrast, the preference for white models only was extremely low for TV4 (8%) and M-Net (7%)

Warning sounded to potential investors out of date — Iscor

260

B Day 19/7/89

ROBERT GREIG

POTENTIAL buyers of Iscor shares have been warned off by Andreas Wassenaar, but Iscor says the facts on which his warning is based are out of date

Iscor, due to be listed in November, is the first major privatisation venture by the state

The warning comes in a chapter on privatisation in Wassenaar's new book Squandered Assets, which, like its predecessors, attacks government economic mismanagement

Wassenaar believes funds from privatisation are likely to inspire "a new spate of government spending", adding they will "almost certainly" be used partly to defray current government expenditure

While he concedes Iscor "is and has been a candidate for privatisation for many years", he doubts its track record is an acceptable guide to its profitability

He adds "Iscor's relationship with the secondary steel industry is a matter which must be sorted out before anybody can be expected to make a sensible offer for Iscor shares"

Wassenaar says a price-fixing policy coupled with an embargo on the importation of raw steel "resulted in the secondary steel industry being compelled to support Iscor This policy has all but murdered the secondary steel industry"

He says prices are determined by a committee of large steel producers on which Iscor "must have an overwhelming influence", and steel importation is controlled Prices are fixed "to protect Iscor's profitability and ultimately its solvency, thereby promoting the secondary steel industry to the unenviable position of being (Iscor's) financial guardian"

Iscor's PR manager Piet du Plessis says "Dr Wassenaar's remark about price-fixing is out of date Prices were deregulated four years ago. They are not set by a producer committee

"Tariff protection for the steel industry exists, as it does for many other SA industries and as it does for steel industries in many other countries. It exists to prevent dumping However, the SA steel producers are competitive between themselves and face the competition of substitute products"

Iscor launches aggressive new campaign to prepare for JSE listing

BRENT MELVILLE

FOLLOWING its registration as a company early last month, Iscor has launched an aggressive new corporate image-building campaign in preparation for its listing on the JSE later this year B Day 20/7/89.

Iscor media GM Piet du Plessis said the "awareness" campaign was aimed at showing Iscor's positive influence on the SA economy

A 90-second television commercial forms the main thrust of this campaign, which aims at introducing Iscor to its target audiences as a company involved in every sphere of SA's economic activity A 20-ton, 15m high steel Iscor logo which took three weeks to complete forms the nucleus of the advertisement

The strategic planning of the campaign was done in co-operation with advertising agency Klerck & White over about four months and David Feldman Productions was appointed for the television commercial (260)

Neither was prepared to disclose costs

The campaign also consists of nine full-colour Press advertisements, five of which are aimed at a general audience and four primarily at the country's business and financial community, says Du Plessis

The far-reaching effects of Iscor's operations are illustrated by showing the application of steel in many varied sectors

Small investors to get big chance

260

BDay 25/7/89

Iscor's JSE listing set for November 8

ROBERT GREIG and CHERILYN IRETON

ISCOR will be listed on the JSE on November 8.

Institutions and small investors will be invited to participate in two separate share offers before the flotation

MD Willem van Wyk said in Pretoria yesterday "There is no reason for the state to continue to retain control of Iscor It has been run and managed successfully as a private company"

Iscor's initial capitalisation is still undecided and will depend on the 1989 financial results due out in September.

Small investors will also be favoured if the offer is oversubscribed.

Van Wyk said government would not underwrite the issue and the decision on underwriting would be made in the light of institutional investor attitudes

State merchant bankers are canvassing views of potential institutional investors

No special mechanisms to persuade small investors to keep their shares were being considered, said the Privatisation Unit's Peter van Huyssteen

However, the terms of the offer limited domestic, corporate and foreign shareholding to 20% each This would also help to spread Iscor share-ownership

This approach is compatible with the employees' share scheme which will seek to place 10% of Iscor's shares on offer (150-million) in the hands of 58 000 staff

These in turn would partly depend on Iscor's results They were expected to "continue the trend of considerable growth shown in the year to end-June in pre-tax profits and adequate real after-tax profits"

The state plans to sell a minimum of 50% of Iscor in an initial tranche The timing and size of later tranches would depend on ruling market conditions

Van Wyk said it was possible, the 50% could be worth "considerably more" than the R3bn referred to last year by Privatisation and Deregulation Minister Dawie de Villiers Van Wyk put Iscor's net asset value at R4,5bn

Iscor will issue its prospectus when the share offers open at the beginning of October The offers close on October 27

● See Page 8

e cash to counter substitute materials

B Day 25/7/89

260

ROBERT GREIG

Van Wyk said competition was across its product range, including its major item, railway lines. An effect of this competition was to keep down prices.

He was asked to comment on the view that, although Iscor was privatising, it was sheltering behind tariff protection to preserve domination of the local market.

He said: "Tariff protection exists which protects the SA steel industry against dumping. The protection is based on exchange rates which no longer apply."

Protection took the forms of *ad valorem* duties (3%) and tariff protection against dumping. This protection was based on out-of-date exchange rate figures.

"If the international market changed in such a way that we faced dumping, then we would apply for a revision of those figures," he added.

He said earlier the international industry was strong. Low real interest rates and real growth rates worldwide, and better supply-demand ratios, had strengthened it.

Distortions caused by government subsidies had been, or were being, eliminated.

Van Wyk said Iscor's record conformed to international patterns.

The organisation had been operating at full capacity since 1981; capacity had not been increased "for 15 years", though efficiency and productivity had been improved.

In 1988 Iscor had a 13,5% return on assets; in 1989, it was expected to be 19%. Assets — now worth R4,5bn — were revalued annually.

Iscor: buy of a lifetime

260

Diagonal Street

Star 25/7/89

DEREK TOMMEY

Are you planning to invest money in shares in the near future?

If you are you should wait until Iscor makes its share offer in October.

Early indications are that the issue could be the bargain of the year — and possibly the decade.

Iscor directors were not too forthcoming about the share issue at a briefing in Pretoria yesterday.

There were too many details still to be decided, they said.

Before they could be more specific about the terms of the issue they needed to a get a better idea of how many Iscor shares the market wanted to take.

But some important points did emerge.

The first was that the offer was likely to be extremely attractive.

It was suggested that the price was likely to be pitched so that the earnings yield exceeded the inflation rate of 15,7 percent.

This means that the issue price is likely to be six times earnings, which will make the share well worth having.

Highveld Steel is standing at a P/E ratio of 8,8, while Usko, owing to its new investment in vanadium, is on a P/E of 19,7.

Shares in Amic, a company of similar stature to Iscor, are on a 9,9 P/E. Another major company, Barlows, is on a P/E of 11,2 and Murray & Roberts on 16,9.

A second point was that the small investor would get red-carpet treatment.

It is planned to have two share allocations — one for the financial institutions and one for the private investor

Iscor's chairman M T de Waal made it clear that small investors would be favoured — even if this meant Iscor finished up with 150 000 shareholders.

The third point is that Iscor is riding the crest of a wave that is likely to lead to strong profit growth for several years ahead.

The steep increase in the oil price in the early 1970s plunged the world's steel industry into a major depression.

It only began to emerge from it two years ago when the mass closure of high-cost mills together with heavy investment in increasing productivity and product quality, began to pay off.

This has has given the steel industry an edge over substitute materials, which it seems unlikely to lose.

The edge is already paying off handsomely for Iscor

Profit figures for the financial year to June 30 will not be issued until mid-September.

But hints dropped by the directors suggested profits could be at least 40 percent higher than in 1987-88.

A further sharp increase in profits is expected in the current year, a trend that should continue intoe

All told, the Iscor share issue looks like being an overwhelming success

This is the time, therefore, for everyone, and not just investors, to start saving up in preparation for what is increasingly beginning to look like a once-in-a-lifetime opportunity to buy a stake cheaply in what seems destined to be one of South Africa's most profitable enterprises

Steelmaker sets aside cash to counter substitute materials

B Day 25/7/89

ROBERT GREIG

(260)

INTERNATIONAL steel demand is sparing the SA industry from imported competition but, if that changed, Iscor could seek a strengthening of tariff protection against dumping

MD Willem van Wyk, speaking after a media presentation on Iscor's privatisation, in Pretoria yesterday, said the buoyant international market meant SA was not being subjected to dumping

He added Iscor was facing competition from substitutes for all of its products.

Its R1bn capex plans for the next "couple of years" were to add value to existing products, for expansion and to help diversification to counter competition from substitutes

The removal, through privatisation, of the state's dominant influence would stimulate Iscor's diversification

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The organisation had been operating at full capacity since 1981; capacity had not been increased "for 15 years", though efficiency and productivity had been improved

In 1988 Iscor had a 13,5% return on assets; in 1989, it was expected to be 19% Assets — now worth R4,5bn — were revalued annually.

Futures industry 'misunderstood'

NEIL YORKE SMITH

ATTACKS on futures brokers and on the futures industry as a whole are the result of a low level of awareness, claim industry figures

Brokers say the fledgling futures industry is prone to attacks by people who do not understand it The industry is working to educate potential investors in all aspects of futures, they say This is reflected by the number of training courses and seminars available

B Day 25/7/89

A booklet published by the SA Futures Industry Association (SAFIA) confirms the importance of investor education Investors are encouraged to study the details of futures contracts and to deal only with reputable brokers who are SAFIA members and who subscribe to its code of conduct

Brokers point out the risks of futures investing High returns are possible but so are losses Investors are urged to view their futures investments as risk capital

The SAFIA confirms the risks involved and emphasises the term "risk capital" Investors should be prepared to lose their capital and its loss should not result in a change in their living standard, says the association

Bad publicity has not deterred serious investors Both Anglovaal and Rand Mines have profited by futures trading A spokesman for Rand Mines says the existence of liquid futures markets can be used to great benefit Speculators are essential in ensuring such liquidity, he adds

Sources stress the need for industry education as opposed to futures retailing The long term benefits of such a view will accrue to all parties whether long term investors or speculators, they say

Star 25/7/89.

The Star
Finance

260

Long-term interest rates showing signs of easing

By Derek Tommey

Long-term interest rates have started to ease

But it is a little early to see this as the start of a definite trend, say gilts dealers

They point out that short-term technical factors are also playing a part in the downwrd movement

The rate of interest offered by Eskom's 11 percent 2008 stock — the market's bellwether at the moment — soared almost one percentage point after the March Budget to 17,34 percent and then steadily climbed to a peak of 17,57 percent on May 22

Since then it has been slowly and erratically declining, reaching a post-budget low of 17,13 percent last Friday.

But the gilts market was not too happy with the inflation figures released yesterday and the rate firmed to 17,15 percent

One factor behind the easier trend in the past few weeks has been "covering in" by futures traders, says George Herman of Interbank Discount House

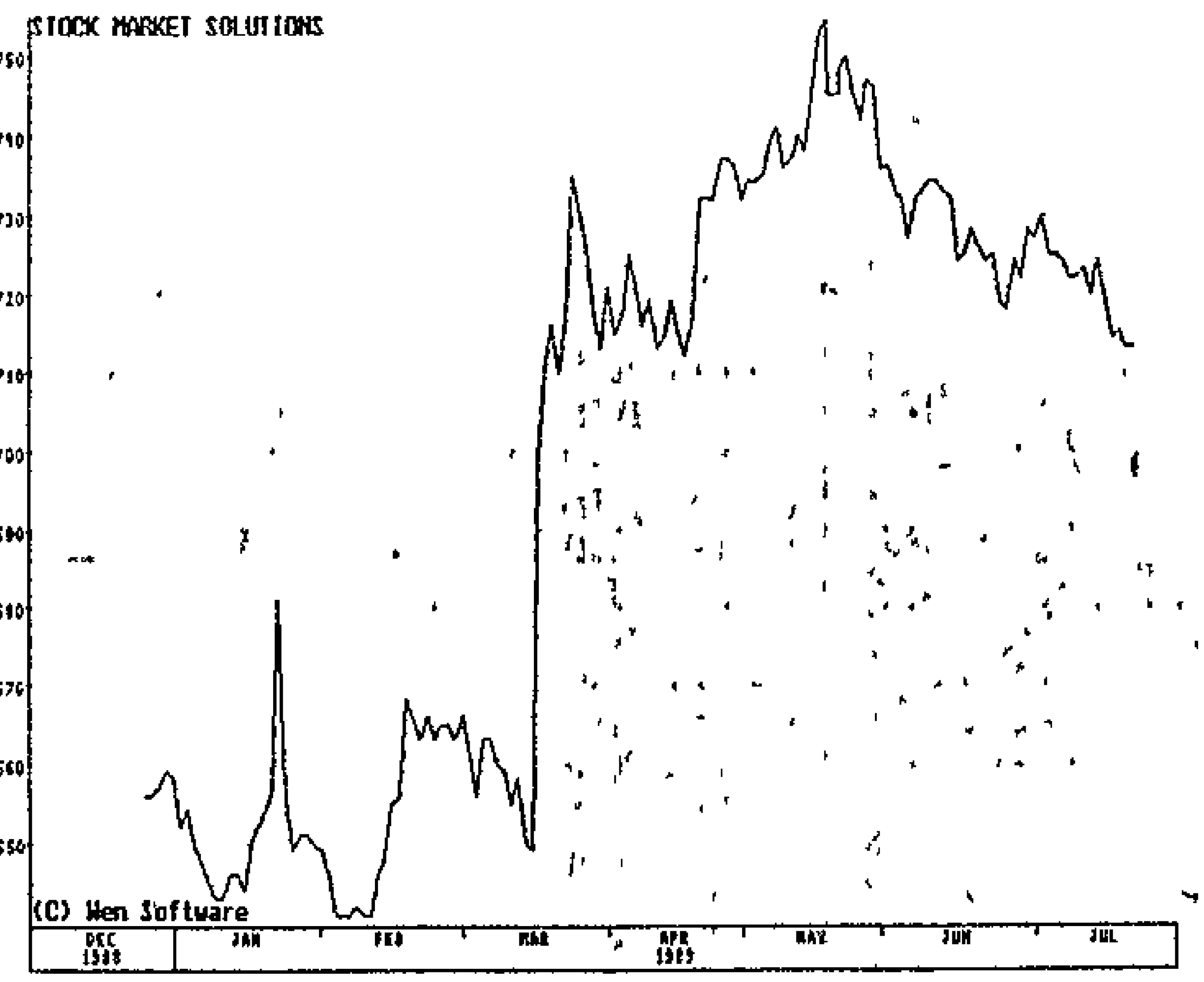
Settlement Day is August 3 and forward positions have to be closed by then

However, when futures traders resume operations after August 3 and start selling ahead, the prices of gilts could drop again and interest rates could start to rise

Mr Herman says the market has been quiet lately.

With the ending of the prescribed asset requires the institutions have no immediate need to buy gilts

But this lack of demand has been offset by the Government offering little additional stock to the market



Long-term interest rates have been slowly falling since reaching a peak of 17,57 in May.

As a result the gilts market is marking time until a new trend has been established

Another gilts dealer says continued small overseas buying of gilts has also contributed to the higher price of Eskom stock and the drop in the yield

Foreigners can buy Eskom stock with financial rands

This enables them to get it at a discount of 35 percent at the present time

However, the interest is paid overseas in commercial rands So, while a South African would get a return of 17,15 percent from Eskom stock if he had bought some yesterday, a foreigner would get a return of more than 26 percent

Another factor that could be helping to depress interest rates, say gilts dealers, is the expectation that Bank Rate and the commercial banks' prime rates might be cut by 0,5 percent between now and the election on September 6

While long-term rates are unlikely to fall by the full 0,5 percent if this happens, they are expected to ease further

BUSINESS

Argus 25/7/89 (260)

PRIVATISATION

Iscor aims to sell off 80pc

From ROY COKAYNE

PRETORIA — Iscor chairman Mr Marius de Waal expects the government to sell off at least 80 percent of the corporation via its listing on the Johannesburg Stock Exchange on November 8 — and is optimistic the share offer will be oversubscribed

But if the issue is oversubscribed, it will favour the small investor, said Mr Pieter van Huysteen, head of the government's Privatisation Unit at a briefing in Pretoria yesterday

The prospectus for the share offer is to be issued at the beginning of October and the offer will close on October 27

Mr van Huysteen said the share issue would be in two parts, with one part set aside for the small investor in such a way that it will not involve competing with the financial institutions.

"The small man will have the best possible chance of getting a substantial stake," he said

Mr de Waal said Iscor's financial results for the year to June 30 were not yet available — they are scheduled to be released on September 21 — and the value of shares could therefore not yet be determined

However, he said Iscor's pre-tax profits for this year were up on last year and there had been a considerable growth in pre-tax profits In addition, after tax returns had shown adequate returns in real terms and the budget for next year showed a continuation of this trend, he said

Mr van Huysteen said they were currently engaged in determining what the "appetite for shares" was among investors such as the financial institutions

He said only once they had completed sounding out the financial institutions would it be possible to state how much of Iscor the governement could realistically expect to be able to sell off

Mr van Huysteen said it was impossible at this stage to put figure on the total cost of the listing project but said they were working in terms of percentages and their projections were well within the experience of other countries

He said in Britain the cost was between 2 to 4 percent of the total cost of the issue and "we're well below 5 percent and nearer the middle mark"

Mr van Huysteen said a decision had not yet been taken on whether the share offer would be underwritten

Iscor general manager in charge of finance, Mr van der Merwe, said investors could expect a real return on their investment However, it was difficult to put a figure on the expected return because this touched on the capitalisation value of the corporation

But Mr van der Merwe said Iscor's return on total assets was 13,5 percent in 1988, 19 percent in 1989 and "we're expecting something better than this in the years ahead"

He said Iscor would have dividend policy that would satisfy shareholders

Iscor MD, Mr Willem van Wyk, said the corporation had worked its debt down to a very conservative level and for the first time since 1984 could start pending money on expanding its capabilities to improve the value of the end products they produced

Privatisation would open the way for further diversification, he said left groin caused by his daily weightlifting sessions, doctors reported.

CAPE TIMES 25/7/89 (220)

Iscor workers reinstated

JOHANNESBURG. — The Industrial Court has ordered the reinstatement, with the maximum permitted six months backpay, of 133 Iscor employees dismissed after participating in the June 6 to 8 stayaway last year.

GVC Times (200

es, Tuesday, July 25, 1989 ★

No Sasol report

Own Correspondent

JOHANNESBURG — Sasol management, at an inquiry into the fire that killed 12 of its employees in January, yesterday declined to make available its report on what caused the accident

The company claimed legal privilege in its refusal to present its findings before the Minerals and Energy Affairs Department's Works and Mines Act inquiry

Sasol's refusal came after advocate Mr Paul Pretorius SC, for families of the victims, asked for the company's report of internal investigations to enable him to get to the bottom of the cause of the accident

He demanded disclosure of information about the causes of the fire unless privilege had been claimed in sworn affidavits

Mr Schalk Burger SC, for Sasol, then presented sworn affidavits in which management claimed legal privilege

One of the witnesses, Mr Willem Jakobus Nel, an area engineer at the time of the accident, also refused to answer questions relating to the piping at the Sasol Three plant at the time, on the grounds that he did not wish to incriminate himself

Mr Nel was not the first engineer to refuse to answer questions At an earlier hearing, another engineer and divisional manager, Mr Les Hearn, refused to answer questions relating to his responsibilities as engineer in charge when the accident occurred, on the same grounds

The inquiry continues today

The presiding officer is Mr D Snyman of the Minerals and Energy Department Mr Pretorius, instructed by Cheadle Thompson and Haysom, represents the Chemical Workers' Industrial Union (CWIU), some of whose members were killed in the fire Mr Burger is instructed by Hofmeyr Van der Merwe Inc

(260)

Eskom's chief generates a powerful idea

BRENT MELVILLE

ESKOM CE Ian McRae believes an energy base could see southern Africa boasting the highest economic growth in the world within a decade.

He told the SA Institute of Internal Auditors' annual meeting the region — comprising 11 countries — had the potential for an extremely high economic growth rate

"Already seven southern African countries are linked to Eskom's power grid and there is an extremely large growth potential for the supply of rudimentary electrical power to SA and southern Africa," he said.

"At the moment electricity represents only about 26% of the power requirements in SA, but this market share will increase"

McRae said it was time Eskom, in collaboration with the private sector, made things happen

"Otherwise we are looking at a future with a destabilised economy, a workforce with a lack of skills and slow overall growth," he said

McRae added. "If Eskom wishes to take on the responsibility for this ambitious scheme, it must have a vision of where it wants to go and how it aims get there"

However, in spite of rationalisation, increasing power plant efficiency and reducing the workforce over several years, from 66 000 to 52 000, "in terms of productivity we still have a long way to go", he said

Eskom distribution and marketing GM Randolph Forbes last week announced a manual for Appropriate Technologies in the Supply of Electricity "in order to facilitate the supply of electricity at a reasonable cost and within an acceptable period to the 20-million South Africans without electricity" B Day 25/7/89

The manual formulates objectives aimed at generating electricity for all at minimum cost

Forbes said the logic that dictated Eskom's statutory regulations and codes of practice was based mainly on the experience of developed countries and was no longer applicable nor cost-effective

McRae agreed by saying it was time to move away from sophisticated First World solutions

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Sasol refuses to hand over report

B Day 25/7/89

SIPHO NGCOBO

SASOL, at an inquiry into the fire that killed 12 employees in January, refused yesterday to make available its report on what caused the accident

The company claimed legal privilege at the Minerals and Energy Affairs Department's Works and Mines Act probe

Sasol's refusal came after Paul Pretorius SC, for families of the victims, asked for the company's report on internal investigations

Affidavits

This would help him in attempting to establish the cause of the fire

He demanded disclosure of information from Sasol into the causes of the fire unless privilege had been claimed in affidavits

Advocate Schalk Burger SC, for Sasol, presented affidavits in which management claimed legal privilege.

Willem Jakobus Nel, an area engineer at the time of the accident, also refused to answer questions relating to the piping at the Sasol 3 plant on grounds that he did not wish to incriminate himself

Nel was not the first engineer to refuse to answer questions

At an earlier hearing engineer and divisional manager Les Hearn refused to answer questions relating to his responsibilities as engineer in charge when the accident occurred

He also did not want to incriminate himself

The inquiry continues today

The presiding officer is D Snyman, of the Minerals and Energy Department Paul Pretorius SC, instructed by Cheadle Thompson & Haysom, represents the Chemical Workers' Industrial Union, members of which were killed in the fire Schalk Burger SC, instructed by Hofmeyr, Van der Merwe Inc, represented Sasol

Education of SA children 'falls short'

Being at school is one thing, but learning is another, a CSIR conference in Pretoria has been told Education Reporter SUE VALENTINE reports.

The education of children in South African still falls far short of the minimum regarded as essential for a developing country, says the chairman of the Anglo American and De Beers Chairman's Fund, Mr Michael O'Dowd

Speaking at the three-day Southern African Conference on Education Technology being hosted by the Council for Scientific Research (CSIR) in Pretoria, Mr O'Dowd said the minimum period for a child to attend school in developing nations was usually regarded as six years

In the First World, the accepted goal was 10 years

But being at school was one thing, and learning another, he said. In many First World countries children still emerged functionally illiterate after 10 to 12 years of formal education

The crisis in South Africa in recent years has been precipitated by the failure or malfunction of methods used to expand the educational system

Mr O'Dowd said it was important not to think too much in terms of crises, with their implications of emergencies, but rather to prepare for a long haul.

Educational technology was relevant to South Africa because it did not have the resources to provide all children with the education they ought to have

"The search is therefore on for any methods which are more cost-effective than those currently in use If we can teach children equally effectively for less money, we will be able to teach more children — or some children more This is what we need to do"

He said most educational technology developed in the First World appeared to be of a luxury nature

"Luxurious, nice-to-have educational technology is something which we should not ignore, but we must face the fact that it has very little to offer in our current situation"

Mr O' Dowd sad his impression of educational technology suggested that the areas in which machines could replace teachers were limited

Books became available thousands of years ago, and some people, both talented and motivated, have been educating themselves out of books with little or no help from teachers for hundreds of years"

Mr O'Dowd warned against an over-confidence in the use of television as a teaching aid He pointed out that there had been ample time for films to have become established educational aids, but over 60 years they had not

Most educational technology was an aid for the outstanding teacher and not a means of replacing a teacher, nor a crutch for the weak teacher

The effective use of high-powered educational equipment makes greater demands on the teacher than talk and chalk If this is true, it does not invalidate educational equipment, but it alters its significance"

One clear exception appeared to be the interactive computer, which could replace the teacher in one of the most tedious and time-consuming tasks marking of exercises, where no judgment was required

"The interactive computer has the additional great advantage that marking is instantaneous and the feedback much more effective but even here the question of cost-effectiveness has to be faced"

The cost of equipping one teachers' training college with the necessary equipment for effective drill just in mathematics exceeded R250 000

Mr O Dowd said the chances of equipping all schools in this way seemed an impossibility in the foreseeable future

He did not intend to disparage technology, but emphasised that the technology which contributed to human progress was that which was cost-effective — and people who were pursuing its development should have the words "cost effectiveness" ingrained on their hearts

Currency chaos hits Zambia

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The Star's Africa News Service

LUSAKA — With Zambia's commercial sector almost grinding to a halt, the secretary-general of the ruling United National Independence Party (Unip), Mr Grey Zulu, yesterday ordered all shops in the country to accept the old Kwacha bank notes

Locals observers say the call will probably be ignored

The Zambian government announced at the weekend that new Kwacha notes would be introduced in the country and ordered the closure of borders until the new notes become the sole legal tender on August 4

Under the change-over laws, people are permitted only to change 2 000 Kwachas in old notes for new Kwachas Any amount above that must be deposited in a bank and any amount over 10 000 Kwachas will be taxed 50 percent

This has resulted in shops closing their doors or refusing to accept old Kwacha notes and there are fears that riots could soon erupt as people run out of goods

Mr Zulu, acting president while President Kenneth Kaunda is out of the country, has ordered shops to stay open

Traders have resorted to buying large quantities of goods in the hope of making money once the new Kwacha becomes the sole legal tender

With people desperately trying to get rid of the old currency, prices of goods have increased dramatically as people with money are prepared to pay any price to traders who are still open in order to get rid of their old notes

The government announced yesterday that 26 Zaireans had been arrested after they had entered the country illegally to try to change old notes for new ones

Some observers believe President Kaunda will announce a change in the 50 percent tax when he returns from the Organisation of African Unity summit

Star 26/7/89

Satour retrenches its entire film unit department

MANDY JEAN WOODS

SATOUR has retrenched an entire film department as part of a rationalisation programme, Satour director Spencer Thomas confirmed yesterday

The six people in the film unit, including multi-award winning director Reinhold Thaumuller, have been retrenched with immediate effect

At least four other people are to take early retirement in March next year, he said

In addition, several posts have been frozen indefinitely, and certain posts which have been vacated will not be filled No management level positions will be affected

Thomas said functions of Satour's 11 regional offices would probably become the responsibility of the provinces soon, as part of the rationalisation programme.

"The move has been accepted in principle by all parties concerned, and we are busy working out the mechanics of the situation

"Satour is mainly a marketing body, and if our funds erode, our right to existence would be at stake," he said

Crippling exchange rates — the bulk of Satour's funds are spent overseas — were the primary motive for the rationalisation There was also a desire to privatise where possible

"We are finding it increasingly difficult to maintain our momentum abroad because of the falling rand.

"We are trying to keep a tight rein on expenses, but if the exchange rate situation continues as it has it could change the picture," he said.

The two year rationalisation programme — which ends in March next year — was expected to save Satour about R5m, or about 15% of its total grant from government, Thomas said

By next March more than one third of Satour's staff complement would have been cut — from 356 employees ~~two years ago~~ to 235.

260 Expired 325 BDay 27/7/89

Thomas said Satour was in the process of building a new R7m head office in Pretoria.

He said the lease on the building it occupied expired next year, and it had been established that it would be more cost effective to build a new building than to lease one for the next 20 years. Construction on the building started earlier this year.

The building is designed by Pretoria architects Brandt Snyman Spruyt.

Soal takes the SABC to task over final say

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Star 27/7/89

Political Correspondent

Political parties are vying for the so-called Goldilocks slot — the opportunity to speak last on SABC-TV's nightly election discussions on "Network"

The "Goldilocks slot" was a term coined during the 1987 election campaign by Rhodes University media researchers who discovered a "Goldilocks effect" in the way the SABC dealt with party spokesmen

Invariably, they said, "Network" would present opposition party spokesmen first — to give the "extreme" points of view — followed by the NP giving the "moderate" in-between view

This was like Goldilocks finding Papa Bear's porridge too hot, Mama Bear's too cold and Baby Bear's "just right"

DP Johannesburg North MP Peter Soal said yesterday that after Monday night's election insert on "Network" he had complained to the SABC that it looked as though the Goldilocks effect was again going to be applied in the current campaign

The topic was the ANC, and DP co-leader Mr Wynand Malan spoke first, followed by CP MP Dr Ferdi Hartzenberg and lastly NP leader Mr F W de Klerk

"Mr de Klerk was able to reply to our arguments while we had no opportunity to reply to his," Mr Soal said

He did not object to this provided the DP was sometimes given the final say He had spoken to the SABC political editor who assured him this would happen

(Report P Fabricius, 47 Sauer St, Johannesburg)

360 Fmail 28/7/89.

ISCOR

Whetting appetites

Though little has been revealed about the Iscor issue — most information is being delayed until the publication in September of June year-end results — there is little doubt that it will be a success. Indications are that the price will be pitched on a very attractive p e and the group is making sure of its success with institutions before deciding the amount to be issued

Reworked accounts for previous years are not yet available Our table is based on the ten-year review given in the annual report for 1988 The profit of R274m for 1988 is that for the company alone, after deduction of the current cost adjustment of R318m, without the deduction the profit would have been more than double The similar group figure is R341m adjusted and R582m without the adjustment Growth is expected to exceed the rate of inflation and the dividend policy will be based on a three times cover

Chairman Marius de Waal says return on assets last year was 13,5% and in the 1989 year will be 19% This suggests that the taxed profit for the year to end-June could be around R820m — the figure it would be if assets have not risen much from the R4,5bn net worth figure of 1988 This is unlikely, as R323m was spent on capital expenditure in the 1988 financial year MD Marius van Wyk says that only replacement has been undertaken in the past 15 years.

Spending is to be sharply stepped up It is now intended to "improve added value" and to establish a tinfree line and an electro-galvanising line Orders for the first have been placed and, with other projects, it is expected that capex will reach R1bn a year The value of assets will thus rise more sharply in future

It is intended that over 50% of the government's holding in the company will be sold and the ultimate objective is to sell all government's shares But analysts point out that government still holds 30% of Sasol, it seems likely that it will be some time before Iscor is completely privatised The State, says Pieter van Huyssteen of the privatisation unit, is emphatic that the group will be listed as a whole and not broken up before privatisation The assets at Sishen and Saldanha do not belong to Iscor.

The question of underwriting has not yet been decided If there is to be an underwriter, it will not be the government or a government agency, says Van Huyssteen

The balance sheet is strong, according to Van Wyk Debt equity fell to 0,275 in the year to June 1988, but the high capital expenditure programme is expected to raise this figure above 0,30 in the next few years, after which it should decline again. Long-term loans are shown in the table, short-term borrowings have dropped from a substantial R352m to R140m last year.

It is clear that the corporation and the government are determined that this sally into privatisation will be a success. That will probably mean that the p e at which the shares will be placed will be lower than that for a similar private-sector company Analysts think that it should be around 5-6 times

Iscor's De Waal ... rising return on assets

Based on our earnings projection, it would seem that the amount to be raised would then be about R2,2bn — roughly equal to the cash flow of all insurance companies and pension funds for the year. Most institutions are highly (10%-15%) liquid, and it seems unlikely that they will sell other shares to invest in Iscor.

The market thinks the shares will probably be priced at around R1-R2, to enable the private individual to buy This suggests an issue of about 1,1bn shares, though other, earlier, estimates have been for about 1,5bn This means there will be many shareholders Iscor points out there are 55 000 employees, to whom 10% of the issue will be allocated The total number of shareholders is expected to be around 100 000, close to the total number of active shareholders on the JSE

Only one reservation was mentioned to us, which is clearly verified by the profit figures in the table — that the business is highly cyclical and that it is coming to the market at the height of a cycle This is largely offset by the expectation that the price will be particularly low, and institutions expect that it will prove to be an excellent investment for the long term

Pat Kenney

ISCOR'S UPS AND DOWNS

Ten year review Rm

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Net sales	4 113	3 495	3 154	2 607	2 425	2 047	2 291	1 967	1 904	1 416
Profit/(Loss)	274	75	185	9	70	(244)	(22)	63	77	(38)
Long-term loans	705	736	940	1 136	1 307	1 466	1 253	1 287	1 463	1 749

MIDAS

Making more

Midas's acquisition of the operations of listed Adco means a diversification for the motor spares group Of Adco's five divisions — auto-electrics, diesel fuel injection, brake retarding mechanisms, turbochargers and repair and service — only auto-electrics overlaps with Midas's current portfolio

Midas chairman Derek Riley says the groups are synergistic Both have warehouses in main centres, which will be rationalised, but otherwise Adco will retain its culture The businesses will be injected into Midas subsidiary Genuine Parts, which also includes the Akals division

Adco's current annual turnover of R60m compares with Midas's R176m last year Midas estimates that if Adco's businesses had been owned in the year to end-February, Midas's EPS would have been 126c (118,8c actual) Net worth would also have been higher at 405c (357c)

Midas is paying R16m for Adco, including R2,1m for trademarks and R3,4m for goodwill In order to finance the price, it is issuing 1,1m untraded letters of allocation to Adco at a take-up price of R13,25 each Some of these will be renounced to major shareholders Federale Volksbeleggings (Fedvolks) and McCarthy; the rest will be offered to all Adco shareholders in the ratio of three Midas shares for every 100 Adcos held Fedvolks will take up any shares not taken up by other shareholders, thus increasing its present 10% stake in Midas

Listed Micor is buying the remaining Adco cash shell, and a cash offer of 92c will be extended to shareholders. Micor's plans for the shell are not yet known. Adco shareholders will thus be able choose between the 92c or staying with the Adco shell, and will have the right to buy Midas shares at R13,25

Sowetan 28/7/89

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Squatters move to camp

MORE than 50 000 squatters from three squatter camps in Tokoza and Katlehong townships will be resettled at the Rietfontein resettlement camp on the East Rand during August.

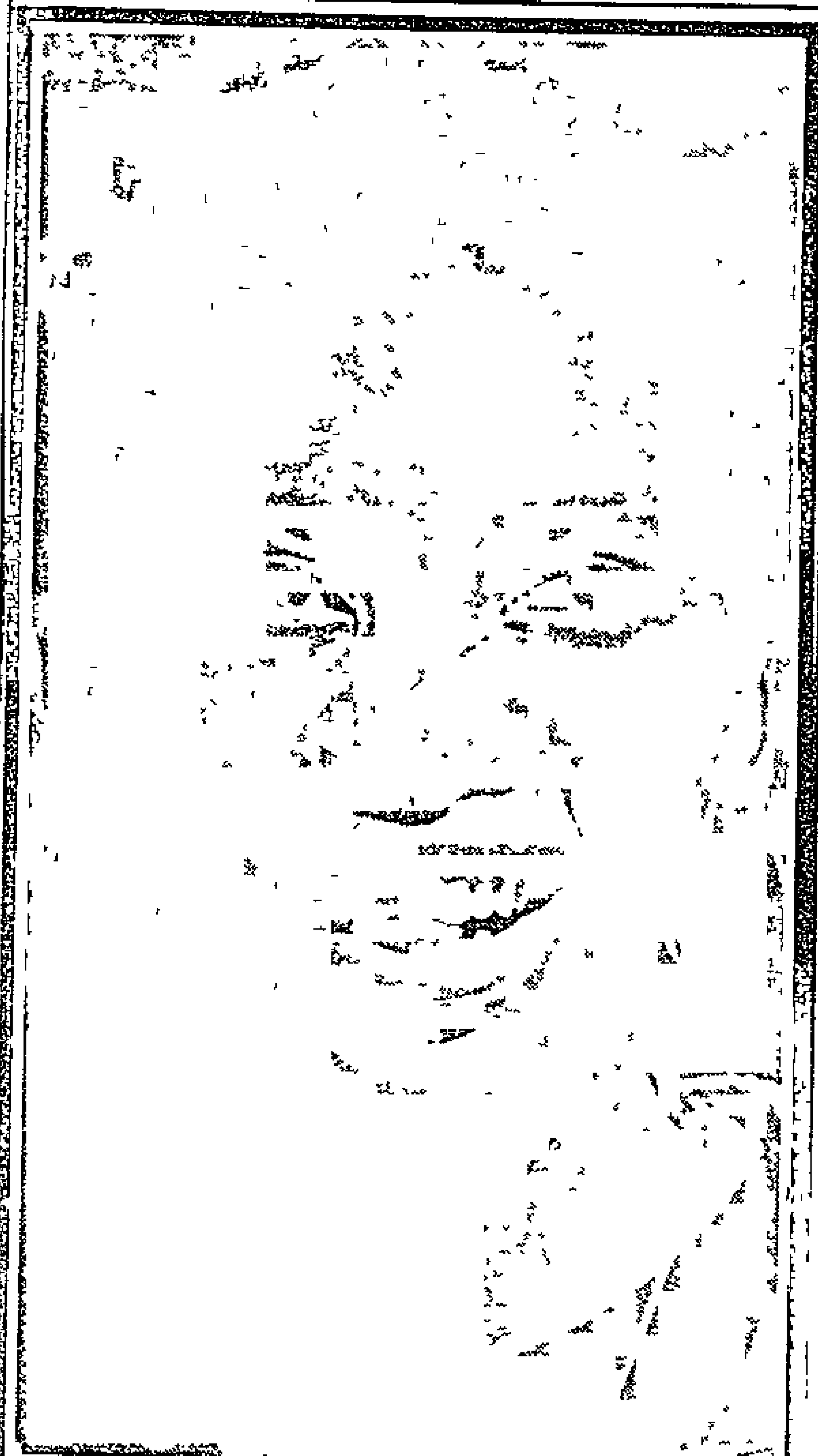
The resettlement of the squatters was disclosed by the Transvaal Provincial Administration MEC, Mr John Mavuso, who is heading the Government's squatter resettlement project.

He said Rietfontein was being serviced by the Government which is to provide water taps and ablution facilities before allocating self-service sites.

The largest number of squatters will be from Dunusa in Tokoza which presently has more than 20 000 people. The Katlehong squatter camp is home to more than 16 000 squatters.

The rest will come from Tambokiesfontein which is on the outskirts of Tokoza.

Tokoza Town Council's acting town clerk Mr Sydney Qwabe yesterday said the resettlement project did not include people living in backyards.



Beauty and brains go together — so seems to say the lovely face of 22-year-old Unibo student, Mumsie Molefe.

LET US SHARE

Iscor's offer to workers

The State and Iscor Company are offering all employees of the giant steel producer - black and white - shares in a bid to encourage wider share ownership among all South Africans later this year.

At a press conference in Pretoria yesterday, Iscor's manpower manager, Mr Johan Prinsloo, they were offering employees an attractive package of 150-million shares at the listing of the giant steel company

Participation in the share scheme by Iscor's 58 000 employees is entirely voluntary and will be extended to all full-time employees who are working for the company and its subsidiaries on August 31, 1989 and who are still in service when the offer opens, according to Mr Prinsloo

The decision was taken after the company negotiated with major trade unions, including the National Union of Mineworkers, the National Union of Metalworkers of SA and the Black Allied Mining and Construction Workers Union

The package consists of three offers Firstly 100 free shares will be offered to all full-time employees of Iscor and its subsidiaries, the full cost of which will be carried by the State

Secondly, all employees will be offered shares at a 20 percent discount on optional, deferred payment terms over a maximum period of three years The number of shares offered to each employee will depend on job grading,he said.

Thirdly, the State is also setting aside almost 5 percent of Iscor's issued shares for staff on a preferential basis. Allocation will be equal to the number of shares for which eacxh employees qualifies under the discount scheme.

The 100 free shar and 20 percent discount shares will make up 50 percent of the 150-million shares offered to employees, with the prefrential shares making up the other 50 percent.

"Iscor management is going out of its way to communicate details of the employee share offer scheme to its staff, and among other things, will establish public information offices at all its centres," Prinsloo said

Rip off is alleged

Sowetan 28/7/89.

AFRICAN National Congress commanders and leaders are allegedly selling off supplies intended for insurgents inside South Africa police say.

This information was said to have been gleaned from various ANC defectors during questioning by the security forces

According to the SAP public relations directorate, the defectors say the supplies from Scandinavian countries were being seized by key ANC personnel and then sold for hard cash

A ready market is said to exist on the black market in countries such as Zambia for these high-quality goods which are in short supply Cash is then said to be pocketed by the ANC black marketeers, the sources said

BUSINESS

A cast-iron candidate for the state's first sell-off

The government is taking no chances on its move into privatisation. Casting around for a likely candidate, it has come up with Iscor — a successful enterprise operating in a healthy market. By HILARY JOFFE

THE listing of Iscor, due on November 8, is clearly intended to be a model privatisation exercise

The government is taking the best of the candidates for privatisation and selling it first. It's setting up the offer in such a way as to counter as many of the criticisms of privatisation as possible

The one criticism it can't counter is that the primary motivation for selling off its assets is to raise revenue Nor can it counter the criticism that the private sector funds which will be going to buy Iscor shares might, in theory at least, have been invested in new productive assets and new jobs, rather than being spent on "paper assets"

Going private is likely to make little difference to Iscor, which is already run as a commercial enterprise — "as if it were a normal public company", as Iscor chairman Marius de Waal put it this week In terms of the efficiency or productivity alleged to flow from privatisation, there's little reason to sell Iscor

On the other hand, there's little reason not to sell Iscor As De Waal said, "There is no reason why the state should retain shares in Iscor It can get the monies released for other uses"

The corporation produces steel for domestic and international markets — and now does so at a substantial profit and even pays tax It does not provide electricity at a loss to rural markets, as does Eskom, or essential rail services at a loss to commuters, or postal services — again at a loss — as does Posts and Telecommunications That makes it politically an easy candidate for privatisation The others may not be as easy

But the government will be attempting to market Iscor as the test case and boost its credibility — not only in the eyes of business people, many of whom believe fervently in privatisation anyway, but also in the eyes of the general public

It is limiting ownership by any one investor to 20 percent of the shares, countering the charge that privatisation will lead to further concentration of economic power in South Africa Individual foreign investors are limited to a maximum of 10 percent each and total foreign ownership to 20 percent.

It will divide the share offer in two — institutions and individuals — to ensure small investors can buy into Iscor and we can, no doubt, expect an intensive marketing drive once the prospectus for the Iscor share offer is published at the beginning of October If the shares are oversubscribed, the allotment will favour small individual investors, De Waal said

The objective of wider share ownership will also be pursued through the Employee Share Participation Scheme, which will be part of the listing The result could be up to 150 000 Iscor shareholders, say the corporation's executives — the Johannesburg Stock Exchange is estimated to have only about 100 000 to 150 000 active shareholders — although it's not clear whether employees will hold on to the shares allocated to them or will sell them at a profit as soon as they can

The government has made it clear that it will sell off 50 percent or more of Iscor's shares, depending on the state of the market — countering charges that it's trying to raise revenue without relinquishing control Director of the government's privatisation unit Pieter van Huyssteen said this week the government would not underwrite the offer This prevents a scenario in which the government ends up keeping unsold shares, if there is not enough investor interest.

The government has also had the Competitions Board investigate Iscor for possible abuse of its dominant position in the industry Iscor's share of the steel market is over 75 percent and it also owns iron ore and coal mines

The board found there was nothing to be gained by breaking up Iscor No additional competition would be created if its mines were separated from its manufacturing interests The board recommended no measures were needed to regulate a privatised Iscor, other than that an agreement it has with the SA Transport Services (the McDonald award) should be cancelled and a limitation imposed on shareholding to prevent economic over-concentration

The government has stressed too that the proceeds of privatisation will be used to reduce the public debt, rather than for current expenditure

Iscor's MD W van Wyk (left) and chairman M de Waal .. prospects

Its rationale is that assets, such as those in Iscor, were funded by borrowing in the first place, so that privatisation is in effect returning the capital to the private sector

But reducing the public debt — which stood at some R67-billion in 1988 — should also reduce the costs of servicing that debt, the second largest item of this year's budget, accounting for 14 percent of total government spending That means there could indeed be more money for other things — and given the costs particularly of the government's reform policy, that might be welcome

The proceeds of privatisation may also, the minister of finance has said, be used to finance infrastructure in development areas and to fund development of small industries and small businesses via the Small Business Development Corporation or Industrial Development Corporation

One advantage De Waal cited of private ownership was that it opened the way for the corporation to diversify further without increasing the public sector's share of the economy Van Huyssteen argued that private sector shareholders might have a more interactive relationship with the corporation — as in public companies — whereas the government had been a rather passive shareholder

But ironically the fact that shareholdings will be limited to 20 percent is likely to mean that a private Iscor is controlled by its management, with no one investor having a controlling share — in contrast to most South African public companies, where the dominant shareholder exercises control through a stake of well over 50 percent.

Iscor values its assets at R4,5-billion It uses the current cost method of accounting, revaluing its assets each year taking inflation (measured by the producer price index) into account Its valuation and its financial results are therefore more realistic than those of most South African companies which don't take inflation into account and therefore probably overstate profits

This doesn't mean the government will raise that much with the privatisation exercise It will depend on what percentage of the 1,5-billion Iscor shares are sold off and at what price

How many of the shares are put on the market in November will depend on the state and size of the market and the time and the "appetite of investors" — the government wants to raise as much money as possible but will want to avoid flooding the market It could, for example, sell just over 50 percent now and more later It will be listening carefully to what the financial institutions' (particularly the life assurers') investment people think as their support will be crucial in the success of the share offer

The pricing of the share is likely to be kept a state secret until after Iscor's results for the latest financial year, which ended on June 30, are published on September 21 The share price will depend on what kind of return investors expect on their shares

At a press conference at Iscor's Pretoria headquarters this week, the corporation's management were tight-lipped about things financial However, senior general manager (finance) Eric van der Merwe indicated the return on total assets was expected to rise to 19 percent this year, compared to 13,5 percent at the 1988 year end

Last year the Iscor Group's turnover increased by 16,7 percent to R4,8-billion and its profit before tax to a record R341-million, based on current cost accounting Based on conventional historical cost accounting, its profits would have been R757-million

Iscor Limited paid tax — of R81-million — for the first time since 1972, since all its accumulated losses had been wiped out Iscor Group's tax totalled R92-million De Waal commented that "paying tax is also a measure of success"

Behind the success — 20 000 lost jobs

THE government is lucky It may have a fiscal crisis, but it so happens international steel markets have been looking good That means it can put up for sale an Iscor with healthy-looking results and decent prospects

But while Iscor's current profitable state partly reflects good conditions in the world market, it is based on large-scale retrenchment and extensive rationalisation in the recent past. In the early 1980s plants were closed and output cut. Iscor now employs around 55 000 people. Managing director Willem van Wyk says the early 1980s equivalent would have been some 75 000 to 80 000 people

Van Wyk told *Weekly Mail* this week he doesn't foresee the need for further rationalisation — although he says he's not prepared to give the trade unions a commitment that there won't ever be retrenchments.

Iscor's output is about the same as it was in the early 1980s and since this involves far fewer workers, productivity has risen substantially It has also spent large amounts on new technology — an essential to compete in world markets It has gained respect in the industry for being technologically advanced although it still draws criticism for being over-staffed with bureaucrats "They've retrenched factory floor workers but there are far more people than they need in the offices," says one competitor

Meanwhile, following the success of its rationalisation programme, Iscor plans to expand again

"In the 15 years since the first oil price shock we have not increased our assets, we have just spent to replace equipment and improve productivity This is very useful now that the international market has improved," Van Wyk said at a press conference. He added that the corporation had also brought its debt down to acceptable levels "For the first time we have reached the stage where we can start investing to expand our business capabilities."

The corporation would be spending R1-billion a year on capital projects for the next couple of years, Van Wyk said.

SOUTH AFRICAN STEEL PRODUCERS 1988
(METRIC TONS)

	TONS	%
ISCOR	6 860 000	78
HIGHVELD	1 040 000	12
DAV STEEL	360 000	4
SCAW	330 000	4
USCO	150 000	2
Mc WILLAW	60 000	1
	8 800 000	

Rationalisation in Iscor in the early 1980s paralleled a process which was happening worldwide The bottom dropped out of the steel market following the oil crises of the 1970s and it took the industry some 10 years to start solving the problem of worldwide overcapacity and oversupply. Rationalisation and restructuring followed, and steel producers in the early 1980s started investing in improved technology and products to keep substitute products out Iscor followed a similar path, though mainly for its own reasons.

Iscor senior general manager (commercial) Nols Olivier said this week there was now a better balance of supply and demand on the world market, which is expected to continue to grow at about one percent a year This was a "rich" growth which could lead to higher earnings, Olivier said, because it was based on a diverse product and international prices in dollar terms were also improving. The weak rand also helped South Africa's exports.

Sanctions have excluded South Africa's steel industry from some key markets in the 1980s — the US, much of Europe, and Australia — but Olivier shows little concern "We have lived through sanctions since 1978 and have managed to optimise units sold" He said Iscor geared itself about 18 months in advance for the sanctions imposed in the mid-1980s and moved tonnage to other markets "We are geared to handle further sanctions," Olivier said but added that he was optimistic it wouldn't happen.

The South African steel industry is relatively dependent on exports although the world market is not very dependent on South Africa According to figures provided by Highveld Steel chairman Leslie Boyd at a conference earlier this year, South Africa exported 34 percent of its steel output in 1988 But it was the 18th largest world steel producer, producing 1,15 percent of the world's 780-million total. In January 1989, South Africa's domestic steel prices in rands were lower than those of all the major world producers, according to Boyd's figures.

Anglo American-owned Highveld is South Africa's second largest steel producer, with a market share of 12 percent, and there are a handful of other private sector producers with a market share totalling 11 percent.

Privatisation's supposed benefits in terms of greater competition and therefore greater efficiency are not likely to accrue in the Iscor case the corporation clearly dominates and is likely to remain that way Not only does it have an overwhelming market share and so tends to set prices for the industry, but private sector producers depend to an extent on Iscor for some of their raw material But Van Wyk argues that there is competition from substitute products as well as from foreign producers.

Hilary Joffe

City workers win 'living wage' demand

By CARMEL RICKARD, Durban

DURBAN municipal workers have won an arbitration award which for the first time officially sets a "minimum living wage" for city employees

About 12 500 workers are affected by the award which will add R9-million to the city's wage budget of R408,6-million

The council had offered a 15 percent increase for graded (skilled) staff and most of the unions and committees representing the municipal workers accepted the offer

However, the Durban Integrated Municipal Employees' Society (Dimes), held out for the 20 percent increase it had demanded refused to accept the council's offer and asked that the matter be referred to arbitration

In his ruling, the arbitrator, Martin Brassey, reviewed the minimum wage level statistics provided by various institutes

Brassey decided to award the lowest grade of unskilled staff a minimum living wage of R680 a month, with effect from July 1

In addition graded staff were awarded a 20 percent increase since he decided Dimes had proved its case on this issue, and pointed out that there had been a significant increase in the productivity of council staff

Other significant demands made by Dimes, including the recognition of May 1 and June 16 as paid public holidays, are to be negotiated between the council and the workers

The chairman of the council's management committee Ja Venter, said the council could have raised the extra money through a rates increase, but instead Manco had opted for finding the money through cost cutting in the staff estimates, such as not filling empty posts.

Weekly Mail 28/7-3/8/89

New SABC board chairman promises to deliver the goods

Personality

CHRISTO VILJOEN

Stew 29/7/89 (260)

Interviewed by: DARRYL ACCONE

HE new chairman of the ABC board has no doubts about the corporation's tatus

"We are not his master's voice, hough that may be the public's mage," he says, adding, "I would ot have accepted the job if that as the case."

The 51-year-old academic, rofessor Christo Viljoen, has emporarily swopped his chair as ean of the engineering faculty t Stellenbosch for that of policy ommissar at the SABC, where e previously held the post of ice-chairman of the board

He will act as full-time chairnan until the end of October, fter which he will return to acaemia, dispensing his duties in a art-time capacity, unless it is eemed necessary that he assume the position full-time

For the past month the corporation's youngest chairman as been treading the corridors f Auckland Park, getting acquainted with "the culture of the lace"

From his eyrie on the 28th loor of the SABC, a copy of Tom Peters's "Thriving on Chaos" on is desk, Viljoen held forth on his major aims: improving the corporation's image and staff mo ale, obtaining better quality rogrammes, and launching a eparate sports channel

"It's time to change vested interests and culture here I am putting my political integrity on the balance scales," he says

"Policy-wise, I am in charge The buck stops here"

Viljoen and the SABC face an immediate and searching test, with the September elections 'It s a difficult prospect to entertain," he concedes

"We've had talks with all the political parties and they are all unhappy with the way they are being treated — which seems to me to be a good sign

"We intend screening one-on-one debates chaired by people from outside the SABC Then we will have 'telepellations', like Parliament's interpellations

"We have an obligation to provide unbiased news coverage, but I'm not in favour of a stop-watch mentality what is newsworthy will be reflected

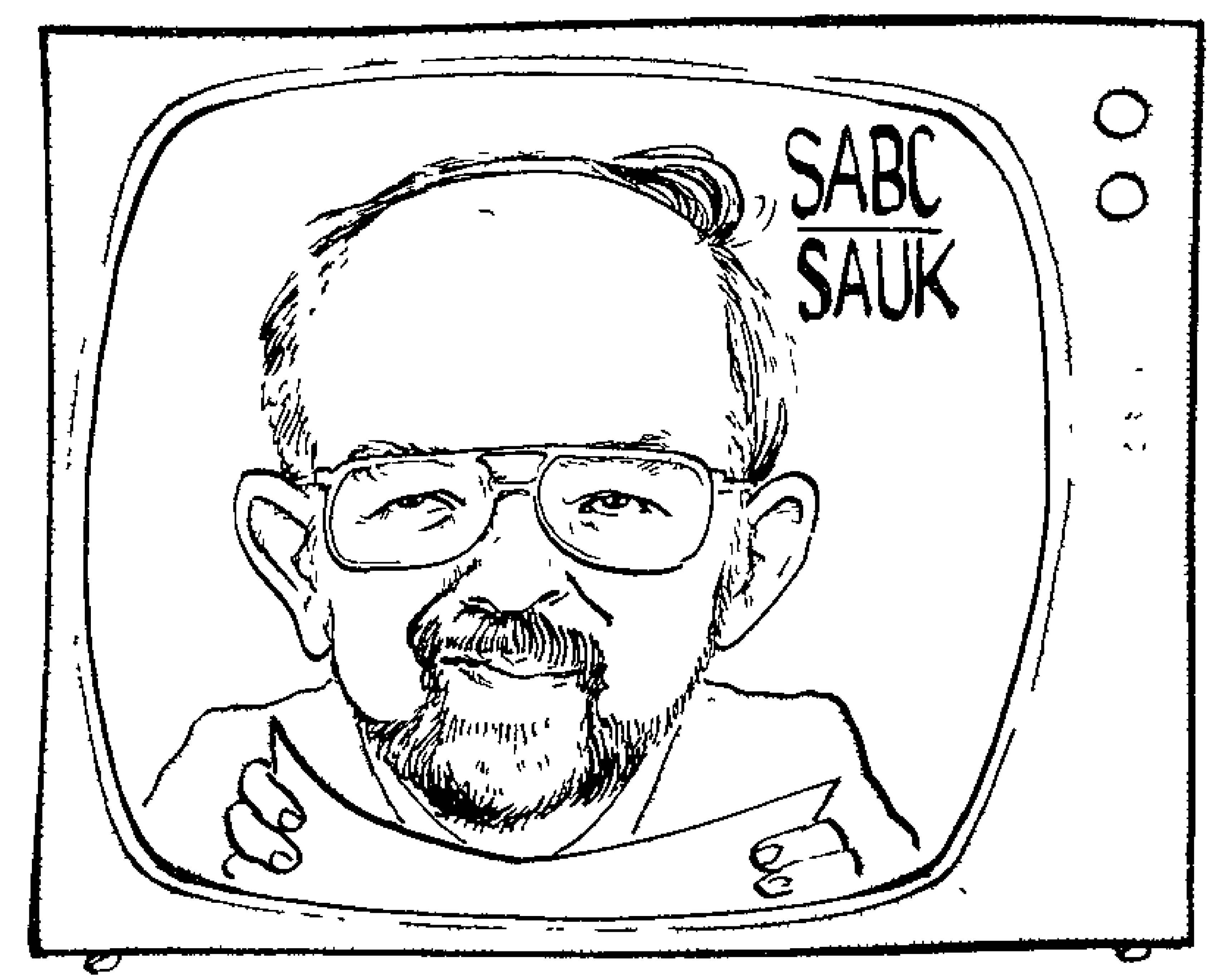
"As a national broadcaster, the SABC has a commitment to allow the Government to speak to people and if members of the Government are shown performing official functions then the SABC cannot be blamed"

As evidence of the new approach the SABC will be using, Viljoen points to Marietta Kruger's interview with him on his appointment as chairman "She gave me a rough time and I appreciated it It's how we'll be conducting interviews in future — shot near to the body, showing the spontaneous reaction of interviewees"

Viljoen intends making changes in other areas, too He feels that television is in need of better quality documentary and entertainment programmes and, to this end, he would like to obtain BBC material In October he meets Equity to discuss its ban on British work in South Africa

"I will convey to Equity that they are keeping minds here closed in denying screening rights I would like to de-Americanise programme content American TV series are more readily available but they cut off South African viewers from social and political developments in Europe and Britain"

On the news front, Viljoen would like to inject more international content into bulletins He is "very optimistic" about contracts currently being negotiated for extended coverage in this area



He says serious consideration is being given to a separate sports channel The SABC would float the project on its own or in conjunction with M-Net, about whom Viljoen has "no qualms"

A channel devoted wholly to sport would remove some sports coverage from TV1, enabling the Monday to Thursday sport slot to be used for "cultural and more adult programmes, of which I am fully in favour" Viewers would be forewarned about the content of such programmes

These changes will not be seen immediately — programme schedules have been drawn up until the end of the year, but thereafter he promises new patterns For example, he would like to move away from the current block programming to a free format, which would allow greater prime time flexibility

But there is a price to pay for all these novelties While prime time rival M-Net is "welcome competition", according to Viljoen, it has been inflationary, upping the prices paid for overseas programmes and costing SABC viewers a "guesstimate" of R40 million a year

To that must be added another Viljoen calculation license fees have increased from R36 in 1976 to today's R80, effectively R15,05 in 1976 rands Fees would have to be increased to R191 to keep pace with those of 1976

An increase in fees is likely, probably to about R120 That would lessen reliance on advertising, which accounts for 75 percent of the corporation's revenue, against 25 percent from licences Viljoen thinks the ideal breakdown would be 60 percent advertising, 40 percent licenses

"That way we would take less advertising away from the print media and be less vulnerable to hiccups in the economy"

But it is not only the economy which is prey to hiccups, as past events at the SABC have shown The elections and much else may intervene before the grace period Viljoen asks for is up He says "Judge me on what I do in a year's time I am striving towards an SABC of which all viewers can be proud"

Star 29/1/89.

Inside Out

ANNE CROTTY

260

Mum all agog about Iscor's share listing

MYLES' Mum is terribly excited about the Iscor listing and is thinking of pouring all her Consgold winnings into it

But she has one major reservation: is Iscor environmentally friendly — what's its position vis-a-vis the ozone layer?

It seems that she's thinking of cleaning up her equity portfolio and only holding "green" counters.

So far she hasn't found anything that qualifies, she says that most of the stuff on the JSE is decidedly non-green

Myles isn't too sure if this atttitude reflects amazing foresight on her part, but thinks that it has probably more to do with her being wired to the moon.

On a more immediate, although perhaps more pedestrian, front Myles reports that there was considerable difficulty getting Premier shares this week, ahead of the release of reorganisation details due out early next week.

There's never much trade in Premier, but the price had to be pushed up to R50 to get some investors to part with even a few shares.

On the mining front, it appears that the excellent figures from Rusplats didn't surprise too many investors.

Talk throughout the market in the days before the results were released was that earnings would be 430c, with a dividend of 250c. The actual figures were 475c and 300c respectively. Myles' Mum thinks that the market must be very, very clever to have guessed so closely.

Myles hears that one or two of the mining analysts are feeling a bit frustrated by Anglo's rather paternalistic attitude to disclosure of information.

It seems that they're having difficulty analysing Zaaiplaats' acquisition of Annesley Andalusite (and half a foreign company involved in andalusite marketing believed to be the French company, Mircal) because Anglo won't reveal what base price it used to value the andalusite deposits.

And his Mum wants to know if andalusite is environmentally friendly.

DiData turned in a very good set of figures this week and the share seems to be well-supported at its current level of 200c

Myles was unable to check out rumours of a deal being struck at well above that level.

Also in the electronics sector, there's continuing speculation about the M&PD/Siltek plans An announcement may be out late next week or the following week.

Meanwhile, the speculation is that Tilman Ludin is retiring and Mike McGrath taking his place at the head of Siltek. There's also talk of some personnel changes at M&PD subsidiary, Elex.

It seems that the rumoured deal between Bivec and Elcentre may be more significant than was initially thought.

In the absence of official comment from any source, the favourite speculation is that Elcentre will be acquiring Bivec's cable activities. Bivec's other interests include sewing machines, a labelling division, a property division and a household division.

The Hunts/Natbolts/FS-Team deal should be announced early this week. It seems that the reorganisation will be paper-based.

Myles was unable to get any details on the Rabie cautionary except that it was quite a good deal and fairly significant in terms of long-term strategic fit.

But he doesn't think it'll affect the share price because there's quite a lot of stock around.

It was also impossible to get any gen on what Micor planned to do with the Adco cash shell.

There was tremendous excitement in the middle of the week. Myles got a tip-off that Murray & Roberts was making a bid for Group Five.

He dug out the files ... spoke to a few people ... thought what a good idea it was. Then called Mr Clogg (who heads the management consortium that bought out Group Five from D&H some years back) ... and there it ended. "Not at all likely" was Mr Clogg's view.

An announcement is expected from Colfin within the next week or two about what the plans are for the Cashworth cash shell.

It is expected to be worth 60-67c a share when all the assets are sold. It seems that management is currently finalising the details of the sale of its last remaining non-cash asset.

According to Myles, last week's announcement by Manserv has nothing to do with Cashworth, but could be about another acquisition.

S Times 30/7/89

Iscor hoists flag ahead of listing

260

By Don Robertson

ISCOR'S attributable profit for the year to June will show a return on assets of about 19% when the figures are released on September 21

They will be a welcome precursor to the JSE listing of at least 51% of the company on November 8

There was a 13,5% return on net assets of R4 5-billion in 1988 and the directors are confident that results in the current year will show growth similar to that achieved in the past year

Pre-tax profit in the past year grew Taxed profit earned an adequate return in real terms

Price

However, with only two months to go before the privatisation offer opens in the first week of October, the corporation has not yet established the issue price, what dividend policy will be or how many shares will be issued

Managing director Willem van Wyk says, however, that the run-up to the listing is on schedule Iscor's privatisation unit and the merchant banks are assessing the "appetite" of the investing public and financial institutions for the listing which will be the biggest in SA's history

No decision has been made about who will underwrite the offer, or if it will be underwritten The State, however, will not back the issue

The offer will close on October 27

Plans are for at least 51% of Iscor to be sold by the State, but depending on how much the market can handle, the issue could be larger

On the basis of a 51% issue, Iscor could be looking for about R1,5-billion from employees, the public and financial institutions, which would capitalise it at R3-billion.

The listing is intended to spread shareholding as wide as possible Iscor's 58 000 employees will be offered 150-million shares in three options A total of 100 shares will be offered free to each employee, additional ones at a 20% discount and 5% on a preferential basis

The investing public and institutions will be offered separate allocations No institution will be allowed to hold more than 20%

Exports

To increase production and improve efficiencies, about R1-billion will have to be spent in the next few years, says Mr Van Wyk, but it will have no effect on dividend policy.

Mr Van Wyk says that after the listing, Iscor could be able to diversify, particularly with a view to adding value to exports.

The possibility of establishing a semis plant for the manufacture of steel billets at Saldanha Bay is a consideration in spite of an estimated cost of R1-billion

(260)

Partners needed in R5-b power venture

New distribution method ma bring electricity to everyone

By Winnie Graham

Virtually every person in South Africa will have access to electric power by the turn of the century

Eskom has developed a safe but inexpensive method of distributing electricity to townships and squatter camps, in urban and rural areas, and is now looking at ways in which it can involve the private sector as partners in the financing and supplying of power to the people

The first 220 customers to benefit from the project are already receiving electricity from a new supply company in the Cape

If plans go according to schedule, half of the 22 million people without access to electricity, including squatters in informal settlements, will be within reach of power within five years

Once power becomes readily available — and electricity is less expensive than fuels such as wood, coal, paraffin and petrol — people in townships and informal settlements will be able to use it for lighting and heating, for stoves and refrigeration, television sets and radios, power tools and sewing machines

Mr John Bradbury, Eskom's reticulation market development manager, believes the supply of power will not only give people a much-needed amenity, but create a host of new job opportunities

"Not only will people be needed to provide the facility but once electricity is available it will have to be maintained," he said "In addition, electrical equipment will have to be serviced and repaired"

Best value

Mr Bradbury said the supply of electricity would not be imposed on people The situation would be assessed "project by project" in consultation with community leaders

Electricity would have to be marketed as "the best value for money" so that people would buy it in preference to the other forms of fuel such as coal, paraffin or wood

"South Africa has a population of 33 million, of whom 11 million have electricity in their homes," he said "Providing power to the remaining 22 million was not conceived as a charitable venture to succeed, the project must be viable"

The cost of wiring a house, he said, ranged between R1 000 and R2 000

This infra-structural cost could be eliminated in townships and informal settlements where electricity could be provided from poles which, in turn, could be used as a support for a house under construction

A pre-paid token which slotted into a meter would allow people to control their use of electricity

"The consumer will be able to check consumption in much the same way a motorist monitors his use of fuel by checking the petrol gauge"

The first scheme was launched in the Cape with 14 industrialists as shareholders The establishment of 14 other supply entities were "in various stages of negotiation"

If the plans came to fruition, 300 000 houses would have access to electricity as a result of these projects

Mr Bradbury added that the corporation was not locked into the establishment of either profit-making or non-profit supply companies but would work with many companies, co-operatives, closed corporations and Section 21 companies in ventures to supply power to townships and informal settlements

The cost of providing power to 2,5 million homes, using traditional methods (such as underground cables, sub-stations etc), was estimated at between R10 billion and R12 billion at 1989 prices

To reduce capital expenditure, a cost-effective solution had been found which would cut expenses by half

"Eskom, however, will not take on a R5 billion business risk on its own and it is for this reason we are looking for ways of involving other parties," he added

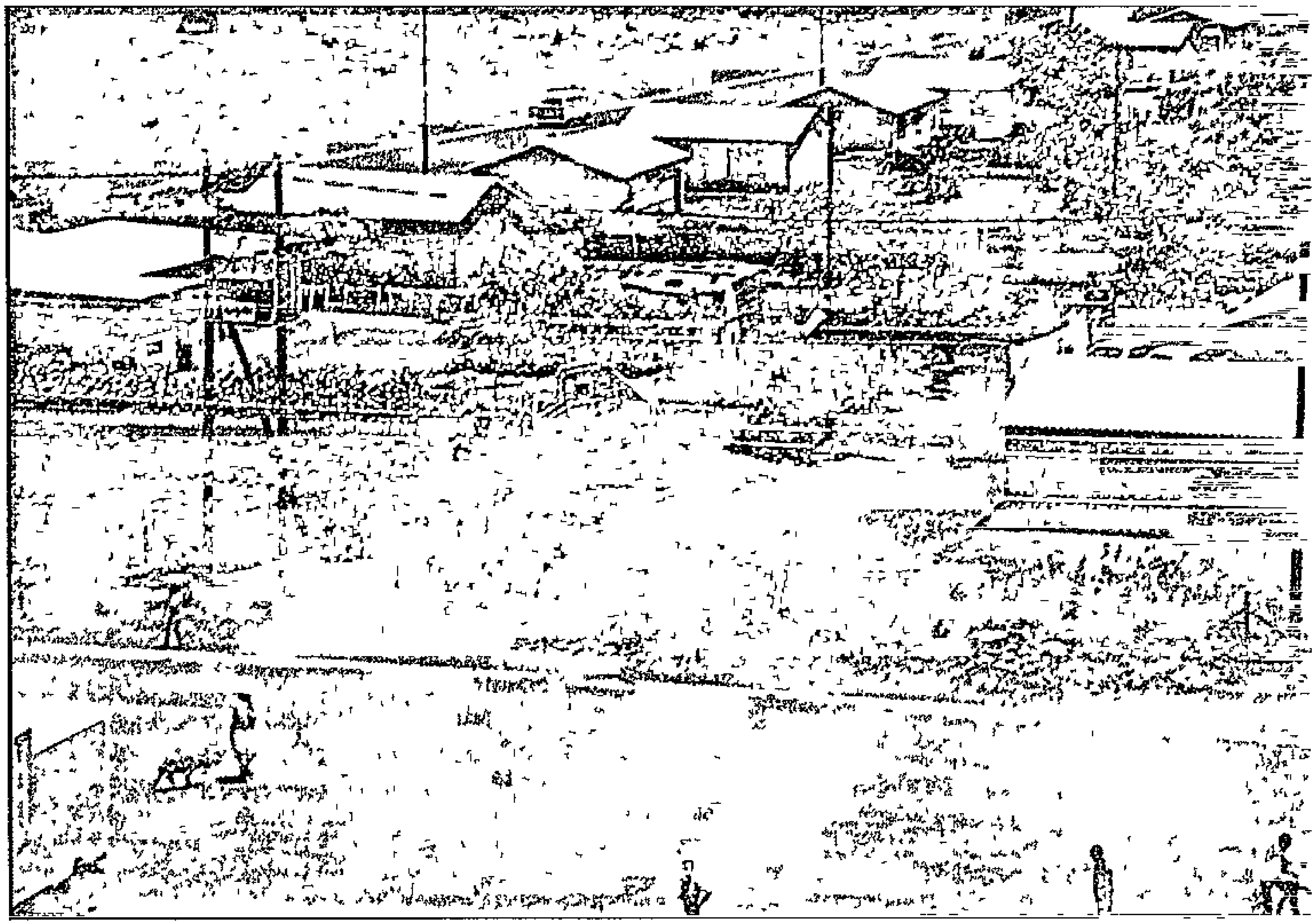
Mr Bradbury quoted Dr Anton Eberhardt of the Energy Re... who said it was untrue ... not afford electricity

"They cannot afford no... tricity," he said

Eskom will use over... ductors, mounted on fa... planted along the back properties, to take electr... ple

From these poles, ... tors will be fed overhead and be connected to t... board if the house is w... "ready-board" will be inst...

Mr Randolph Forbes, ... al Manager of Distribut... ing, said "I challenge ev... with electricity supply to vision of electricity for all



Low-cost . . . the new overhead bundle conductors can be seen in this photo, erected on the boundaries of

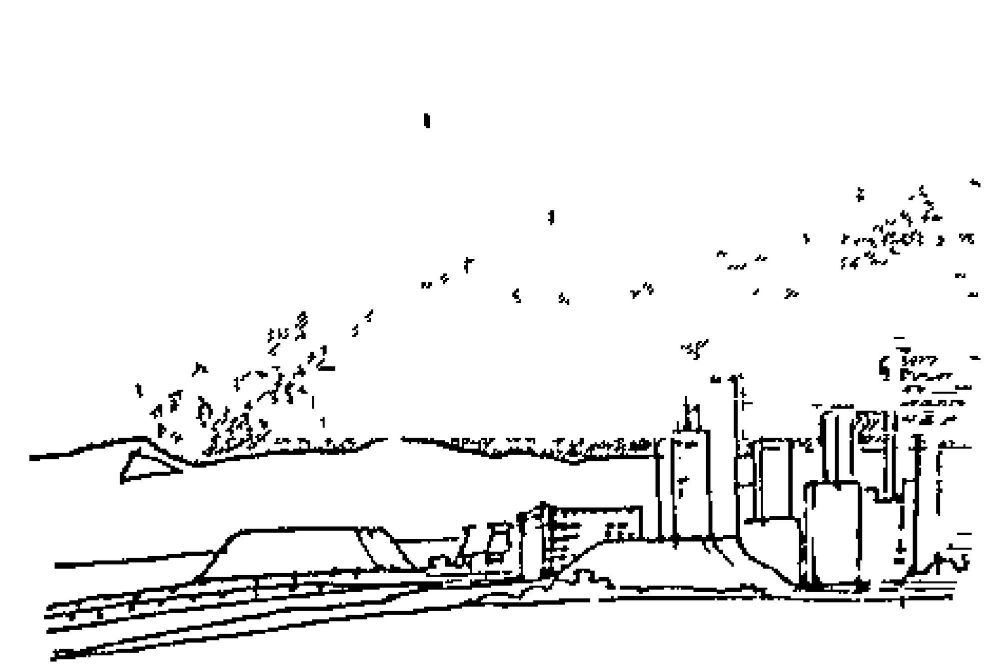
Urbanisation

5 Free State road crash victims are identified

BLOEMFONTEIN — The names of five people who died in a car accident about 34 km from Hoopstad this weekend, have been released

They were Mr Vivian Calitz (20) and Mr Johannes Grobbelaar (19) both of Virginia, Mr Petrus Mienie (21), of Hennenman, a pensioner of Klerksdorp, Mr van Niekerk, and a national serviceman of 1 Parachute Battalion, Rifleman Johan Meyer

The names of the people who died in an accident some 40 km north of Bloemfontein, have not yet been released — Sapa.



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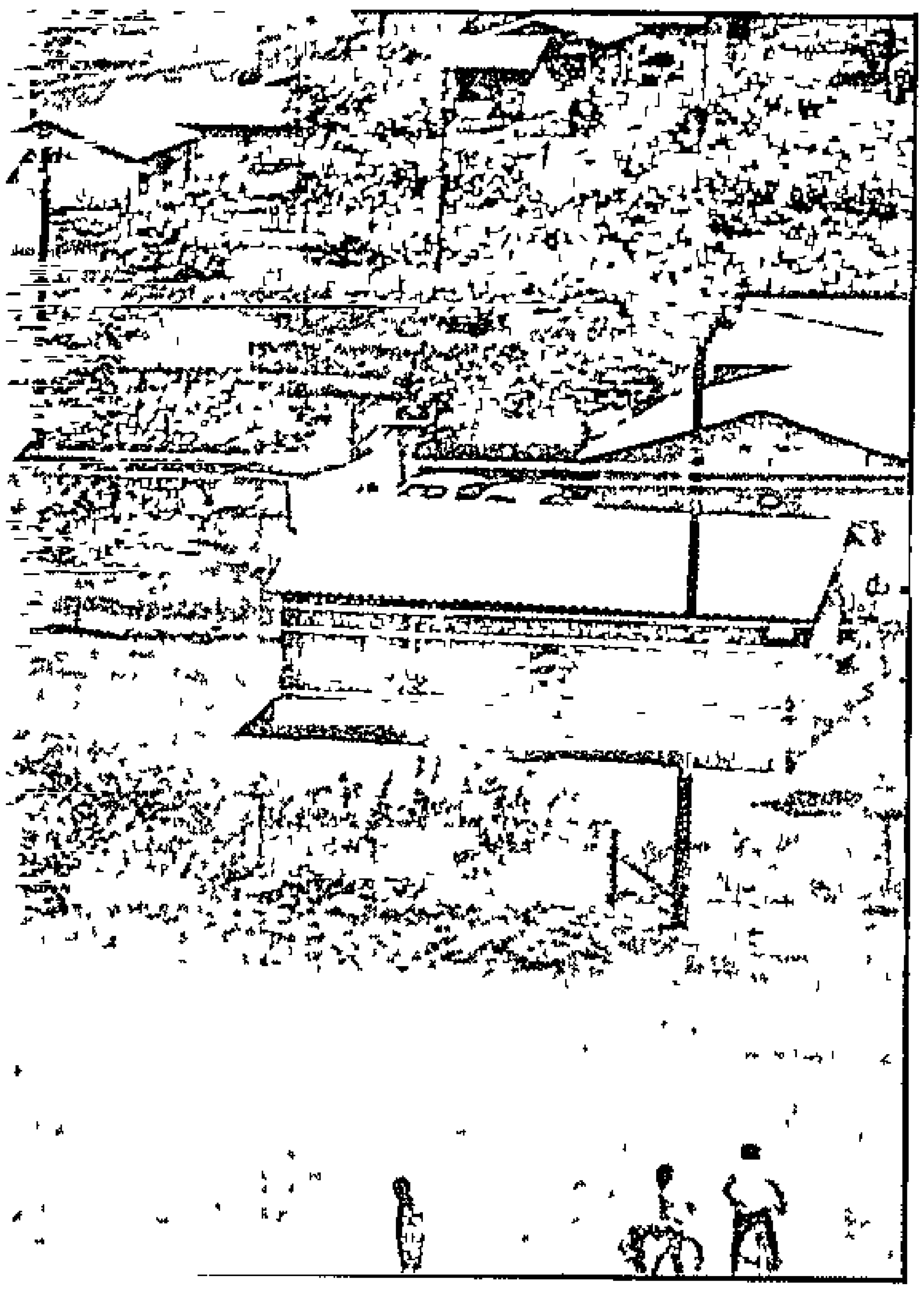


this photo, erected on the boundaries of stands.

:s sub-sta- between 1989 prices ue, a cost- found which

take on a own and it looking for rties," he

Anton Eber-hardt of the Energy Research Institute who said it was untrue squatters could not afford electricity

"They cannot afford not to have electricity," he said

Eskom will use overhead bundle conductors, mounted on fairly low poles planted along the back boundaries of properties, to take electricity to the people

From these poles, insulated conductors will be fed overhead into the house and be connected to the distribution board if the house is wired If not, a "ready-board" will be installed

Mr Randolph Forbes, Eskom's General Manager of Distribution and Marketing, said "I challenge everyone involved with electricity supply to help make our vision of electricity for all a reality"

Power for all . . . current is fed into the house from this pole, which can double as a TV antenna.

ring Craven on Saturday

... was 18-year-old Michael Friedman of Durban, who died last month in Addington

tomorrow he is expected to have a bone transplant to replace a fractured vertebra

Eskom plans to provide millions with electricity

SEv 31/7/89

(260)

By Winnie Graham

A multibillion-rand project to provide electricity to 22 million people (two-thirds of the population) by the turn of the century has been initiated by Eskom

If plans go according to schedule, half will have power within five years

This project could affect people living in 2,5 million homes in South Africa

The first scheme, launched in the Cape with 14 industrialists as shareholders, is serving its first 220 customers

Mr John Bradbury, Eskom's reticulation market development manager, said that the establishment of 14 other supply entities were "in various stages of negotiation".

PROVIDING POWER

"South Africa has a population of 33 million, of whom 11 million have electricity in their homes, he said "Providing power to the remaining 22 million was not conceived as a charitable venture To succeed, the project must be viable "

Eskom, he said, hoped to involve both the private sector and customers as partners in financing the project and supplying power to the people

The cost of providing power to 2,5 million homes, using traditional methods, was estimated at between R10 billion and R12 billion

● See Page 5

Bomb blasts ANC house in Lusaka

SK 31/7/89

LUSAKA — Several people were yesterday admitted to hospital after a bomb exploded outside a house occupied by black South African exiles, eyewitnesses said

No one was believed killed, said a neighbour in the Lusaka suburb of Kamanga

The neighbour said the explosion left a 2 m crater in the pavement adjoining the house in which the exiles lived, demolished part of a wall and a boundary fence and damaged nearby houses

It was not immediately known if South Africans were among the unspecified number of people injured Police released no details of the blast

Last month, the African National Congress (ANC) accused the South African Government of mounting a new sabotage campaign against its members and facilities in Zambia

Three Lusaka-based ANC officials were injured in a series of blasts at ANC offices in June

One person died near the ANC headquarters building in Lusaka when explosives he was carrying blew up, police said on June 22 — Associated Press.

SABC 'less biased' on poll

Staff Reporter

SABC-TV election coverage is showing signs of becoming more even-handed, according to a co-leader of the Democratic Party, Dr Zach de Beer, a Conservative Party spokesman and a range of university media experts.

The politicians and academics emphasised, though, that the change was not yet strong enough to be welcomed unconditionally

Dr De Beer, who recently had been "on the receiving end of some tough but fair questions from the SABC's Mr Johan Pretorius", said last week that the corporation was definitely becoming more impartial

"I've had no problems with any of my own interviews. The SABC seems to be less supportive of the government than before.

"But it's important that we keep a very close eye on this"

The CP's chief information officer, Mr Koos van der Merwe, said the party was "excited" about "this new direction".

"There have been definite signs of change over the past couple of weeks — we'll all be watching closely."

Rhodes University media analyst Professor Gavin Stewart believed a different attitude to coverage was apparent "at some levels, but not overall".

Need to keep a 'close eye on this'

Cape Times 1/8/89

260

"A greater effort is apparently being made to allow speakers to explain themselves" Prof Stewart speculated that a more professional attitude among TV journalists might be responsible for the new approach

"However, bias is in the nature of a government-controlled broadcasting corporation," he noted It was possible that cabinet ministers would alter the type of coverage at short notice.

UCT's Dr Eve Bertelsen had got "a fleeting impression that they've at least started off with an attempt to get a proper balance in the election slot".

Dr Bertelsen said it had to be remembered that the election coverage was part of a whole news package. "In the rest of the news, the SABC is still far from impartial."

Unisa broadcasting researcher Mr Henry Gouws thought a "very gradual, but very tenuous", change was under way. "It's obviously not all-encompassing"

A "sceptical" Rand Afrikaans University communications lecturer Mr Kobus Scholtz believed the SABC might be altering its coverage, but "it's a bit early to say".

In the view of SABC news director Mr Karel van der Merwe, the corporation had "always been fair".

The difference in the coverage of this election, said Mr Van der Merwe, lay in the emphasis on a debate format rather than simply reporting on meetings and statements.

"In the final analysis, the object is to inform the voters."

(Report by M Fried 122 St George's Street, Cape Town)

Iscor may build new steelworks

Cape Times 2/8/89

260

By AUDREY D'ANGELO
Financial Editor

ISCOR may build a steelworks at Saldanha, providing hundreds of jobs in the Western Cape.

Disclosing that this was being discussed, Johan Deetlefs, manager, mining operations, of Iscor's open pit mines said that the steelworks would manufacture products for export from Saldanha harbour

This would be in line with Iscor's policy of adding value to raw materials for export and would make it more profitable to use the 840 km railway line built to carry iron ore from the mine at Sishen in the Northern Cape.

Building the line and the harbour facilities to handle the ore at Saldanha burdened Iscor with debt in excess of R800m

This was paid with an interest free loan from the government. The loan is being repaid by Iscor from the export profits.

Since 1984, the ore has been carried by SA Transport Services (Sats) at cost and 80% of the export profits have gone towards repaying the government

Iscor has been allowed to keep the remaining 20% of the profit because the ore is an asset which it is losing

The debt will be repaid by the end of this year and Deetlefs said the agreement under which Sats transports the ore at cost will then expire

"We shall have to negotiate a new tariff with Sats

"It will be impossible for us to pay their normal tariff for the Western Province because it would then be uneconomic for us to continue to export We are in that business to make a profit, and if we cease to do so we shall simply stop exporting.

"But we want to export, and Sats wants to transport the ore, so I am confident we shall come to an agreement."

Deetlefs said the construction of a steelworks at Saldanha, which would provide between 500 and 600 jobs at first but could grow much larger, was being considered as a way of making better use of the railway and port facilities and maximising export profits.

It was possible that a major customer for the steel could be persuaded to invest money in the works.

"In order to have a steelworks we must have a market for its products and we must have investors in the project. If we can find a customer who will invest we shall have a guaranteed market."

Another, major, obstacle to the plan is that SA is running short of coking coal necessary for the blast furnaces to make steel. But Iscor is experimenting at its Pretoria works with a new type of corex coal.

"This project is in its interim stage," said Deetlefs "It has been stopped for modifications but we know it is going to work."

Most of the ore produced at Sishen — one of the five largest iron ore mines in the world — is sold at cost to Iscor for its own use Only the surplus ore is exported, at a profit of R15 a ton.

Deetlefs said the mine had vast resources of the ore and a life of at least 50 years.

Limited offer in Iscor shares

CIT-Trib 2/7/87

Financial Editor

INDIVIDUALS and institutions will be limited to a maximum 20% stake in Iscor, due to be listed on the Johannesburg Stock Exchange in November

Iscor's GM, media relations, Piet du Plessis, said that every Iscor employee would get 100 shares free of charge

"This will apply to everyone, from the MD to sweepers "

In addition to this, employees belonging to the trade unions will be able to buy 900 shares with an interest free loan from a trust, repayable over three years

And, like all other Iscor employees, they will be able to buy other shares in a preferential placing before the listing

Du Plessis estimated that blue collar workers would be able to buy 60% of the shares allocated to employees "if they take up their full allocation".

He said there would also be opportunities for the man in the street to buy them

Pointing out that the shares would have to be sold at a discount to the real replacement cost of Iscor, he said their cost would be based on results for the year to June 30 which will be released in September

Du Plessis said this was not the first time Iscor had been listed

"The first time was a failure It was in the 1930s, during the Depression, in a politically sensitive time and it was delisted

"But it gave individuals the chance to buy shares and some are still in private hands

"The government's shareholding today is between 65% and 70% And the Industrial Development Corporation (IDC) has a stake "

Du Plessis said the government had no wish to keep control of Iscor and would sell off as much of its shareholding as possible

Licence fees 'election ploy'

260 3/8/81

Staff Reporter

Television licence fees became an immediate election issue today following yesterday's announcement that the Government had turned down an SABC appeal to raise TV licence fees

The Democratic Party today attacked the Government's decision not to allow an increase in TV licence fees as "a pre-election decision" and predicted licence fees would probably go to as much as R120 a year soon after the elections

But this charge was hotly refuted by Information Minister Dr Stoffel van der Merwe, who claimed the first opportunity there would be for increasing TV fees would be in September next year

Mr Dave Dalling DP media spokesman said today "This is clearly a pre-election decision and I predict that after elections the public will once again be hit by an increased licence fee"

Dr van der Merwe said it was obvious that some time in the future there would have to be an increase

He said there had been an increase last year before the municipal elections, and not the year before when there had been no elections

Dr van der Merwe announced yestereday that, an application by the SABC for an increase in fees from R80 to R100 had been rejected

Professor Christo Viljoen, chairman of the SABC board, said in the light of the rejected licence fee increase, the SABC would have to reconsider its plans to improve the quality of TV programmes

The SABC would have to buy fewer foreign programmes and make more locally, he said

"The SABC estimates that because it now has to bid against M-Net, it will have to spend an estimated R20 million more for programmes"

This, he said, was over and above the estimated advertising loss of about R20 million the SABC was experiencing this year because of the "Open time" granted to M-Net

Mr Tom Vosloo, Managing Director of Nasionale Pers and Chairman of M-Net, said he understood Professor Viljoen's frustration over the Government turning down the SABC's request for higher licence fees

SUPPORT

"We have been supporting the SABC for quite some time in that its licence fees should keep pace with the inflation rate and price increases"

Mr Vosloo added that Prof Viljoen was making a mistake when it compared M-Net's subscription money with the SABC's licence money

"Subscription TV is quite another concept to general TV which reaches the masses.

"Just as slanted is his reasoning that M-Net increases the SABC's programme costs Competition reduces prices and keeps people on their toes.

Professor Viljeon said that when licence fees were introduced in 1975 they were R36 a year

To adjust this to inflation since then the present licence fee should be R227 a year.

(Report by P Fabricius, 216 Vermeulen Street, Pretoria)

SABC's bid for rise in licence fees fails

Argus 4/8/89

260

JOHANNESBURG — The Cabinet has turned down an application by the SABC for an increase in licence fees next year

Reacting to this decision, the chairman of the SABC board, Professor Christo Viljoen, said that as a result of this the SABC would have to make adjustments to its short-term planning

"We shall have to reconsider our plans to increase the quality of especially TV programmes, to lessen dependence on imported programmes and to produce more programmes locally"

He said the increasing dependence on advertising income was a worrying factor, and pointed out that the advent of M-Net had sent programme costs soaring

"The SABC estimates that because it now has to bid against M-Net, it will have to spend an estimated R20-million more for programmes than would have been the case if M-Net was not there"

MORE RELIANT

Asked for his views, Mr Ton Vosloo, managing director of Nasionale Pers and chairman of M-Net, said he understood Professor Viljoen's frustration over the government turning down the SABC's request for higher licence fees

"We have been supporting the SABC for quite some time in that its licence fees should keep pace with the inflation rate and price increases This makes it more reliant on advertising, which twists relations with the printed media

"Obviously the SABC's request was inopportune for the government with a view to the elections"

Mr Vosloo added that Professor Viljoen was making a mistake when he compared M-Net's subscription money with the SABC's licence money Subscription TV was quite another concept to general TV which reached the masses "Professor Viljoen is comparing apples to pears," he said

● SABC-TV is to launch an Indian tier this weekend, four months after rival station M-Net launched its own service for this community

Like the M-Net service, the State corporation's version, to be shown on the TV4 transmitters, will be broadcast on Sunday mornings — but only on the first Sunday of each month — The Argus Correspondent and Sapa

'Iscor listing needs to be open to public scrutiny'

W/t Argus 5/8/89 (260)

By TREVOR WALKER
Business Staff

THE government is not privatising Iscor, it is disinvesting, that is selling off the family silver, Dr Andries Wassenaar said in his book *Squandered Assets*

Questioned on this week's announcement that every employee is to be given 100 free shares, he said "what is important is that the whole scheme should be completely open to public scrutiny"

Stock market analysts said a private or family company that went to the market to raise money did so with the aim of increasing its profits

Those who invested in the company need not be made public knowledge, but in the case of a state company which had been funded by the taxpayer the situation was different

Iscor has said that individuals and institutions will be limited to a maximum stake of 20 percent of its shares Besides the free shares, employees will also be offered shares at a price lower than that offered to the public and they will also be allocated a preferential number of shares at the same price as the public

It would be unusual for a private company to give its shares away to employees when it sought money from the market and normally employees were given an option to buy at the listed price over a number of years

Iscor has worked out a scheme — depending on seniority and length of employment — the maximum number of shares an employee may buy under the three schemes

It is quite likely that most employees will take up their maximum either by using borrowed money or letting someone else fund them for the stag ride

Analysts said however finely priced the issue might be, it was expected to come on the market at a higher price

Dr Wassenaar says the Iscor share register should be open to public scrutiny

However, under JSE rules a person may buy shares through a bank or nominee company and the identity of the shareholder is then not shown on the company's share register

So who buys Iscor shares and how many will not necessarily become public knowledge.

Mr Issy Goldberg, chairman of the Shareholder's Association said giving away free shares or at bargain prices to Iscor employees was acceptable if it led to higher productivity

"However, it would be reasonable to assume that Iscor is wise enough to resist allowing the immediate stagging for quick profit for shares so allocated

"It is obvious that they must be held in trust for the shareholders and delivery be made available only when increased productivity has manifested itself over a period"

He said it was curious that announcements of the disposition of shares had been made when no details were as yet available as to the share structure or price of the Iscor flotation

260

Iscor flexing for steel fight

NOLS OLIVIER .. new fields to conquer

ISCOR's privatisation will propel the R4,9-billion a year giant into a new era of diversification and expansion.

Plans are being drawn up to take the corporation, which is to be listed in November, into areas of production it has shunned

"The main aims of the drive are to enhance the value of the final product, to protect market share against erosion by substitutes and to enfrench South Africa's position as one of the most reliable and cheapest of major producers in the world

Other private-sector operators in the steel market are watching the moves warily The prospect of cut-throat competition in a domestic market which is slowing and in foreign ones sensitive to sanctions, and the threat of world oversupply is worrying

But Iscor senior general manager, commercial, Nols

By Ian Smith

Olivier says the expansion will be co-ordinated to ensure the overall health of the national industry

"We are already involved in many joint ventures with the private sector, benefiting all the companies involved and the country

"The main consideration when any new venture is contemplated will be the effect on the industry and the impact on our bottom line"

Unfair

Iscor officials say that for the past decade or so the Government has taken a back seat in the corporation's operations But the fact that it has been a State enterprise has meant that private-sector operations have watched Iscor closely

Management, too, has been wary of encroaching on private-sector territory and inviting charges of unfair competition

The imminent removal of this restraint has prompted a new awareness of market opportunities among Iscor's 58 000 employees — right down to the shop floor

Part of Iscor's current R1-billion capital expansion includes the conversion of the Pretoria works from conventional ingot casting and rolling to slab caster

This will increase the production of higher-value flat products and, more importantly, provide the opportunity to upgrade the quality of steel by the addition of ferrochrome

"The feasibility is still being studied," says Mr Olivier "We would not necessarily need to go immediately into the production of pure stainless steel We would move into areas only where there is a market"

The attraction to move into stainless steel is that the world market is expanding more rapidly than sales of other steels

Middleburg Steel managing director John Hall says "Obviously we think about competition, but we think about it globally Every producer is a competitor, and we have always lived with the threat from them"

He says the SA market for stainless steel is a tiny 50 000 tons a year and the world market is only 10-million tons

"Whatever Iscor does, it does well But if I were a shareholder I would be tempted to say, 'Stick to your last'"

Iscor is already a 40% stakeholder in a R120-million seamless-tube mill which will come on stream at Tosa's Vereeniging works early next year Tosa parent Dorbyl holds the other 60% in Tosa Seamless Tubes

Ideal

Tosa managing director Tony Whiteman says there is large overcapacity in the market for welded tube, but the seamless-tube plant provided an ideal opportunity for a partnership with Iscor

Seamless tube is a more sophisticated product which can easily be upgraded

The plant will initially produce 50 000 tons a year, but provision has been made to double output It will save imports worth R50-million a year

Iscor is also a 50% partner with Haggie Rand in Consolidated Wire Industries, and it is a shareholder in Metcor Industries, which is involved in a wide range of fabrication.

Mr Olivier says "We think of all our customers as partners. We helped customers to export 10% of our steel sales as finished products last year. This year 14% of SA sales has gone abroad in this form"

260 Ⓐ City 6/8/89

Change power supply, SPD tells Eskom

By SOPHIE TEMA

THE Soweto Peoples' Delegation (SPD) this week told Eskom officials the only way to resolve the electricity crisis was to find an alternative way to supply power to the people of Soweto

The SPD also said an electricity tariff structure which could be afforded by the poor and pensioners had to be negotiated

According to the delegation, Eskom was receptive to their proposals and agreed to negotiate until an acceptable solution was found

The SPD told Eskom Soweto's power should be supplied on the same basis as Johannesburg's It was unacceptable that a Soweto power station supplied Johannesburg and not Soweto

Electricity should be suppled to Soweto through a credible, legitimate, professional and popularly-accepted entity – standards which the Soweto City Council had failed to meet

In restructuring the electricity supply, the arrears should be written off unconditionally, the SPD said

The delegation said the Soweto council's rates were unscientifically calculated and "grossly inequitable"

Gencor group gets 30,7% stake in Alusaf

Cit- Times 10/8/89

260

Financial Staff

ALUSAF has come under private sector control with effect from July 1, 1989, following the acquisition by the Gencor group of a 30,7% stake in the Richards Bay-based aluminium producer at a transaction value of R270m

Colin Officer, executive director of Gencor and deputy chairman of General Mining, Metals & Minerals (Genmin), announced yesterday that agreement had been reached with the Industrial Development Corporation of SA (IDC) in terms of which Gencor is to acquire an effective 30,7% of Alusaf in exchange for R63m in cash and an interest in an unlisted Gencor company.

Alusaf's will be part of Genmin, the management company responsible for Gencor's mining, metals and mineral interests

Alusaf's board of directors will be reconstituted under the chairmanship of Officer, with Rob Barbour continuing as MD and Pieter de Waal continuing as technical director

Officer said Alusaf operates in a specialised invironment and has experienced, efficient and well-motivated personnel

It is therefore not anticipated that the change in control will bring about changes in Alusaf's management or employees

Alusaf will be listed at an opportune time on the Johannesburg Stock Exchange, said Officer

He said that a major part of the residual interest in Alusaf, held by the IDC, would form the basis of a future share issue to the public

Alusaf's employees will also be consulted in respect of a preferential allocation of these shares to them

Officer said Gencor had identified aluminium as an important growth area on the local as well as the international markets

Alusaf has, since its inception, established itself as a force in these markets and Gencor looks forward to participating in this growth Alusaf will also complement and diversify Gencor's existing interests in the important base metals and minerals field

He said the transaction will have no immediate material effect on the net asset value, earnings and dividends of Gencor

Alusaf, one of the IDC's largest investments, was established 22 years ago to render SA self-sufficient in respect of its aluminium requirements

The company doubled its capacity in 1982 to approximately 170 000 tons per annum About 35% of its output is exported

Alusaf employs 2 800 people and has an annual turnover approaching R800m After-tax profit in the latest financial year was more than R120m

SABC loses bid to quash stories

Cpt Tms 11/9/87 Own Correspondent 260

JOHANNESBURG. — A Rand Supreme Court judge last night dismissed with costs an urgent application by the SA Broadcasting Corporation's educational programming department chief to stop publication in Vrye Weekblad today of three allegedly defamatory reports about him

It was the second time in two days that the Vrye Weekblad had been successful in a court action with the National Party establishment

SABC department head and a registered clinical psychologist Mr Pieter Erasmus was alerted to the three articles on Wednesday after Mr Jacques Pauw, a reporter of the Afrikaans weekly, sent him copies for comment on the allegations contained in them

In an affidavit Mr Erasmus said the allegations in the report were untrue and and that if the articles were published his character and his professional and personal integrity would be harmed

He also said he had not been given enough time to comment

Mr Justice J Leveson dismissed the application saying that Mr Erasmus could not prove the Vrye Weekblad did not have a defence to the action brought by Mr Erasmus

The articles in today's edition of the Vrye Weekblad allege corruption, intimidation and mismanagement in Mr Erasmus's department

Vrye Weekblad editor Mr Max du Preez said last night that he and his staff were very happy with the outcome of the application

"We as a newspaper are obliged to dig into public institutions and corporations like the SABC to let the sun shine in. The public has a right to know what is going on."

'Conflict' in SABC

260

Cape Times 12/1/87

JOHANNESBURG. — The SABC has reacted to reports published yesterday that its department of educational programmes was riddled with corruption by admitting that there had been "conflict" in the department.

In a statement released yesterday afternoon by the SABC's director-general, Mr Wynand Harmse, he confirmed that "conflict had existed in the department of educational programmes, but it has already been investigated by management".

This follows a failed application on Thursday night in the Supreme Court here by the department's chief, Dr Pieter Erasmus, to prevent publication of the report in the Afrikaans weekly, Vrye Weekblad.

Mr Harmse said many of the allegations made in Vrye Weekblad's report were not true — Sapa

Political comment in this issue by J C Viviers, G Q Kling, G E Shaw, J V Scott, A Johnson and B Streek. Headlines and sub-editing by A Henderson and D Moyle, all of Newspaper House, 122 St George's Street, Cape Town

SABC reacts to weekly's allegations of corruption

Star 12/8/89

260

POLITICAL STAFF

THE SABC has reacted to reports published yesterday that corruption was rife in its Department of Educational Programmes by saying there had been "conflict" in the department

In a statement released yesterday afternoon, the SABC's Director-General, Mr Wynand Harmse, confirmed that "conflict had existed in the Department of Educational Programmes, but it has already been investigated"

This follows the dismissal in the Rand Supreme Court on Thursday night of an urgent application by the department's chief, Dr Pieter Erasmus, to prevent publication of the report in the Afrikaans weekly, *Vrye Weekblad*

The newspaper yesterday alleged among other things that three of the department's senior managers, Marinus Wijnbeck, Nancy Sutherland and Dr Manie Connoway, had accused the SABC of corruption

The accusations include the claim that a film producer bribed an SABC official about two years ago with a Volkswagen Combi and R6 000

Mr Harmse said in his statement that the allegations had been investigated by management, but that no proof could be found to support them.

The Minister of Information and Broadcasting, Dr Stoffel van der Merwe, in an interview last night confirmed that the situation was receiving his attention, but "on the face of it" there appeared to be no need for him to take further action

Alan won't join debate

Political Staff (284)

DURBAN — The National Party would lose votes if the SABC televised a debate between National Party leader Mr F W de Klerk and Labour Party leader the Rev Alan Hendrickse.

Speaking at the Labour Party congress here, Mr Hendrikse said Information and Broadcasting Minister Dr Stoffel van der Merwe told him this.

Mr Hendrickse strongly criticised the SABC for its racially divided political debates and most newspapers for ignoring the elections in the Houses of Representatives and of Delegates (260)

He had refused to take part in debates on the SABC with other members of the House of Representatives.

"I refuse to debate on a colour basis. I am prepared to debate with Mr F W de Klerk as leader to leader."

Mr Hendrickse said he had taken the issue up with Dr van der Merwe, who had told him the NP would lose votes if such a debate were to take place.

(News by B Cameron, 85 Field Street, Durban)

Star 14/8/89

No 'waiting a little longer'

Star 14/8/89

Political Staff

DURBAN — National Party leader Mr F W de Klerk had to declare whether he intended dismantling apartheid or not, Labour Party leader the Rev Alan Hendrickse said at the weekend

Speaking at the party's Natal congress, Mr Hendrickse said Mr de Klerk must repeat what both he and former Constitutional Development Minister Mr Chris Heunis had said about the Separate Amenities Act, the Group Areas Act and the Population Registration Act, namely that they were the main obstacles to a solution

"We agree with him"

He warned Mr de Klerk and the NP they would not be able to say after the election "wait a little longer".

They had to take note of what important people were saying both inside and outside the country about the need for change. There was no doubt South Africa was at the crossroads at which both black aspirations and white fears had to be considered

He appealed to people to ignore the "don't vote" campaign, saying that by participating in the system, the House of Representatives had already made a significant contribution to change and to improving the socio-economic conditions of people

This included the equalisation of a number of pension scales and salaries

(News by B Cameron, 85 Field Street, Durban)

(285)

The Steel Industry

There's more in Iscor than steel

S/Time, 20/8/87

260

By Don Robertson

ISCOR means steel to most people.

But it operates some of the biggest and most sophisticated mines in SA, feeding its works with iron ore, coal, tin concentrate, zinc concentrate, dolomite and silica

It is not sitting on its laurels — major expansions are under way at many of the mines

The Tshikondeni coal mine in Venda — near the Kruger National Park — is to increase production from 200 000 to 730 000 tons a year

Production at the Sishen ore mine, already running at capacity, is to be expanded by 2-million tons a year

Production at the Grootegeluk coal mine will be more than doubled to 14-million tons from 6-million

Coke

Ben Alberts, senior general manager, mining, says "Our decision to expand is based on inter-related factors

"They include new technology which enables us to use low-quality coal, increased demand for iron-ore exports, the finite life of plants and reserves and the current state of the international iron-ore market

"Most of our plants and blast furnaces require high-quality coking coal, of which SA has low reserves For example, the two SA mines with the best coking coal, Hlobane and Vryheid Coronation, have proven reserves for only another 10 years

"Realising that we could face a situation where there could be no coking coal in this country, we were forced to explore new techniques for iron-making, using low-grade coal of which this country has vast supplies"

It has been decided to use the new Corex technology at Iscor's Pretoria works and to commission direct reduction plants at the Vanderbijlpark plant These reduction plants do not require high-quality coking coal and are cost-effective in the use of low-grade coal

Departure

All this required a radical departure from Iscor's conventional mine planning because different coal reserves had to be secured

Generally, Iscor plans in terms of reserves for 40 years ahead

Mr Alberts says "We must guarantee reserves of raw materials in our planning

"Considering the capital tied up in an undertaking like Iscor, it would be economic suicide to have insufficient reserves"

The Tshikondeni mine has high-quality coking coal which goes even further when blended with lower-grade Grootegeluk coal Iscor has also acquired reserves in the Delmas area They had been ignored because of poor quality With new technology, this coal has become profitable

Crisis

Ten years ago, Iscor received 70% of its coal requirements from other producers But it now produces most of its requirements

However, not all the coal Iscor mines is usable in its plants because of poor quality Eskom uses Iscor coal at its Matimba power station at Ellisras

At Eskom's request, Iscor is upgrading the output from Grootegeluk to meet demand for Matimba, which uses 100 tons of coal an hour every day of the year

Iscor has been able to optimise its mining operations with a resultant reduction in costs

Things are also looking brighter for iron-ore exports Demand plummeted after the oil crisis in the early 1970s, but in the past six months it has rocketed

Mr Alberts says "This is due to two main factors Countries closed down their plants during the steel slump and this led to a better balance between supply and demand.

Labour

"In addition, steel demand has increased and the world's two biggest mines — Mount Newton in Australia and CRVD's Carajas mine in Brazil — have suffered severe setbacks

"Recurring labour problems at the Australian mine and production difficulties reduced their sales It will be years before they recover

"A major stacker at the Brazilian mine's export port, Ponte Madeira, collapsed last year, seriously affecting the loading rate at the port"

Taking advantage of these setbacks, Sishen has been running at capacity It is hoped to lift output soon

Mr Alberts says "We cannot keep pace with demand Sats has benefited from the increased demand for ore

"Sishen ore is exported through Saldanha Bay and every week 21 trains, each carrying 18 000 tons or ore, leave the mine for the coast Sats has recommissioned trucks which were collecting dust in the yards to handle the increased traffic."

Debt

It is also good business for Iscor and debt for the railway line of R814-million will be paid off in the next two years

Mr Alberts says Iscor's mining success is attributable to its ability to explore different techniques Iscor pioneered coal-washing methods in the 1960s and the beneficiation of iron ore at Sishen

"The ore is far more marketable if you can provide clients with a standard, consistent grade Quality consistency is vital and enables customers to tune their equipment to specific parameters"

BEN ALBERTS .. mining a valuable contrbutor

Mr Alberts is looking forward to privatisation of Iscor

"What would happen for example, if under a privatised Iscor, we discovered a rich copper-bearing ore?" he asks

Eskom widens choice

STimes 20/8/? 260

ESKOM is to float a locally registered bond, the E169

The issue is for R3 000-million, but the right to increase or decrease it has been reserved by Eskom The coupon is 15%, payable in April and October, and maturity is on October 1, 1998

Eskom is not inviting subscriptions because the objective is not to raise funds at present, but to widen the choice for investors.

The loan is likely to find favour with SA's institutions, which rate Eskom's consolidated E168 bond the market leader

Iscor share service (260)

South Africa's first share information office (SIO) opens today Star 21/8/89

Iscor is being listed as part of the Government's privatisation programme, with the offer to the public opening on October 2

As a service to the investing public, for what will be the biggest share offer to date in South Africa, the SIO will be open from 9am to 9pm on weekdays and Saturdays

"As the Iscor listing is likely to be the largest ever in the country's financial history — depending on the percentage of Iscor to be sold, the offer could be in excess of R3 billion — and because the state is encouraging wider share ownership, it was decided to set up an SIO to provide potential investors," says Pieter van Huyssteen, chairman of the privatisation unit.

The national toll-free number for the SIO is 01-00-789

BDay 24/1/89 ISCOR 260

● THE price at which the country's largest sale of a state asset to the public is set at will have a strong influence on the whole privatisation process, stock broker analysts said

They said it was beginning to look as if Iscor would be sold off in its entirety when its shares were made available for public ownership

Iscor is worth between R3-billion and R4-billion and its advisers have been chary about trying to raise this sum from the public at one go

It had been feared that if the issue was under-subscribed it would put a damper on the sale of future government assets

Until now it had been thought that Iscor would limit the value of shares issued to around R1,5-billion and raise the balance in a number of tranches in the next few years

But some of the big financial institutions have been telling Iscor they were perfectly happy to invest in it

However, the price of the steel maker was crucial, because if it was set "right," the financial institutions have indicated they would take the lot

The government, however, was known to be keen to get as many individual South African shareholders as possible and hopes the issue will result in Iscor possibly having as many as 150 000 shareholders

Moreover, in order to ensure that the small investor gets a chance to take up shares, two issues are planned — one for institutions and one for private individuals The terms in both cases should be the same

This led institutions to argue that if the government wanted the private person to take up shares, it would have to make the offer a generous one

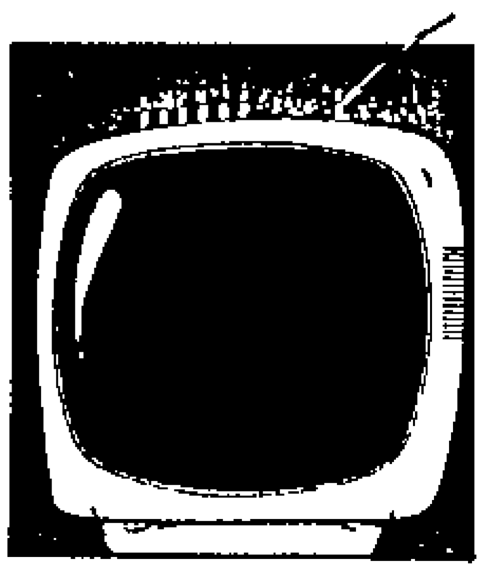
In particular, the offer would need to be sufficiently attractive to ensure the shares did not fall below the issue price in the next year or so because, were this happen, the privatisation effort could come to a halt

THE SABC

Who's the boss?

260

■ New chairman Christo Viljoen feels strongly about his independence



No one doubts that last week's dramatic events in and around Tuynhuys will have far-reaching effects on our political destinies. Another shift in power — less spectacular but still weighty — will also have a ripple effect on the national consciousness It is that signified by the new leadership in the tower blocks of Auckland Park, home of the SABC

The events are clearly linked in some respects by the dramatis personae

A new State President — a new deal in broadcasting? Well, call it a little more independence, for now

Comparing F W de Klerk's style to that of his predecessor who regularly (and brutally) intervened in SABC affairs, Broadcasting Affairs Minister Stoffel van der Merwe has this to say. "The difference lies in consultation and persuasion, as opposed to the giving of instructions — for which of course there is no legal basis I am sure (acting) President De Klerk has no wish to see his name at the end of the TV credits"

Enter newly appointed SABC chairman Christo Viljoen Unlike *his* predecessor, ex-ambassador and Pretoria apparatchik Brand Fourie, and also unlike him more than a titular chairman, Viljoen has no plans to take a back seat at Auckland Park He bases his management style on Eskom's John Maree, he says, and that suggests well enough his independent spirit — though not, as it turns out, a commitment to privatisation

"I want to follow Maree's example," he explains "He changed Eskom and I want to change the SABC — within four years Soon you'll be talking about the Viljoen and (Director-General Wynand) Harmse show" He is not a humble man; nor should he be.

Not surprisingly, there are those who suggest that in the end it will probably be *only* the Christo Viljoen show The new chairman's no-nonsense approach — which some could mistake for arrogance — is rooted in his background as a Stellenbosch University electrical engineering academic That could leave Harmse — quiet-spoken, introverted successor of sacked Riaan Eksteen — with little option but to devote himself to day-to-day administration Viljoen will give the SABC overall direction and increasingly become identified with the institution

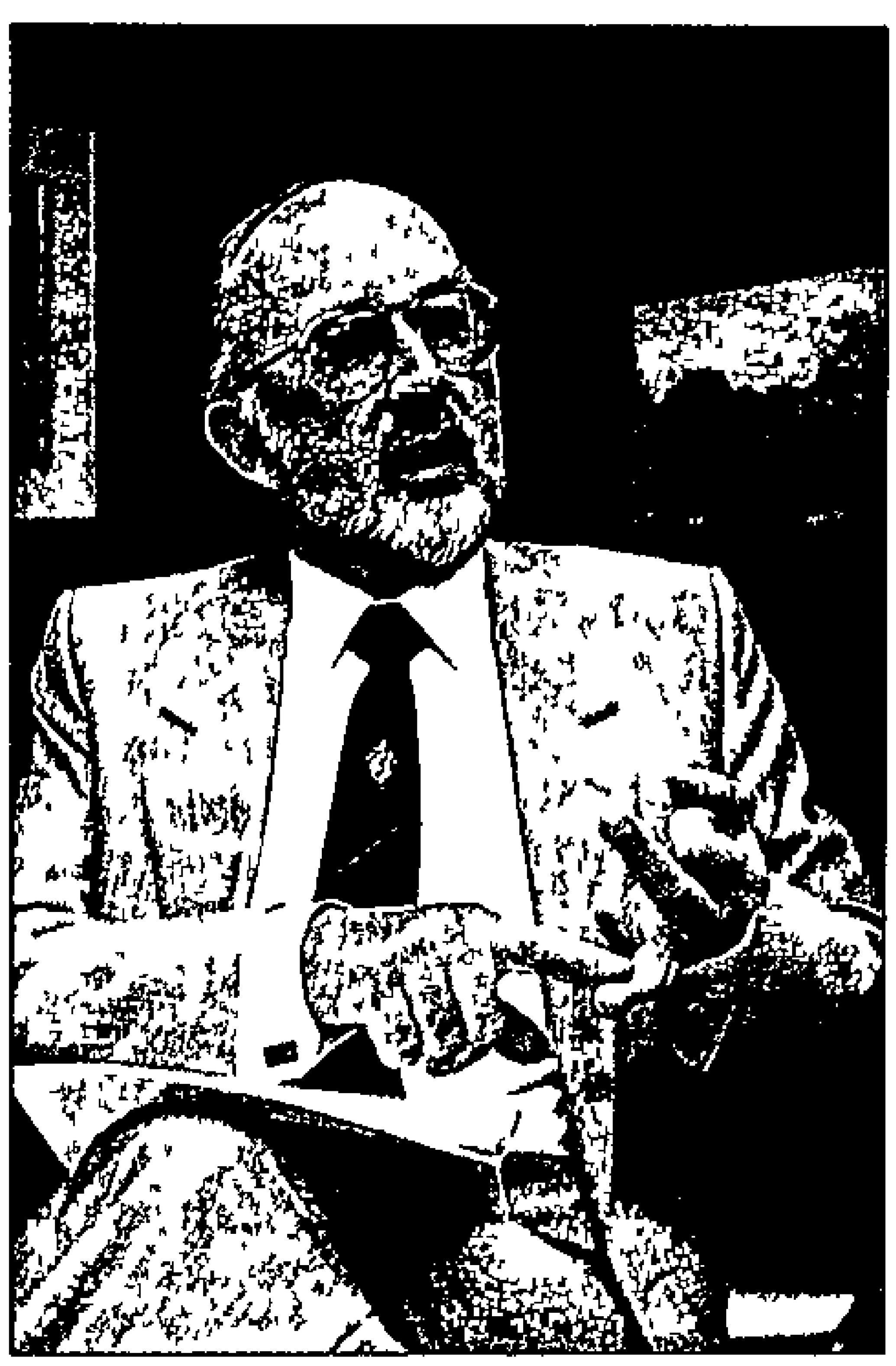
But note — Viljoen was appointed by P W Botha. He has a lot to live down. And it's a tough job, as a little history suggests Broederbond chairman Piet Meyer, the SABC's last executive chairman, ruled with an iron hand, strengthening the secret organisation's grip on broadcasting, forcing it into an ideological mould After him came Free State University principal Wynand Mouton, also a Broeder, who as non-executive chairman soon felt the sting of government's displeasure at what it saw as a lack of subservience. Mouton's run-ins with Pik Botha, the then-responsible minister, and P W himself, left him a bitter man after his resignation

Fourie's appointment left Eksteen free to run Auckland Park in his own style — as long as Pik was still there His fraught life after Pik is now history It became increasingly clear that P W wanted a chairman, personally appointed by him, who could play an active part in the running of the SABC. He found that man in Christo Viljoen — or thought he did

But now P W himself is history so will the nature of the SABC's relationship with government change?

Stoffel van der Merwe says he enjoys a relaxed relationship with the chairman — but admits that Viljoen's style is different to that of Fourie. How? Insiders at Van der Merwe's Bureau of Information speak of Viljoen's notably direct approach when he sends requests through to the minister. In some cases he indicates that a negative response will not be acceptable, they say

Viljoen — speaking to the *FM* before P W's departure — said he prefers to react proactively Instead of waiting for those notorious calls from Tuynhuys, he would make the first contact. He denied — with ire — allegations that he played an active part in Nat politics on the Matie campus "I am not a member of any political party," he said "That does not mean that I do not hold certain political convictions. But I hold them close to my heart."



Viljoen ... venturing into a brave new world

He is adamant that he will not tolerate pressure on himself or the SABC by government — or anyone else "I wanted to know from the minister at my appointment who would be the boss, and he indicated that it would be me He assured me of the SABC board's autonomy. I will not allow my news services (to be) edited by outside sources."

He is blunt about the appointment. "I did not ask for the job We are not His Master's Voice. If you like my style, a word of thanks will do If you don't, kick me out. I'll go back to Stellenbosch or join industry."

Viljoen's independence is strengthened by events surrounding government's embarrassment in the wake of the Eksteen debacle — the culmination of a long history of blatant meddling in the SABC. The memory of P W's open interference on election night in 1987 — when De Klerk, at Auckland Park at the time, was snubbed by Botha, who refused to talk to him — is still hurtful No one wants anything like that to recur — and that contributes to the belief that the De Klerk administration may be reluctant to interfere with the corporation under Viljoen.

The financial state of the SABC — with its R58,3m profit — could also be used to great effect by Viljoen to prove his and his board's worth But this would be an unfair reflection on Eksteen's tenure. By changing its method of accounting the SABC was able to show a record profit — but Eksteen was never given the opportunity of reporting those rosy figures (*Leaders* April 7).

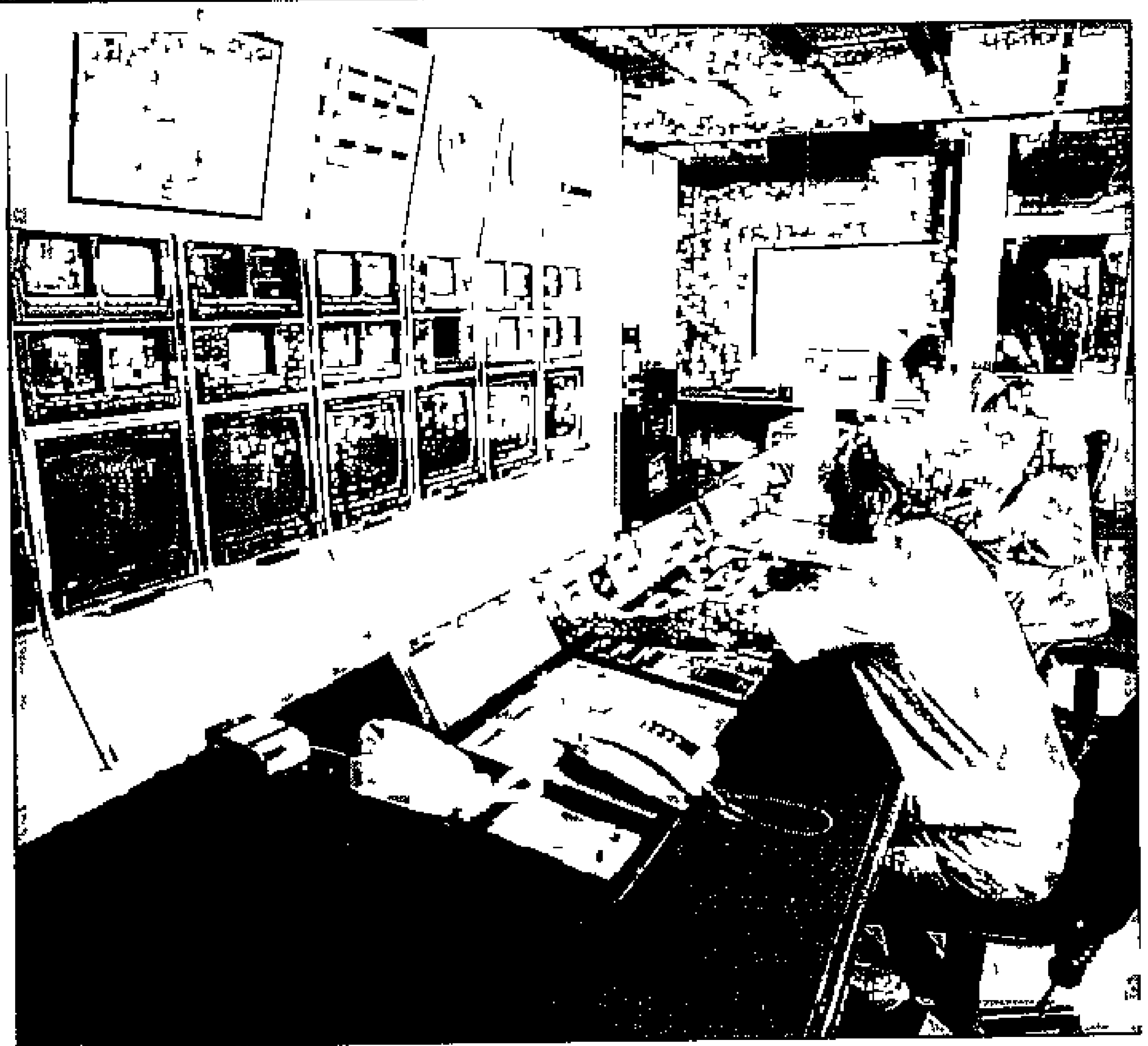
The handling of the election campaign seems proof of a new approach It has come in for a fair amount of praise. While insiders on the political team say the groundwork prior to the highly successful series of election debates was done by political editor Johan Pretorius, Viljoen's tough stand on non-interference could have contributed to the overall impression of objectivity — a first for the SABC. The DP's Dave Dalling even called Viljoen to congratulate him.

The Conservatives must also be pleased. Without mainstream newspaper support, the nightly *Netwerk/Network* broadcasts, for the first time, have provided an ideal platform for the CP — as Stoffel van der Merwe acknowledges. "It is always easier for the opposition to criticise"

But the SABC's political information role ends there, he argues "The political debates have been organised within the framework of

P.T.O.

260



TV control room ... free from Tuynhuys?

the election" Extra-parliamentary groups like the MDM — even though it is the heated subject of some of the debates — will not be accorded time on State radio or TV

Van der Merwe promises equal airtime for all political parties; but he, like his colleagues before him, believes the SABC should also serve as a platform for government to "communicate with the nation" The people must be informed of what government is doing, Van der Merwe insists

There could be potential here for conflict between Viljoen and Pretoria

It could be significant that one of Viljoen's first requests as chairman — for an increase in SABC licence fees — was turned down by Van der Merwe, partly for political reasons "It would have been an inopportune time," he says, "for us to approve such an increase."

An increase *is* on the cards for next year, he says The refusal at this stage, however, has far-reaching implications for the print media Says Viljoen "We aim at generating 60% of our income from advertising. It now stands at 76% In the light of the refusal we will inevitably have to increase our income from advertising to 80% — which is not good for us or the print media"

The SABC's near-monopoly of TV is the cause advertisers need costly airtime to sell products, newspapers and magazines, none tied to party patronage, suffer accordingly

Government's refusal to increase licence fees also sparked the first oral confrontation between Viljoen and M-Net chairman Ton Vosloo In his initial reaction to the announcement Viljoen said the emergence of M-Net had resulted in the costs of TV programmes sky-rocketing. "The arrival of M-Net was inflationary I now have to bid against M-Net," he argues

Hitting back strongly, Vosloo said Viljoen was wrong to suggest that M-Net was responsible for increasing programme costs "Competition lowers prices and keeps people on their toes," he said, adding that he was not aware that the SABC's profits had fallen since M-Net's entry into the market "Viljoen's argument underlines how necessary it has become to privatise the SABC"

Backing Vosloo, *Beeld* argued that it is necessary to restructure broadcasting services to give the private sector a bigger share

Viljoen's rejoinder was that privatisation has become a buzzword "The SABC does not belong to the State What will you do with the money once you've sold the SABC? It won't become a more efficient service . it'll become costlier"

As part of this argument, Viljoen says government blundered when it allowed the print media to control M-Net. He would welcome competition from M-Net, even if the pay channel's licence conditions are altered to allow it to broadcast news, "but not while it is owned by the print media In that case the print media would control electronic as well as the printed news"

Van der Merwe says privatisation is a complex matter "We have not had time to look into it but I am toying with the idea."

Viljoen's total aversion to privatisation might just be reluctance to relinquish any of the powers that came with the job on the 27th floor Dealing with the existing SABC board and Wynand Harmse may be one thing, dealing with a board of directors representing shareholders another.

On the other hand, while the SABC is still safely in the grip of government, Viljoen may find, like Mouton before him, that life can get tougher than anticipated at the top

One area in which Viljoen can act decisively is technology. As expected from his engineering background — he also serves on Eskom's electricity board — Viljoen relishes discussion about futuristic technological development "Satellite communications will arrive in SA early during the next decade," he believes "The thing of the future is the control access (satellite) system"

Viljoen agrees that keeping pace with these developments will cost big money — but denies that the SABC has been extravagant in the recruitment of outsiders to its top echelons

"We've identified our strengths and weaknesses and are implementing a major restructuring at macro-level. We identified new positions We want the best people and if necessary we bring them in from outside," he says

All in all, Viljoen's presence at Auckland Park promises a new and different management style "Judge me in a year's time," he asks earnestly Judged he will be.

If he holds true to his faith — and has the nerve to withstand interference, which may yet come — the SABC could regain the unbiased role it has lost over the years

If not, the Viljoen and Harmse show may have to take a premature bow. ■

25/8/89

CHRIS GIBBONS

260

News talk

Fmail

Lately, Johannesburg commuters may have noticed a new face being displayed on Radio 702's bus shelter advertising It's that of station news editor Chris Gibbons whose provocative and hard-hitting programme *News Talk* is rapidly winning him admirers

Broadcast each evening between 5 pm and 7 pm, *News Talk*, which puts under scrutiny topical issues of the day, has become captivating radio for thousands of work-weary commuters winding their way home in Johannesburg's legendary traffic jams

What makes Gibbons' programme so refreshing is that there are no holy cows Everyone, from Cabinet ministers to lowly civic officials, is put on the air by Gibbons in a telephone hook-up to enlighten listeners, offer background information and answer questions on current news events.

In its new marketing pitch, Bophuthatswana's Radio 702 boasts to its Highveld listeners that 702 is *Radio that opens your eyes.* Listening to *News Talk* you can see why it is justified in making such a proud claim

Gibbons, a former actor from the Pieter Toerien and Pact groups, spearheads the station's news and sport departments, and is also responsible for its R2,5m annual budget

In his *News Talk* slot, he complements the radio station's other well-known radio personalities, such as controversial morning chat show host John Berks, who are rapidly pulling in listeners

Clearly, Gibbons (34) has come a long way since quitting his SABC TV news reporter job 10 years ago after major political and journalistic differences with his former bosses at Auckland Park

Born in Johannesburg — the son of British immigrants — Gibbons was educated in Birmingham and graduated at Cambridge. He accepted a job offer from Radio 702 somewhat warily. "I had never heard of them before, but decided to take the job as chief sub-editor for news and sport "

After a rapid rise, Gibbons was first choice to run the show when the news and sport departments amalgamated in 1981 Since then he has been fully responsible for news and sport policy at 702

"Our aim is straightforward We provide the news our listeners want We preserve our independence by reflecting all political opinions — also those of the extra-parliamentary and anti-apartheid groups," says Gibbons.

Unlike the SABC, the 702 news department has never received any calls from government to complain about news reports, says Gibbons "Sometimes, I wish they would call " Though the station falls under Stoffel van der Merwe's Broadcasting Affairs Ministry, Gibbons and his 11-member news staff are accredited as foreign media — the result of 702 being registered in Bophuthatswana

Each day at noon, Gibbons and his news staff meet to discuss running events and breaking news stories Once the diary has been completed *News Talk* producer Debbie Hurwitz invites participants and organises contributions from the station's regular correspondents Stringers from UPI's audio services and British Independent Radio News are the major foreign contributors

Employees all share in a profit-sharing scheme, says Gibbons, which explains why 702's studios do not display any of Auckland Park's extravagance How about a listing on the JSE? "Next question," is all he would say

Gibbons doesn't believe 702 is overdoing the talk show bit "Our research and outside polls indicate that this is what our listeners want "

Off the air, Gibbons is a family man Given the irregular hours he keeps, he and wife Rhoda rarely socialise Any spare time he has is spent with his two sons, Christopher and Nicholas ■

Gibbons ... keeping listeners well informed

Iskor profits rise by 37%

CIT Times 28/8/89

PRETORIA — Iskor, which rates as the 15th largest steelmaker in the world, earned an attributable profit of R812m for the year to June 30, 1989 — 37% more than a year ago

A statement from Iscor said it was paying a dividend of R225m (R65m) for the year Iscor's pre-interest and pre-tax on average total assests amounted to 17,6% This had improved drastically from last year's 13,1%

At the same time attributable profit increased from R593m a year ago to R812m on total capital employed of R6,3bn at June 30

On a turnover of R5 952m, 23% higher than the 1988 figure of R4 820m, Iscor achieved an income before tax for the year of R1 151m — 68% ahead of the previous year's R686m

Iscor, which has paid increasingly more tax in recent years and this year faces a tax bill of R327m, now had an effective tax rate of 28% which was more than double last year's 13% rate

Iscor's gearing ratio — total debt to total assets — was at a comfortable 26,4% while the ratio of gross interest-bearing loans to shareholders' funds had declined from 17,2% to 14,6%

The dividend payment was the equivalent of 15c a share and at June 30 Iscor had a net asset value of 363c a share — Sapa

ENERGY

Argus 29/8/89 260

Sasol profit tops R1-billion

The Argus Correspondent

JOHANNESBURG — Sasol's diversification programme paid off in the financial year to June

Earnings jumped 32 percent to R629-million (1988 R473-million) in spite of a marginally weaker contribution from the synfuels division

Turnover was R4,093-billion (R3,477-billion), leaving net operating profit of R1094,6-billion (R778-million)

The tax bill rose to R490-million (R348-million)

The sterling performance is attributed to the chemical sector, in particular, where favourable international market conditions played an important role, with earnings no doubt boosted by a declining rand.

Sasol says further significant contributions were made by the coal and technology transfer divisions

With international prices for coal rising, this led to increased revenues in this sphere

The fertiliser division chipped in with healthy profits, the result of improved agricultural conditions brought about by better rains, coupled with the effects of rationalisation

WEAKER

Results of the the synfuels division were somewhat weaker than in the previous year

Marginally higher rand prices for petroleum products and the additional tarrif protection granted to the liquid fuels industry, did not eliminate the adverse effects of rising local costs

Sasol Three's taxed profit was R100,3-million (1988 R100-million), out of which a dividend of R50-million has been paid, half accruing to Sasol and the state taking the other half

The dollar prices of petroleum products are still volatile and have, together with the international market prices of some chemicals, recently shown a downward trend

Although Sasol expects reasonable profit growth in other divisions, these developments could have a substantial influence on results in some areas

INCREASE FORECAST

In spite of this proviso, Sasol confidently forecasts an improvement in earnings in the current financial year

A final dividend of 27,5c a share has been declared, raising the total to 52,5c

This is an improvement of 10,5 percent over the total payout of 47,5c in the previous financial year

It however includes a special dividend of 5,5c

The dividend cover has been increased from 1,8 t0 2,1, possibly indicating a tightening of conditions in the current financial year

ISCOR 360 Fmail 1/9/89

Good timing

Iscor's results, announced this week, show that the timing of the listing is almost perfect With the rand falling, the international dollar price of steel up, and local and overseas demand high, the company has reported increased turnover and sharply improved margins, resulting in a very acceptable 37% increase in EPS for the year to June 1989

Operating margins improved — from 15,8% to 19,5% — for several reasons the increase in the dollar price for export steel and the fall of the rand meant the price received rose at a higher rate than operating costs, and the costs themselves were helped by the 2% increase in liquid steel production, which kept the group operating at full capacity

In addition there was a change in the product mix Iscor's drive to increase the amount of value-added products it makes helped to boost turnover by 23% and also assisted productivity. MD Willem van Wyk

says that internal efficiencies improved.

The bottom line increase was helped by a 58% fall in financing costs Van Wyk says Iscor now has a R586m cash pile, though there are borrowings of R793m "These are long-term loans whose average cost is about 11% redeemable 1995-2002," he says Short-term borrowings are down from R140m to R5,7m The debt-equity ratio fell from 17,2% to 14,6%

Capex, which will in future be financed mainly from internal funds and to a limited extent by suppliers' credit, amounted to R682m (R367m) in the year to end-June It should climb as high as R1bn soon, despite the statement by Van Wyk that primary steel production capacity will not be increased in the next five years, as Iscor has adequate capacity to meet projected needs of SA customers and maintain its share of the international trade

The intention is to invest in more continuous casting machines, which should improve volumes, as well as the announced tinfree line and electro-galvanising line. Over the past few years, the group has been increasing investment in plant to produce added-value items and, says Van Wyk, will continue to pursue this objective.

Despite the high level of investment, there is a rise of only 8,8% in total assets and 5,7% (R197m) in the value of fixed assets Van Wyk explains that part of the expenditure was replacement, and unproductive assets were written down during the year. Housing valued at about R400m was transferred to an associate company, whose figures are not consolidated

The increase in capex should provide for additional tax deductions, which will be welcome because the rate, though still low at 28%, has risen substantially from the 13% rate paid in the year to end-June 1988, pushing up the tax charge by R237m Van Wyk says the rate should remain around

30% 360

Despite this rise, after-tax return on average shareholders' interest improved from 13% to 15,8%. Other pre-tax ratios (return on total assets and return on turnover) also improved

When a company comes to the market on the crest of a profitability wave, there is always doubt whether it will be able to maintain its performance Van Wyk is confident that Iscor will achieve this in the current year Added-value and productivity improvements will assist in raising margins further, though Van Wyk concedes there is a limit to productivity improvements with the same plant

Iscor has budgeted for earnings to grow at the same pace as last year, though local demand, which is higher-margin than exports and which accounts for 70% of total sales, is expected to fall by 3% in volume this year With world demand projected to increase by 1%, this means that Iscor will have to increase its market share — and Van Wyk expects no problem there

For potential shareholders, the vital questions about number of shares and price remain unanswered. Though there were 1,5bn shares on issue at the end of June, Van Wyk says that this number can be changed before the prospectus is issued late in September The results have confirmed there is no doubt that the issue will be successful *Pat Kenney*

It's no smokestack industry so invest, says Iscor

Iscor wants to convince investors it's a 'sunrise high-tech industry' — and its latest results will go some way to proving this
By HILARY JOFFE

The run-up to Iscor's privatisation began in earnest at the weekend with the release of the corporation's latest financial results, for the year ended June 30

The results will influence the pricing of Iscor's shares when the corporation is listed on the Johannesburg Stock Exchange on November 8 and are the basis on which investors will make decisions whether to buy into the corporation, which values its assets at R6,3-billion

Iscor's results look good — especially compared to those of the late 1970s and early 1980s when it was recording large losses

Bottom line profits increased by 37 percent to R812-million and Iscor paid tax for the second year in a row — R327-million this year, up from R92-million last year

Turnover (sales revenue) increased by 23 percent to 5,9-billion, while income before tax rose by 68 percent to R1,1-billion, reflecting "continuing productivity improvements", according to Iscor's management.

Senior general manager Ben Havenga told journalists last week labour productivity in Iscor had improved by an average 5,9 percent a year between 1983 and 1988, while the productivity of capital had increased by an average 9,6 percent a year over the period He attributed this to better utilisation of personnel and modern technology including automation and process computers

As Havenga put it, Iscor wants to convince the investing public it is "not a sunset smokestack industry but a sunrise high-tech industry"

It has been investing on a massive scale, to modernise its plants and acquire the technology to produce new products It has also been expanding its export markets — particularly in the Far East and Middle East — following the imposition of sanctions, which cut off the South African steel industry's access to markets in the United States and most of Europe

Iscor's turnover increase in the year to June was a result partly of a 12,9 percent increase in domestic steel prices over the year, said managing director Willem van Wyk But the corporation has also benefited significantly from rising international steel prices — exports make up 30 percent of Iscor's sales by value

But Iscor isn't the only local steel producer which has benefited from booming world markets And investors will be comparing its results with those of other listed steel companies

Not that there are many of these Iscor's largest plant — at Vanderbijlpark — can supply 72 percent of South Africa's steel requirements on its own and is rated among the world's 12 largest steel producers, while the corporation gives its domestic market share as 73 percent

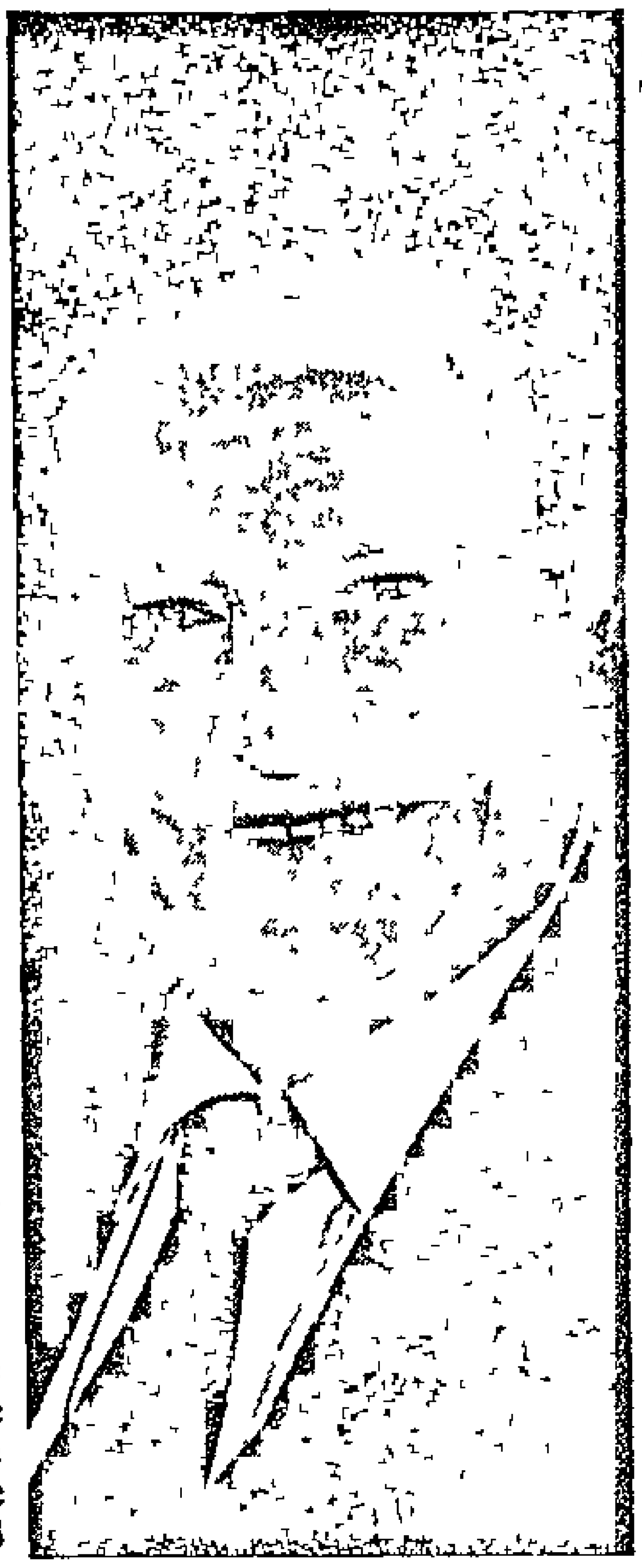
The other comparable steel producers listed on the JSE are Anglo-American-controlled Highveld and Usco (Union Steel Corporation, in which Iscor has a 28 percent stake)

Iscor's results show it doing better than Usco but not as well as Highveld

Looking at return on assets (ROA) — an indication of how well a company is using its resources, one stockmarket analyst has calculated the ROA as 16,7 percent, based on the published figures This puts it above Usco, which had an ROA of 15,3 percent for the year ended September 1988 — a figure likely to have got worse following Usco's weak interim results But Iscor's ROA puts it well below Highveld Steel which showed an return of 24,6 percent for the year to December 1988 and which showed a large increase in its profits when it reported its interim results recently

This analyst points out too that Iscor's ROA of 16,7 percent was above the inflation rate for the period to June of around 13,3 percent — but not by that much.

Comparing profit margins, Iscor reported a margin of 19,5 percent Highveld's was 20,4 percent for the year to end December but this rose to 39,1 percent for the six months to June this year Usco's, on the other hand, was well below Iscor's at nine percent in September last year



Iscor's Ben Havenga

Stockmarket analysts suggest the government will probably price Iscor's shares based on a historic price-earnings ratio of four (that is, the price covers the reported bottom-line profits of the company four times) Since Iscor has 1,5-billion shares in issue, this would mean the government would collect some R3,2-billion if it sold off all the Iscor shares It has committed itself to "privatising" at least half the shares but how many it puts on the market may increase if Iscor's results generate a great deal of enthusiasm among investors

It is believed that the listing will be a successful one — if for no other reason than that the financial institutions (such as the life insurance companies) are "cash-flush" and looking for investments, as long as these are well-priced The government has however expressed its desire for wide share ownership in Iscor, and although it has opened a special office for small investors, it's not clear how interested the proverbial "man in the street" will be in becoming an Iscor shareholder

And the question in the coming year will be whether those who bought Iscor shares will want to hold on to them

Investors in shares, the theory says, make their investment decisions based on what they expect they will gain in terms of dividends and capital growth in the future.

So Iscor's future prospects are the key

Of course the picture presented by the corporation is very upbeat Presenting the results at the weekend, Iscor managing director Willem van Wyk said the results were "not a flash in the pan but are evidence of the 'new look' Iscor and continue the trend of the past four years" He said results would be even better in the future

Its profits in future will depend not only on its ability to make steel efficiently (Havenga estimates Iscor's cost of producing crude steel is only 30 to 50 percent of that of overseas producers) but also on the state of the world market

As it is, international steel prices have been falling lately the price of hot rolled coil, for example, has fallen from $460 a ton in February to $395 a ton and it's not clear what its future trend will be The industrial economies are expected to slow down and this affects demand for steel

Iscor anticipates that the steel market internationally will grow by one percent in real terms in coming years

Havenga said last week the corporation could go into the production of stainless steel at its Pretoria plant — the new board of directors would have to decide on this after privatisation, he said The world market for stainless steel is expected to grow by five to six percent a year, in contrast to the relatively slow growth expected for crude steel Samancor and Highveld are already planning a joint stainless steel manufacturing project to take advantage of this.

(260) WMail 1-7/9/89.

THE TELEVISION WARS

And now for the same again . . .

■ If the SABC really wants to beat M-Net, it should emulate its methods

It's Sunday evening and you're itching for a little entertainment Cinemas are closed, by law, and you've already read two newspapers You switch on the TV with high hopes Your choice? A public affairs programme or a religious service

So — what *was* that number for M-Net?

Every month another 10 000 viewers make that call in search of an alternative to the usually bleak programming to be found on the SABC Anything but those decades-old bad movies, sadly unfunny American sitcoms, international dirt-bike racing, documentaries on proper teeth-flossing techniques It's almost enough to make you pick up a book

The SABC knows only too well about M-Net's 333 000 (and growing) subscriber list After so many years of managing its monopoly without a hint of interest in its viewers' preferences, the corporation is flinching at the sound of encroaching footsteps So it's fighting back

On August 1 M-Net lost three-quarters of an hour of its "open time," leaving the pay station with one hour each night to show its decoded programmes Last week the low-level feud broke into the open with the announcement that M-Net would (like condoms, politicians and religious sects) join the SABC's list of banned advertisers

The SABC chairman Christo Viljoen said M-Net wanted "to have their cake and eat it" by taking advantage of open time and advertising on the SABC He also said M-Net had displayed a "childish reaction" to the advertising ban

It was a "straightforward business decision," claims Jack Hobbs, GM for advertising at the SABC "I'm supposed to be running a business Why should we accept ads from a competitor? We were shooting ourselves in the foot "

It didn't help that SABC employees were complaining about M-Net ads — such as promotions for James Bond movies and top-notch sporting events — running on their shows Viljoen argued that, while there's nothing wrong with SABC staff morale, "M-Net's advertisements on the SABC's TV services do nothing to improve it ".

M-Net claims the SABC is forfeiting R2m a year by rejecting its ads But the corporation rushes to defend its decision by saying it can easily make that up, though some advertising experts have their doubts

The SABC has obviously stung its young competitor which says the loss of an hour of open time translates into a R1m loss of revenue each month "We have to learn to live with it," says Ken Baillie, commercial sales manager for M-Net "M-Net is down but not out "

The SABC would like people to believe that M-Net is a force for evil in TV It allegedly causes inflation by forcing the networks to compete for programmes and allegedly deprives the SABC of income — "forcing" the corporation to demand a hike in licence fees The government rejected the most recent request, true, but there's little doubt that Viljoen will get his 50% increase sometime after the general election

While the SABC complains that M-Net has hurt it financially, the bottom line suggests not In 1988, the corporation made record profits of R58,3m That followed a R14m deficit in 1987 and R30m deficits in both 1985 and 1986 The three-year-old M-Net broke even in 1988 — not bad for a beginner

"I don't see how the SABC can say that M-Net has deprived them of income," says Harry Herber, media director of Grey Phillips Generation II advertising agency. "If M-Net hadn't come along, would that money have been rediverted to the SABC? It's questionable."

Truth is that competition from M-Net has made the SABC a far better service — dental hygiene shows notwithstanding "M-Net has rejuvenated an interest in TV," Herber suggests "It's healthy competition and the consumer benefits A monopoly situation is unhealthy in any industry. There's been natural growth of the entire TV pot "

More and better TV means more viewers More viewers means the competitors can charge more for their ads More revenue for the networks can be ploughed back into more and better TV And so it goes.

But the SABC actually wants to de-emphasise ad revenue in its budget; Viljoen wants licence fees to make up a bigger share of the network's income This is hardly what's best for viewers — since the only legitimate way to test a show's popularity is to market it to advertisers The large income from mandatory licence fees is merely a licence for the SABC to air programmes that bureaucrats and cultural consultants believe people should see, not what people want to see

Abolish the licence fee — in the US, for example, no fees are charged — and the SABC would improve immensely The network doesn't need it anyway — it's full advertising potential has not nearly been tapped, considering that 16 minutes of commercials run during each hour of US family-time viewing The SABC runs a maximum of eight minutes of ads an hour to avoid hitting what Hobbs calls the irritant level

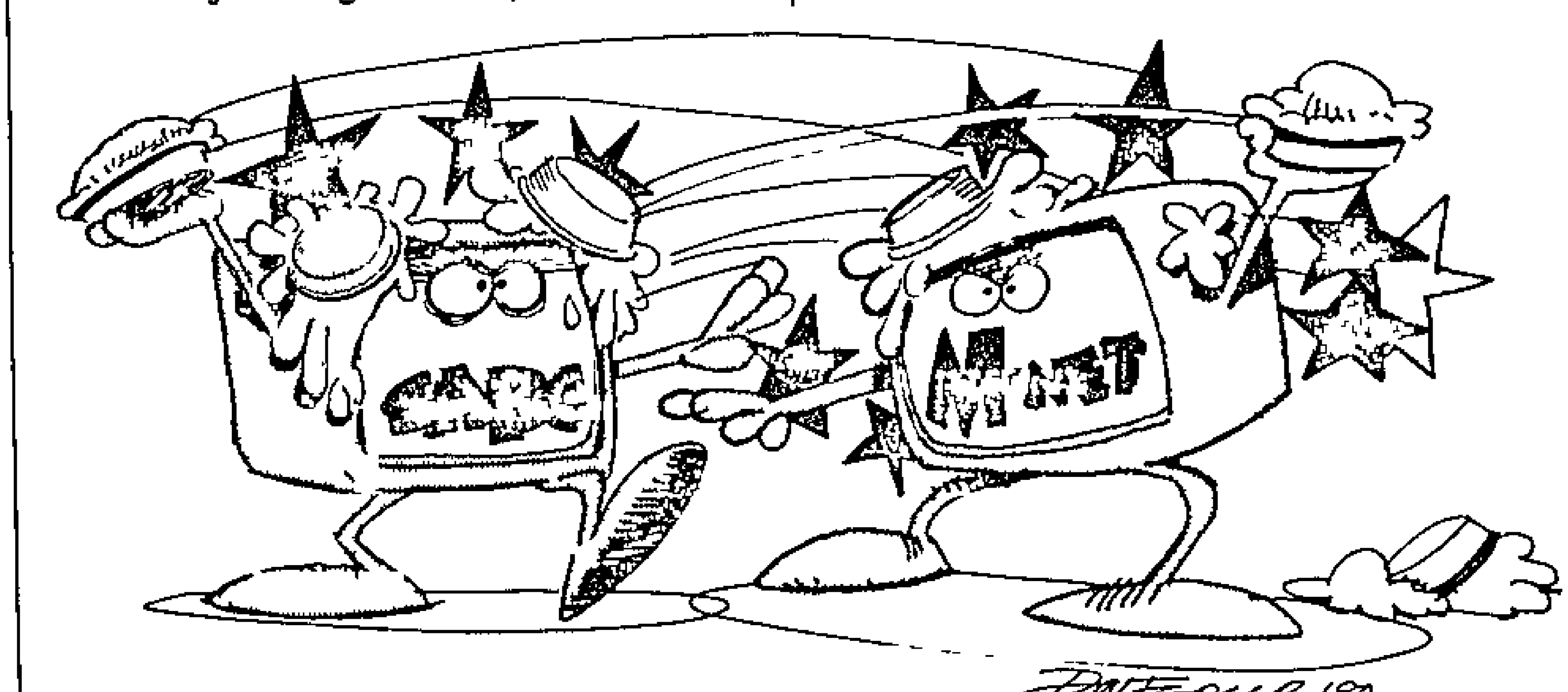
Some SA prime-time shows, however, run few or no ads To complain about M-Net and demand higher licence fees seems, indeed, a childish reaction when the network could do far more to run a professional and efficient operation and so boost revenue

M-Net is certainly not content to satisfy itself with the SABC's crumbs It pretentiously declares that it delivers to advertisers an audience that is "demographically up-market, acquisitive and mobile, and psychographically self-motivated and innovative "

It also charges this mover-and-shaker audience a premium for the privilege of be-

TV AT A GLANCE

	M-NET	SABC
Date service began	Oct 1 1986	Jan 5 1976
Headquarters	Randburg	Auckland Park
Highest-rated show	Loving	The A-Team
Employees	900	5 843
Subscription/licence fee	R39/month	R80/yr
Subscriptions/licence holders	330 000	1,98m
1988 revenue	R150m	R597m
% revenue from advertising	25%	68,9%
1988 profit	broke even	R58,3m
Programming/hrs per week	100	155



8/9/89 260 Fmail

ing a member of this viewing elite Decoders will go up by R100 — to R695 plus GST — on October 1 The monthly subscription fee now stands at R39

Though it entices an ever-increasing pool of customers, who drool at the thought of live US Open tennis coverage, movies made in this decade and daytime programming, M-Net has its detractors They include the viewers who hate all the sport as well as the way movies are repeated throughout the weeks.

Should viewers belatedly decide M-Net was a mistake — too bad They're stuck with a very expensive gadget and probably a new antenna and booster US cable systems, by contrast, *lend* their equipment to viewers who can simply sign off and get their small deposit returned M-Net, the second largest pay station outside the US (France's Canal Plus is largest), says it's happy with its system But if M-Net is serious about maximising its audience, it should put decoders in as many homes as possible by making them available for a small deposit

Unlike M-Net, with its private-club prices, the SABC prides itself on being everything to everybody — which means broadcasting in seven languages, even if that means five language groups may be completely tuned out at any one time

There are surely better ways it could please, if not everybody, at least many people Profits may be up, but the SABC still has a long way to go in programming For example

☐ Give James Bond a run for his money The SABC is bringing viewers three films this week, the most recent is a story about an ageing rodeo star, made in 1972 The others are from 1966 and 1967 and neither is a classic;

☐ Buy the best M-Net is showing American hit shows such as *The Wonder Years* and *Perfect Strangers* The SABC is showing American bombs such as *The Redd Foxx Show* and *Learning the Ropes*, which died quick deaths,

☐ Put shows on at times that make sense to viewers One week *227* starts at 9 55 pm, next time it's 10 01 pm; and then 9 57 pm Unlike M-Net, which starts its shows on the hour and half-hour, the SABC begins them seemingly at random And they overlap, forcing viewers to miss the beginning of one show if they watch the end of another on the other side,

☐ Stop the dubbing Half (at least) the appeal of *Miami Vice* is Don Johnson's sultry drawl, especially when the show has already appeared in English and viewers know what he sounds like Dubbing is estimated to double the cost of a programme The simulcast system is cumbersome,

☐ Get out of the business of religion. The SABC actually created a Directorate of Religion to serve better "SA's Christian churches " If the churches want their say, let them buy air time like anyone else. If the viewers are there, advertisers will pay,

☐ Don't force-feed the masses A recent Sunday night presentation of *Pygmalion* ran for two hours without commercial interruption "It's a cultural programme," admits Hobbs of SABC advertising "Nobody wanted to buy it "

Will the SABC ever improve? There's plenty of speculation about the corporation and M-Net teaming up on an all-sport channel And rumours abound about the combining of TV2 and TV3 — the black-language stations — with TV4 to provide more pure entertainment

But don't expect too much. Before taking over SABC, Viljoen was the Dean of Engineering at Stellenbosch

The answer, as the *FM* has pointed out (*Leaders* August 25) is privatisation

Take away the subsidy — the licence fee that all TV owners have to pay whether or not they want the SABC — and let the network compete openly for advertisements and viewers Then, finally, viewers will get what they want to watch instead of what the government wants them to watch — and at a much lower cost ■

3/9/89

Blasted substation repairs to top R3m

By SOPHIE TEMA

THE cost of repairing the electricity substation which was damaged in Soweto on Thursday this week may exceed R3-million.

The damage caused a power disruption which left more than 15 000 houses in Soweto without electricity and may take six months to repair.

Areas that were affected by the power failure that followed a heavy explosion are Zola, Zondi, Mofolo North, Naledi, Jabulani, Emdeni and Dobsonville

The Soweto City Council has still not determined the cause of the explosion but police are investigating.

Residents claimed the explosion shook several houses in Zola.

Soweto mayor Sam Mkhwanazi said damage was estimated between R3-million and R4-million.

He said the council would approach Eskom for assistance to repair the substation and request that emergency electricity supplies be provided to the affected areas while restoration work was going on.

Eskom Senior manager, Soweto Project, Nic Terblanche, said:

"We have made contingency plans to assist in the restoration of the substation only in the case of the Soweto City Council approaching us for help.

Eskom yesterday asked Soweto residents to ensure the safety of its workers while they work "around the clock" to ensure power would be returned in four days.

This followed reports that workmen refused to enter the townships for fear of attack after a technician was gunned down while working in Orlando West.

Star 5/9/89 (260)

The Star
Finance

Iscor hoping for early repayment of debt

By Jabulani Sikhakhane

Soon-to-be-privatised Iscor could pay off its R814,3 million debt to the Treasury earlier than expected if world iron ore markets remain buoyant

The debt arose in 1984 when the Government, under the Tripartite Agreement, took over Iscor's capital obligations in the Sishen-Saldhana railway/harbour project, with Iscor undertaking to repay the capital interest-free

The Sishen mine has been producing iron ore at 120 percent of planned capacity

Over the past year the Sishen-Saldanha export scheme has contributed about 20 percent of group profits.

The mine produces 20 million tons of iron ore a year, 40 percent of which is supplied to Iscor's Vanderbijlpark, Pretoria, Newscastle and Dunswart plants The remainder is exported

Piet du Plessis, Iscor's public relations manager, says if world markets for iron ore remain buoyant, repayment of Iscor's debt to the Treasury could be accelerated

He declines to give any figures, saying they will appear in Iscor's annual report to be released at month-end

However, during a press tour of Sishen last month, Iscor's senior general manager, mining, Ben Alberts, said the debt could be paid off by mid-1990 should demand for iron ore remain the same

Iscor MD, Willem van Wyk, said in July that Iscor was looking forward to bumper exports "When world demand for steel increased and led to a greater demand for iron ore, while coinciding with strikes and plant problems in some other steel-producing countries, Sishen reacted by raising production.

"The mine is currently running at 120 percent of planned capacity, which is making a large contribution to Iscor's profitability."

The Saldanha project was built by Iscor for the exclusive export of iron ore from Sishen The arrangement was altered in 1976 to make provision for other traffic Sats took over the operation of the railway line and the harbour in 1977

In 1984, after a reduction in iron ore exports and the loss of certain export markets, the Government, took over Iscor obligations under the Tripartite Agreement

The export of iron ore and the use of the 861km Sishen-Saldanha railway and Saldanha harbour is supervised by a control board.

When the total amount owed to the Treasury is paid off, the decision to continue with the export of iron ore through Saldhanha will rest with Iscor and must be submitted for approval by the Cabinet

Iscor will become the sole owner of the mine and Sats the owner of the railway line and the harbour

Iscor blasts 20 million tons of iron ore a year out of the Sishen mine, which is now operating at 120 percent of planned capacity.

SABC moves to upgrade black teaching

Star 5/9/89

260

By Michael Chester

School television programmes beamed down to South African classrooms from satellites may be on the way to crack the problem of chronic shortages of teachers in black schools, the SABC revealed in Johannesburg last night

Even remote schools without normal electricity supplies may be able to tune in.

The hi-tech breakthrough to new solutions to improve the education system in black schools was outlined by Professor Christo Viljoen, chairman of the SABC, when he presented gold and silver medals to winners of the National Productivity Institute awards for 1989

Professor Viljoen said the proportion of black children in the total school population in South Africa was set to grow from 80 percent to no less than 90 percent by the year 2000.

BASIC PROBLEMS

But the need to improve teaching standards was underlined by "a rather grim picture" painted by recent statistics showing that out of every 100 black pupils starting school in the early 1970s, only an average of 14 reached Std 10 level

One of the basic problems, he said, was the lack of suitably qualified teachers And educational institutions were not in a position to produce the number of qualified teachers required for the growing school population

He believed South Africa needed to call in high techology to alleviate the problem, especially through the electronic media, allowing the best teachers in the world to talk directly to classrooms to supplement the work of teaching staff

It was the responsibility of the Department of Education to undertake the task of providing formal education But the SABC was willing to be the carrier of its message, the professor said

At the moment, less than one-fifth of all classrooms were linked to electricity supplies. Now, however, research was in progress towards radical new TV units that may not require electricity at all

The Board of Trade and Industry was already working on the idea of TV sets working on 12-volt batteries — recharged, if necessary, by solar energy

The SABC believed satellite television broadcasts could become commonplace in the 1990s, Professor Viljoen said.

● See Page 19.

80% of Iscor likely to be be sold off

CAPE TIMES 6/9/89

(760)

Own Correspondent

JOHANNESBURG — Unless market conditions deteriorate unexpectedly, some 80% of Iscor is likely to be sold off prior to its November flotation on the JSE

The state will decide "very shortly" how much of its stake in Iscor it will sell

"We're going in with the aim of selling as much as possible," said one of the state's merchant bankers, Senbank.

Previous plans were for the state to sell off at least 51% of Iscor's 1,5bn ordinary shares, raising an estimated R3bn

The state's merchant bankers — Finansbank and Senbank — and brokers have been probing market opinion about the amount of Iscor that should be sold

This was confirmed yesterday by the head of the state Privatisation Unit, Pieter van Huyssteen

Key considerations in deciding how much of Iscor to sell are major institutional receptivity, the state of the market, the need to gain private investor support; and the state's plans to sell off further assets

"The investigation of the market and institutional opinion is at a very critical stage," Van Huyssteen said

Senbank's Hennie van der Merwe said. "What will not be sold is the IDC's stake, which they want to retain for income, and the Iscor management stake

"But the balance — some 80% — could be sold"

Van Huyssteen said the unit was awaiting the results of market tests by Finansbank, Senbank and the state's brokers, Fergusson Brothers, Davis, Borkum & Hare, Ed Hern; and Frankel, Kruger, Vanderine

The tests were "to discover whether the market could absorb more than the 51% of Iscor planned for sale a year ago by the state

Van der Merwe said yesterday that the investigation had received "a very firm feedback from the market that it would like to see a larger stake of Iscor on offer and to minimise the overhang of shares held by the state"

An overhang could, Van der Merwe said, depress the Iscor share price, as institutional investors said had happened with the Sasol issue

Van der Merwe believed that the market had the capacity to absorb a large Iscor flotation, provided the price was right.

This capacity would not, he thought, be affected by upcoming large rights issues

"These are mostly in-house," he said

His view was confirmed by the president of the Johannesburg Stock Exchange, Tony Norton.

He said there was "a large institutional demand for quality stock"

The market had the capacity to "swallow large issues at the right price"

Confirming this, Paul Fergusson of Fergusson Brother reported "positive" major institutional reaction to Iscor in the investigation

Late last month Iscor reported a 37% increase in attributable profits — up to R812m from R593m — on a 23% turnover increase to R5,95bn

Commenting on market conditions, Fergusson said "considering the market was in a pre-election state, it was very stable and receptive to a large flotation

"Barring an unexpected change, like a drop in the dollar gold price, it should remain secure and well-based"

The Iscor offer opens on October 2 and closes October 27 Iscor will be floated on November 8

No major state flotations are planned for the immediate future, which leaves the market clear for a large Iscor sale

The privatisation unit will not be drawn on its plans but it seems unlikely that SATS, Posts and Telegraphs or Eskom will be ready for public sale for at least another year

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ax)
TIMES MEDIA PUBLICATION

Top-level shake-up for Iscor?

B/Day 7/9/89

260

ROBERT GREIG

● KEYS

● CLEWLOW

ISCOR is reshuffling its board of directors, shedding public sector representatives and replacing them with private sector ones, it was unofficially learned yesterday

Barlows CE Warren Clewlow, Gencor executive chairman Derek Keys, S A Breweries group MD Meyer Kahn and one other leading business figure are believed to have been asked to join the board

They will apparently replace four existing members, including former Transport Minister Hendrik Schoeman.

The move, similar to that which preceded Sasol's listing, is intended to attract and consolidate major and minor private investor confidence in the privatised Iscor

An official announcement was expected to take place early next week, said Privatisation Unit chairman Pieter van Huyssteen yesterday.

An implication of the change being announced before the Iscor offer opens on October 2 is that new private sector members will have been appointed for their track records, and not as representatives of significant shareholders

These appointments will not exclude Gencor, Barlows or SAB or any other SA institution taking up to 20% of Iscor later — the state's advisers are determined that the Iscor board should be seen as independent

The Iscor Articles of Association forbid a holding of more than 20% by any single investor or group of allied institutional investors

The private sector executives have not yet officially accepted their appointments, nor have any appointments yet been confirmed by Minister of Administration and Privatisation Dawie de Villiers, sources said

Iscor public relations manager Piet du Plessis said yesterday "There will be no enlargement of the board — as far as I know"

He, the privatisation unit and the state's public relations advisers all declined to comment at this stage on either possible changes in the board's composition or the reasoning behind the changes.

Iscor chairman Marius de Waal, Keys and Clewlow were not available for comment Kahn said he would not comment.

The present Iscor board has 10 members In addition to De Waal and MD W van Wyk, they are S J P du Plessis, former director-general of the department of Trade and Industry; Colin Fenton, former Chamber of Mines president and MD of Gold Fields SA, Trust Bank MD Chris van Wyk, Rod Ironside, former Federated Chamber of Industries president, Dr Leon Knoll, former chairman of Hendlers and MD of Massey-Ferguson, Gerald Morum, ex-MD of Firestone, Hendrik Schoeman, and P F Theron.

ISCOR 260 Finmail 8/9/89.

Selling Big Steel

The privatisation of Iscor presents a communication challenge which is quite different from conventional listings.

The corporation has adopted an unashamedly mass market strategy in a campaign that will cost R12m At the weekend, a series of black-and-white commercials were aired on all television channels They depicted scenes of everyday life — people in the park, getting married and so on — and ended with the message that everyone can buy shares in Iscor

There's a good reason to go for the masses — no investor will be allowed to own more than 20% of Iscor's equity and the company hopes that individuals will buy at least 20% of its shares

The team trying to package Iscor as an attractive investment includes a consortium headed by TWS Communications MD Keith Rhodes, independent consultant Penelope

260 Finmail 8/9/89.

Gracie and Iscor's own public relations staff. They are backed by the advertising agency Klerck & White (K&W).

Rhodes says Iscor's pedestrian image in the marketplace was unfair "Many people saw Iscor as a bureaucratic parastatal that enjoyed subsidies. Our first task was to convince people that Iscor is very competitive internationally and has developed a marketing culture. In fact,.I was surprised at how lean a company Iscor really is."

Iscor management has kept a low profile — which means that nobody in the company has the visibility of, say, Highveld chairman Les Boyd So the company had to mount a major public relations offensive through publications and "meet the team" roadshows But Rhodes cautions. "It isn't our job to encourage the concepts of privatisation and share ownership, though we are bound to do so indirectly "

One goal of the campaign is to avoid the impression that the Iscor listing is just a cosy affair to be sewn up by a handful of life assurers and pension fund managers

"A great deal depends on the success of this listing," says K&W chairman Hennie Klerck "We don't want to exchange a public sector monopoly for a private sector monopoly and we need to win credibility in all sections of the community "

K&W is part of the Saatchi network and has drawn on Saatchi's experience with privatisation campaigns — for British Airways and, more especially, British Steel.

Like campaigns for similar listings, phase one — which broke at the end of May — was aimed at familiarising the public with the company Only later were the financial attractions of buying company shares discussed

Steel is an impersonal product, associated with monolithic factories, so K&W tried to personalise the product Their initial advertisements featured national institutions made of steel, such as beer cans and Ellis Park

And then, at the beginning of August, after the audience should have "warmed" to the product, the advertisements began highlighting the company's financial success.

One advertisement is headlined· "Iscor's track record is quite impressive on paper " It depicts notes piled up to show Iscor's profits, which have grown from R291m in 1984/85 to R596m in 1987/88 The all important pay-off line, common to all four ads in the series, says. "Think about that when you consider buying Iscor shares "

Simplicity is the essence of the campaign, none of the ads refer to returns on assets, p.e ratios or similar stockmarket jargon. Unlike the British privatisations, there will be no bonuses for shareholders who hold on to their shares. Iscor is being pitched as a long-term investment rather than an opportunity for a short-term windfall Says Rhodes: "We needed to keep it simple Iscor is the first building block in the State's privatisation programme and first-time sharebuyers don't need complex schemes at this stage " ■

LEFT: The new Mayor of Cape Town, Mr Gordon Oliver, addresses an audience of dignitaries at his installation ceremony in the City Hall yesterday

RIGHT. Mr Gordon Oliver speaks out at his installation ceremony yesterday about the violence that threatens to tear the Mother City apart. On the right is the Town Clerk, Dr Stanley Evans

Pictures GLENN SHERRATT

Mayor protested about shootings

Cape Times 9/9/89

By PETER DENNEHY

THE new Mayor of Cape Town, Mr Gordon Oliver, said at his installation ceremony yesterday that he felt so strongly about the election-night police shootings on the Cape Flats that he had already been to see the local police commander

He had protested about what had happened, and made an appeal to police to act differently in future He had been well received, and was given an assurance that the matter would receive attention, he said A police liaison officer could not confirm this yesterday

Mr Oliver, who admitted he was "something of a dreamer", quoted from human-rights campaigner Martin Luther King's famous "I have a dream" speech, in which he said "With this faith (that all men are created equal) we will be able to work together, to struggle together, to stand up for freedom together, knowing that we will be free one day"

He also quoted United States senator Ms Nancy Kassebaum, who said that apartheid was "unacceptable and unsustainable" and that if South Africa failed to resolve the internal conflict "it will be torn apart"

"It is our urgent responsibility to resolve conflict at the regional and local level through dialogue and negotiation, perhaps on the lines of the Kwa-Natal Indaba," Mr Oliver said

His office would institute "informal dialogue committees" which would meet on neutral ground a few times a year in an effort to bring together Capetonian leaders from various constituencies

Each of these ad hoc groups would be drawn together in a common interest — education, sport, culture, investment promotion, industrial relations, religious affairs, international relations and the environment.

The world wanted to see Cape Town as "the gateway to post-apartheid South Africa", and it would be the principle objective of his term in office to advance that ideal

Mr Oliver thanked the incoming mayoress, Ms Joanna Stern, for accepting his invitation to take on the demanding position of mayoress

Mr Louis Kreiner, who seconded Mr Oliver's nomination for the mayoralty, described him as "a spiritual man and a people's man"

Mr Oliver, who is a keen environmentalist, said Capetonians shared "a never-ending sense of wonder for our city's beauty and sheer splendour"

DURBAN — The municipal trade union, Dimes, and the Mass Democratic Movement yesterday supported a move to boycott the inauguration ceremony of Durban's mayor and deputy mayor.

They were reacting to a statement by a city councillor, Mr Peter Corbett, who said he would boycott the inauguration on Monday in protest against the election of Mr Derrick Watterson and Mr Jan Venter, both of whom are regarded as conservative

Their election is seen as a political victory for the right wing on council.

Dimes secretary Mr Nad Murugan called on all "liberal-minded councillors and dignitaries" not to attend the ceremony

The MDM went a step further and called for the resignation of Mr Watterson and Mr Venter. — Sapa

New mayoral team to talk with community leaders

W/E Argus 9/9/89 (263)

By ANTHONY DOMAN
Municipal Reporter

A THRUST into Cape Town's broader community by the new mayoral team has drawn strong support from the "democratic movement"

This assurance came from the rector of the Peninsula Technikon, Mr Franklin Sonn, who was guest speaker at the mayoral installation yesterday

Mr Gordon Oliver, the new Mayor, and his deputy, Mr Frank van der Velde, were officially voted into office before a large audience in the City Hall

Initiative

At a lunch afterwards Mr Sonn acknowledged that the mayor acted under certain constraints but said it was necessary for him to make a public stand on certain issues Welcoming and praising Mr Oliver's initiative in holding talks with community leaders, he said he spoke "with some authority" in saying that there was strong support for the moves

Earlier, in an enthusiastically received inaugural address, Mr Oliver dwelt on the political problems

"Historically, Cape Town has always been seen by the world as the gateway to Southern Africa," he said "The world now wants to see Cape Town as the gateway to a post-apartheid South Africa It will be the principal objective of my term of office to advance this ideal

"To this end the mayor's office will be instituting several informal dialogue committees which will meet on neutral ground some three or more times a year

"The purpose is quite simply to bring Capetonians from diverse leadership constituencies together"

The constitution of each of these ad hoc groups would be based on a common interest — education, sport, culture, investment promotion, industrial relations, religious affairs, international relations and the environment

It was not the intention to duplicate work of other institutions The objective was, through "quiet diplomacy," to bond the citizens of Cape Town around "the shared purpose of improving the quality of life"

Mr Oliver disclosed later that he had already held talks with community leaders to establish how they viewed his role

Because the government was not initiating change through parliament, support for extra-parliamentary action was "understandably growing"

He added "In the process, escalating violence from both sides will form part of our future"

Turning to planning for the future, he said the city needed to realise that it was part of Africa

"We will need to reassess many policies, regulations and First World norms and values," he said

In his inaugural speech the new Deputy-Mayor, Mr Frank van der Velde, reiterated his commitment to an open city

"There is no place for racialism in this beautiful country of ours," he said to applause

City protest

He also slammed the manner in which police handled the protest march in the city last Saturday and said he and Mr Oliver had voiced their concern to the regional commissioner of police, Major-General Flip Fourie

Mr van der Velde acknowledged that the police were merely implementing the laws

"To politicians I say Don't use or rather abuse our city for short-term political gain To the police Whipping and teargassing will not improve the image of the police and will not stop rioting"

He also condemned "in the strongest terms" the contravention of the Geneva Convention — medical personnel were arrested during the protest

"At the same time as condemning the police, I must condemn the throwing of stones and the burning of tyres I cannot accept under any circumstances the use of violence as a political solution"

Pictures DANA le ROUX, Weekend Argus

The outgoing mayor, Mr Peter Muller, right, congratulates Mr Gordon Oliver.

Stev 9/11/89

Co-operative SABC

260

MALCOLM FOTHERGILL

A CHANGE of SABC policy with far-reaching implications for the advertising and retailing industries comes into effect on November 1

What it amounts to is that all the SABC's regulations on retail co-operative advertising fall away.

'Outside' products

This means retailers will be allowed to advertise "outside" products on television, and not be restricted to advertising only house brands and/or exclusive lines.

In addition, manufacturers and distributors will be allowed to mention the names of retail outlets through which their products are distributed, regardless of whether or not those outlets have the sole franchise to distribute the products.

The effect will be that competing retailers could well wind up advertising the same products, while a manufacturer could well wind up giving a punt to competing retailers in the same ad.

A change to the rules governing retail advertising, which have been in force since 1977, has been on the cards since December 1986

At that time the SABC said it had decided that, "in principle, the retail rule is inconsistent with the free market policy currently applying to the buying and selling of television advertising air time on SABC stations".

Representations

Since that statement, says Jack Hobbs, the SABC's general manager, advertising: "The Corporation has received many representations from interested parties urging us to either abolish or retain the rules currently governing retail co-operative advertising

"We have listened with great interest and concern to all arguments put to us, and have now made a decision which will have a positive effect, not only on the business activities of the SABC, but also on the interests of our audiences and advertisers."

Iscor brings in big shots to boost listing

(260)

S/Times 10/9/89

Business Times Reporter

ADDING lustre to its shares which will be priced on Tuesday, Iscor has appointed three of SA's most dynamic businessmen to its board

They are Derek Keys of Gencor, Meyer Kahn of SA Breweries and Warren Clewlow of Barlow Rand

The appointments are intended to show prospective shareholders that Iscor has been transformed from a sluggish bureaucracy into a lean and profitable company

Merchant banks and stockbrokers met representatives of the State on Friday to negotiate a price for the shares to be offered in a privatisation which could be worth up to R4 billion

Sources close to the action say that for convenience, the shares will be priced at R2 All that remains to be settled is the number in issue after the listing

One source says 1,5 billion shares are already in issue and another 500 million will be issued at R2 capitalising Iscor at R4-billion That would be roughly five times last year's taxed profit of R812 million and four times 1990 earnings.

Another source says this is on the high side The State wants the issue to be a success and will probably let the shares go at a historical PE of 4,5, suggesting a value of R3,6 billion

Friday's meeting also considered to what extent the offer should be underwritten and what proportion of the State's shares should be sold

The State is keen to sell its entire 70% stake, and the Industrial Development Corp is expected to keep its 30% The public is expected to be offered 175-million shares at R2, Iscor staff 200 million and institutions the balance

Finance Minister Barend du Plessis and Minister of Privatisation Dawie de Villiers will consider their proposals this weekend A final offer price will be announced on Tuesday

Intense

The Government has gone to extraordinary lengths to "sell' the corporation to the public for more than two years

With many share prices on all time highs, public interest in the offer is intense Would-be investors have clamoured for information

Iscor's share information office has received 15 400 calls since it opened on August 21 More than 90% of callers indicated that they were likely to buy shares.

Mr Keys, Mr Kahn and Mr Clewlow and another private sector director, Jan van den Berg, take the places on the board of Sarel du Plessis, Rod Ironside Leon Knoll, Hendrik Schoeman and Philip Theron

Mr Kahn tells Business Times "I'm flattered at the appointment The Iscor management has done an amazing job I'm convinced that Iscor can become a major player in world steel and that prospects are excellent.

"Many countries have become too sophisticated for smokestack industries and have moved into high tech and services But they all need steel

"The weak rand, cheap energy and raw materials and Iscor's expertise make Iscor competitive"

Mr Kahn says his role as a non executive director will be to "give a view without blinkers, support management in its strategic thinking and provide contacts and connections"

Although the Government wants to maximise the Iscor share price, would be investors seek to minimise it

Profit

One fund manager says that although Iscor's performance in the past five years was impressive, it pales alongside those of Highveld Steel & Vanadium and Samancor

Iscor's profit grew from R291-million in the year to June 1985 to R824 million by June 1989 This is a compound growth rate of 30% a year

Highveld's taxed profits climbed from R32,4 million in the year to December 1984 to R119,5-million in 1988 That is a compound growth rate of 39%

But one earnings forecast for Highveld's 1989 financial year is R340-million That puts the five-year compound growth rate above 80% a year Highveld is 5,6 times historical earnings, but only about 4 times forecast earnings.

Samancor's profits climbed from R14 million in 1984 to R188-million in 1988 — more than 90% a year

● To Page 3

Gold uses glamour in a R300m ad campaign

Be

Business Times Reporter

MARKETERS have always realised that a pretty girl is one of their most potent weapons

So it is with the heavyweight World Gold Council, based in Geneva

The anonymous girl on the left is one of the stars of a new television commercial produced by the council as part of its R300 million a year campaign to convince the world of something South Africans have always known — gold is precious

The spectacular commercial is flighted to appear on TV screens throughout West Germany, France, Italy and the UK towards the end of October

TV is merely one of the tools employed by the council to promote the use of gold It also sponsors large print advertising programmes and it organises exhibitions of gold jewellery throughout the world

The promotion has also turned into a money spinner for Johannesburg based TV and video producer Barry Rosen He has been appointed a specialist consultant to the council for its film and video productions

Saving

Mr Rosen is joint managing director of Spot Shop, a specialist marketing and advertising consultancy in Schachat Gendel Venture Marketing

Co managing director Mike Gendel says "Barry's first consultancy with the council was on the new commercial It credited him with helping to bring down the cost of the project from \$560 000 to \$300 000 — a 47% saving"

The saving will be used to increase flighting of the commercial

Now Mr Rosen has been asked to work with the council on projects in other parts of the world

The savings were achieved by critically reviewing all elements of production costs, says Mr Gendel

"We are sometimes regarded as mavericks in the industry because we question everything

"But it is possible to reduce costs without adversely affecting quality"

800 wanted to help VAT collections

S/Times 10/9/89

Business Times Reporter

THE Department of Inland Revenue is looking for 800 collectors to help impose value added tax

Commissioner for Inland Revenue Hannes Hattingh says his staff of 7 700 in 32 offices is fully occupied gathering tax under the existing system and implementing the recommendations of the Margo Commission

He wants 800 more highly numerate people to help collect VAT

Mr Hattingh admits that VAT will impose a heavy burden of paperwork on close corporations, companies and individuals across the economy — but it will be more difficult to evade than general sales tax

There will be no exemptions from VAT Unless the Minister of Finance decides he wants more money from indirect tax the rate could be lower than GST's 13%

Mr Hattingh's staff has been singularly successful In the first four months of the current year collections were up by 37% Revised estimates are that the total take this year will be R46-billion — up from R40 billion last year The cost of collection is about R201 million

Worms

Mr Hattingh's "army worms — 250 young chartered accountants and 200 B Comms who work for the department instead of doing army training — are reaping a rich haul

In 43 125 desk audits, his inspectorate has wrung additional taxes and penalties of R60 million from reluctant payers Nearly 6 000 inspections have yielded another R200-million

Iscor issue

● From Page 1

compounded, but it is 8,2 times historical earnings

The fund manager says there is enough similarity to make reasonable comparisons He is worried because the world steel market has been healthier than at any time since the 1960s and the rand has plunged — but Iscor managed relatively modest growth (260)

British Steel, which was privatised at a price of five times earnings, is now trading at below three times earnings S/Times 10/9/89

The possibility of worsening sanctions is another reason why it is believed Iscor shares should be issued at a discount and not a premium

Those who wish to buy shares will soon be able to get prospectuses with applications from stockbrokers, banks and post offices

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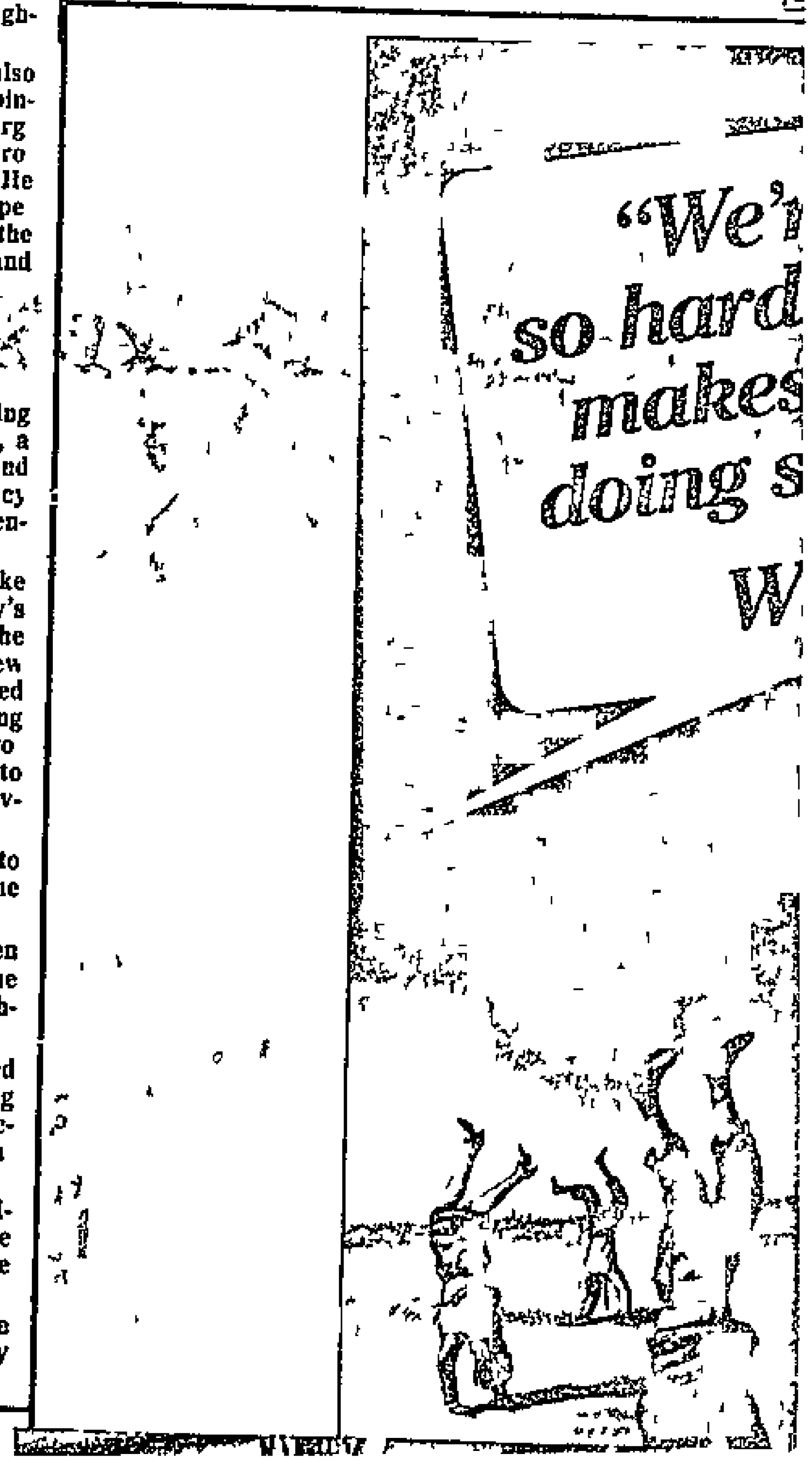

Business Report

Iscor share price decision

GM Trans 11/9/89

260

Own Correspondent

JOHANNESBURG — Iscor's share price, in what is likely to be the major public offer of the year, will be decided today and announced at a press conference in here tomorrow

The conference will also release details of Iscor's capital structure

This was confirmed yesterday by a senior Administration and Privatisation department official

Speaking on condition he was not named, he said the prediction that the shares would sell for R2 each was, at this stage "a guesstimate"

The decision on price would be made by today, he said

Speculation expects the shares to be issued at a discount to ensure success in the first new-generation public sale of state assets

The state is expected to raise between R3bn and R4bn through the offer

What is to be decided by tomorrow, in the light of intensive canvassing of institutional opinion, is.

- How many shares will be issued and at what price,
- The relative allocations to the public, institutional investors, employees and management, and
- Whether the offer will be underwritten and by whom

The state is expected ~~to raise~~ between R3bn and R4bn through the offer

In issue already are 1,5bn shares Of these, 10% or 150m are for employees Another 20% to 30% are held by the IDC and a proportion of this, still to be revealed, for Iscor management

At the end of June, announcing details of the employee offer, Eugene van Rensburg, said the state would ensure the widest possible public participation in the offer

It is expected that separate allocations will be made for institutions and for the public, a limit of 20% being placed on the holding of any single SA institution or allied cluster of institutions

- Yesterday further details of Iscor board changes were released by the state

Five existing members of the board have resigned — Sarel du Plessis, Rod Ironside, Leon Knoll, Hendrik Schoeman and Philip Theron

They have been replaced by leading private sector executives Warren Clewlow (Barlows CEO), Derek Keys (Gencor executive chairman) and Meyer Kahn (SAB group MD) and Jan van den Berg of Finansbank, one of the state's merchant banks

This leaves one board vacancy Yesterday, Jasper Nieuwoudt, chief executive of Privatisation and Deregulation in the ministry of Administration and Privatisation, said details of the vacant appointment had still to be released

Iscor has ruled out an enlargement of the 10-man board and chose new board members to beef up the state corporation's attractiveness to the private sector

In announcing this, state merchant banker, Hennie van der Merwe of Finansbank, said the intention was to appoint sound managers with a good track record, rather than representatives of shareholders The Iscor board would be independent

Argus 11/9/89

Iscor share offer details expected tomorrow night

210

By TREVOR WALKER, Business Staff

THE great steel share flotation, the privatisation of Iscor, the world's 15th largest steel producer, is expected to be announced in Johannesburg tomorrow night

Merchant banks Senbank and Finansbank have been testing the market, and in particular the huge financial institutions, to determine how many Iscor shares they might buy and at what sort of price range

Tomorrow night details of the price, how many shares and how much of the huge company will be offered to the public are to be announced

PRICE CRITICAL

The price is critical as far as the sale of other state assets and the marketability of the shares once they begin to trade is concerned

If the price is too high and the government is left with a large block of shares not subscribed for, this overhang could be expected to depress the price in the months after listing

If the price is too low, the government will be accused of giving away a state asset that has been funded all these years by the taxpayer.

Whatever the price, the small investor will be well advised to consult his bank, broker or financial adviser before plunging in and offering to buy shares

Iscor has an annual turnover of nearly R6-billion and made a taxed profit of R811-million in the year ended June last

Details of the latest budgets and forecasts are expected to be announced when the prospectus is released tomorrow.

● **Argus readers can win prizes of 300 Iscor shares in a weekly share ownership competition starting tomorrow. The winner of a lucky draw of all entries will receive 1 000 Iscor shares. See tomorrow's Argus for details and entry form.**

Mayor, councillors to join march

Argus 11/9/89

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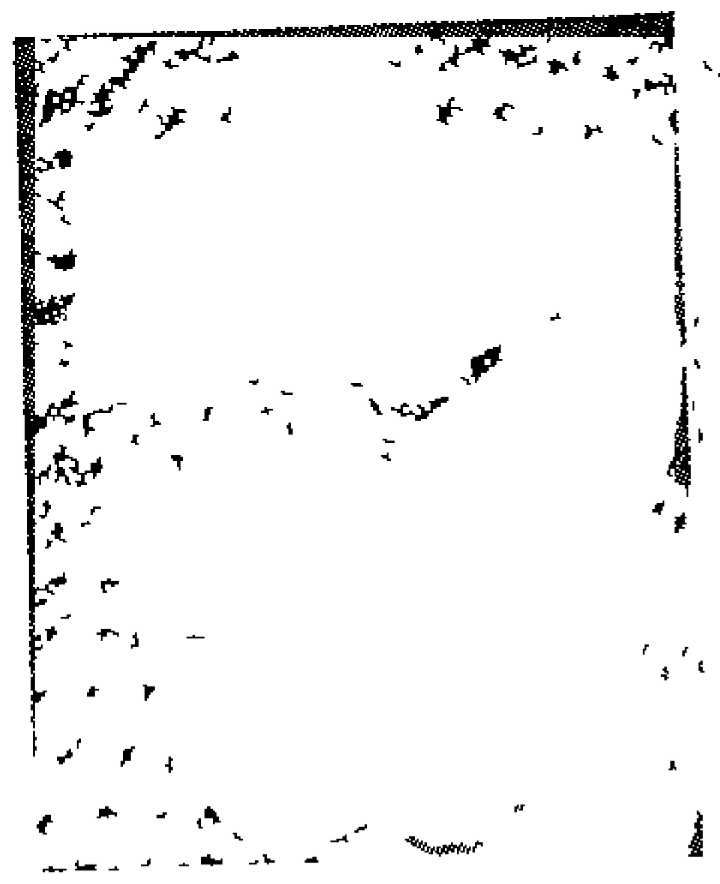
263 11/9/89.



Mr Adriaan Vlok

Staff Reporters

AT LEAST half the members of the Cape Town City Council plan to take part in a march on parliament on Wednesday The new mayor, Mr Gordon Oliver, and his deputy, Mr Frank van der Velde, have confirmed they will be taking part.

Mr Van der Velde, asked how he would react to police orders to disperse, said today he would "certainly obey police instructions"

City councillor Mr Ian Iversen, confirming his participation, said he expected "about half" the council would take part

Ms Annamia van den Heever, also confirming that she would be taking part, said councillors had not discussed participation as a group

Other councillors who have decided to take part include Mr Arthur Wienburg and Mrs Isobel Edelstein

"Solidarity"

Sea Point councillor Mr Ken Penkin said the council should "show solidarity" with the people of Cape Town in their rejection of apartheid

The State Security Council is meeting in Cape Town today to consider recent unrest in the Peninsula as well as sharp criticism of the riot police by a police officer

The security council may also discuss the planned march and how the police should react to it

The Minister of Law and Order, Mr Adriaan Vlok, today confirmed his attendance at the meeting but would not anticipate any agenda

"No meeting"

It appeared he would not be meeting Lieutenant Gregory Rockman, the Mitchell's Plain policeman who has criticised the actions of the riot police.

Police spokesman Captain Hendrik Opperman said no meeting had been planned between Mr Vlok and Lieutenant Rockman

Lieutenant Rockman has met the Regional Commissioner of Police, Major-General Flip Fourie, on two occassions since criticising the riot unit for "excessive violence" in dealing with unrest

He has, however, insisted that he will tell his story of events in Mitchell's Plain only to the Commissioner of Police in the presence of the minister

NP "concern"

Meanwhile, there is some concern in Nationalist circles about bad overseas publicity for South Africa because of unrest during the election

It is understood acting President Mr F W de Klerk is giving his personal attention to serious tensions in some areas

The Democratic Party is to ask for talks with Mr Vlok and Mr De Klerk to discuss what Mr Tian van der Merwe, MP, the party's law and order spokesman, described as a serious situation It is to be discussed at the DP's first parliamentary caucus meeting today

He said it was clear there had been abuse of power in events last week One doctor had reported to DP MPs that he had treated 42 people for buckshot and birdshot wounds

Pinelands DP MP Mr Jasper Walsh said "It is clear that riot police action has unleashed massive violence on our community, resulting in a number of deaths"

Mr Walsh is chairman of the party's urban monitoring and awareness committee, which has expressed support for Mr Oliver's "commitment to register the city government's protest against police violence"

Defiant mayor set to hold protest march

CT Times
11/9/89
763

Mr Oliver

By PETER DENNEHY

THE new Mayor of Cape Town, Mr Gordon Oliver, is determined to take part in a march to Parliament this week in protest over the deaths on election night last week.

The mayor has asked the police to "turn a blind eye" to the march at 12 30pm on Wednesday, but Major-General Flip Fourie is on record as having said it will be stopped under the emergency regulations

"I am not looking for confrontation," Mr Oliver said yesterday, "nor am I looking to be arrested But I want to show solidarity and support for those taking part in the march

"One must express concern and outrage at these killings "

He hoped that his own participation in the march might contribute towards its atmosphere of being a peaceful demonstration

"We need to learn to love those who persecute us, and not be in a mood of ugly confrontation," said the mayor, who was installed in office on Friday

Asked whether he would wear his mayoral chain and robes, he said· "I don't think I will wear them, as if I did it might look like showmanship, or a gimmick."

He had already met the police commander in the Western Cape, Major-General Flip Fourie, on Thursday morning and discussed the proposed march with him

Low-profile role

"I suggested to him that his chaps should stay away, or if they must be there, they should take a low-profile role and not intervene

"His point of view is that it is illegal I said. 'Let it be, turn a blind eye to it' They (the police) now turn a blind eye towards 'coloured' people on supposedly white beaches, and in many cases also towards transgressions of the Group Areas Act

"Why can't they turn a blind eye towards peaceful demonstrations too?"

Mr Oliver said yesterday that he did not have a left-wing political background

"I have been active as a volunteer in conventional party politics," he said "But I feel I should be all-embracing as a mayor "

Deputy mayor Mr Frank van der Velde yesterday said he would also take part in the protest He had not yet decided whether or not to disperse when ordered to do so

"We don't want to be confrontational, but we are against the police action," he said

Mr Arthur Wienburg said yesterday that he would also take part Mrs Isobel Edelstein said she would too, and it is understood that at least one other councillor who could not be reached yesterday evening intends to be there as well

From page 1

Cape Town, Bishop Desmond Tutu 4/17/85 12/8/89 (263)

Envoys from 12 countries met Bishop Tutu and Dr Allan Boesak yesterday and agreed to monitor the march The countries represented were the United States, Britain, Canada, Portugal, Spain, Australia, France, West Germany, Italy, the Netherlands, Norway and Sweden

"We did not ask them to participate We asked them to be present and monitor They'll be there," Bishop Tutu said

The archbishop said the march would go to the City Hall rather than Parliament, as originally planned

"We will not give any credibility to a parliament that represents such a minuscule percentage of our country "

Bishop Tutu said the decision by the Mayor to join the march was "wonderful" and could be "a tremendous breakthrough in terms of race relations in the city"

A spokesman for the Ministry of Law and Order said yesterday that the ministry would make no statement on the march, as the State President was expected to make a general comment today

According to the Burger, the National Security Council gathered yesterday to consider the Western Cape unrest, Lieutenant Gregory Rockman's allegations concerning police actions in curbing the unrest, and tomorrow's march

This is the day Iscor and investors have long waited for

Star 12/9/89

By Derek Tommey

For the past four months Iscor, one of the world's leading steel producers, has been waging a major communications campaign aimed at stimulating public interest in its share offer — the biggest in South Africa's history.

The share issue follows the Government's decision to privatise state-owned enterprises — starting with Iscor.

Later today the offer will reach its penultimate phase when Iscor announces pertinent details of the offer. (260)

The market is confidently expecting the issue price to be R2 a share with a minimum allocation of 100 shares.

But what is more important to the market is the size of the return which investors will get on their money.

In technical terms they want to know what the prospective earnings yield and dividend yield will be?

Expectations are that Iscor will earn about R1 billion after tax this year and that it will issue 2 billion shares, which at R2 a share, will bring the Government R4 billion.

This means that the shares will be issued on a prospective earnings yield of 25 percent - equal to a price earnings ratio of 4.

The country's other major steel producers are on a much lower earnings yield which means that their shares are more expensive than Iscor's will be.

The market does not appear to be so knowledgeable about the prospective dividend yield. Suggestions are that it is likely to be about 6 percent which means that Iscor would be paying out a quarter of its earnings.

As Iscor is highly capital-intensive and needs to invest large sums every year to buy the latest technology, a 75 percent retention of profits is not seen as unreasonable. This is especially so in these days of high inflation and a slumping rand exchange rate when new plant increases in price by 20 percent to 30 percent every year.

The proposed Iscor issue, meanwhile, is being blamed for dampening activity on the share market The sum sought is a great deal of money; but many institutions and private individuals will be doing their best to find the money, even if it means scraping the bottom of the barrel

Eskom and Zimbabwe discuss Cahora Bassa

B/Day 12/9/89 (260)

BRENT MELVILLE

ESKOM and the Zimbabwean Electricity Supply Association (Zesa) have entered into negotiations for the supply of power to electricity-starved Zimbabweans

Discussion has centred around Eskom's plans to divert power directly from its Cahora Bassa hydro-electric scheme

Negotiations are currently underway to get Cahora Bassa back on line, although Eskom is at over-capacity and has been involved in rationalisation

CE Ian McRae said he believed the area's political climate had made conditions favourable for the sale of electricity to Zimbabwe

The SA, Mocambique, and Portuguese governments, through the auspices of the Permanent Joint Committee (PJC), are considering proposals for relinking Maputo to the Eskom power grid, part of which would also be supplied by Cahora Bassa

Although there have been setbacks and there is an ever-present threat of a political spoke being put in the wheel, McRae is confident that the new spirit of co-operation in the region will triumph

Eskom corporate counsel and SA delegate on the PJC, Dries Loots, said while negotiations for the supply of electricity to Zesa were still "at the embryo stage", plans included the construction of transmission lines into Zimbabwe

There are several technical reasons for the decision to transmit power, said Loots "But Zesa wants power from SA because it is a lot cheaper to transmit power through lines than build new stations, or expand on existing ones," he said

Last year Eskom announced it was to embark on a closure programme resulting in the eventual mothballing of 13 power stations The decision was taken on the basis that Eskom was overproducing by 10% as a result of the economic slowdown

Decision

"The rationalisations would increase efficiencies and were in line with Eskom plans to link the majority of South Africans to electricity, and to expand its power grid into neighbouring countries," said McRae

He said the decision to bring Cahora Bassa back on stream would have no influence on the decision to rationalise

Loots said Zesa's decision to enter into negotiations may have been prompted by technical difficulties in their own power stations Electricity users in Bulawayo have suffered recently from a chronic power shortage and it is believed that the Zimbabwean government has been reluctant or unable to raise the necessary finance for the expansion of the Kariba hydro electric station

March divides council

Cape Times 12/9/89 (263)

Staff Reporter

THE City Council is divided over tomorrow's protest march in which the Mayor will take part

While more councillors said they would join the Mayor, Mr Gordon Oliver, another councillor appealed to him not to march

Mr Chris Joubert, who represents Sea Point on the council, said "The Mayor must not be drawn into something that he can't get out of later"

Mr Joubert said this was not just his own view, but also that of several other city councillors, many of whom disagreed with Mr Joubert politically

He said the Mayor "should respect everyone's opinions as far as confrontation is concerned"

Mr Oliver could not be reached late yesterday, but a source close to him said he was "being advised from all sides" He was sticking to his decision to march, however

The councillors who indicated that they would join the Mayor on the march are the deputy mayor Mr Frank van der Velde Ms Annamia van den Heever, Mr Ian Iversen, Mr Arthur Wienburg, Ms Isobel Edelstein and Mr Kenneth Penkin

Others who promised to join the Mayor were Imam Ali Gierdien, acting chairman of the Muslim Judicial Council, and his council members, Mr Franklin Sonn, rector of the Peninsula Technikon, and Professor Jakes Gerwel, vice chancellor of the University of the Western Cape

The march will be in protest against the killing of at least 15 people on election night last week

Another councillor, Mr Neil Ross, said he would attend the service Dr Ernest Kaplan, former district surgeon of Cape Town, said yesterday that he would join the march too

Mr Joubert said "I and many of my colleagues feel that confrontation will get people nowhere I have spoken to the Mayor today, and I accept his deep sincerity as the Christian man that he is

"But I would rather have seen a civic service for all the victims who died in unrest, including those who died as a result of stone-throwing," Mr Joubert said

"I have a problem seeing our first citizen protesting in something that is not allowed by the authorities, and going off to encounter confrontation"

Mr Joubert said he had not persuaded the Mayor to change his decision

Six foreign ambassadors have been asked to keep an eye on the march, according to the Anglican Archbishop of

'ogs on beaches: 'ouncil tries for ew concessions

By PETER DENNEHY

City Council's amenities and health committee mmended yesterday that new concessions ld be made for dogs on three Peninsula beaches uizenberg, Camps Bay and Mouille Point

gs should be allowed on the beaches there, ided that they were on leashes, before 9am and 6pm throughout the year, the committee re d

e recommendation has yet to be referred to the utive committee and then to the full City Coun or a final decision before implementation

aenities and health spokesman Mr Dawie de ers said it had been decided to simplify the lations to make them easier to enforce

'ogs will have to remain on leashes because only can the poop scoop by-law be effectively imple ted Without leashes it is difficult to establish h dog is under which person's control, as well as comes from which dog"

e director of civic amenities, Mr Jack Kloppers, in a report before the council yesterday that e were at present 162 signs on 29 beaches dealwith the prohibition of dogs

e council had recently decided in principle that should be allowed on beaches in winter, but Mr ppers said this would require doubling the num of signs, or continually replacing them

'uerillas attack Tvl farm

Own Correspondent

'ANNESBURG — Guerillas who trated from Zimbabwe attacked farmhouse of Mr J Erasmus, 50 metres west of Beit Bridge in the be area of the far northern Trans l, early yesterday morning a kesman for the SA Defence Force

mall arms" fired at the house sed only slight damage and no in es

e alleged terrorists left seven 7 rockets, one RGD5 grenade, one grenade, an AK47 magazine and numerous empty cartridge cases on the scene before fleeing back across the border

The Department of Foreign Affairs has been asked to take the matter up through diplomatic channels, and the SA Trade Mission's representative in Zimbabwe has been instructed to hold urgent talks with Zimbabwean government and military authorities, following the attack

Mr Erasmus said the attack had not adversely affected the morale of the farmers in the area, and there was no panic in the community

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royal status although she and her husband Prince Andrew already received R700 000 a year from taxpayers' money, the newspaper said MPs angered by her "rake-off" were demanding that all the money should now go to charity

Respected critics last week said Fergie's two books were so badly written that they would not even have been published if she did not have royal connections

Senior Conservative MP Mr Anthony Beaumont Dark accused her of "a flagrant abuse of the royal family" and said she should be immediately banned from "cashing in on her royal name"

Labour left winger Mr Denis Canavan said she should be ordered to hand over every cent of profit from the books to proper authorities to ensure that deprived children benefited, not a woman who ruthlessly exploited royalty to satisfy her own greed

Today said she had already "raked in" R346 000 from American serialisation rights and R520 000 from newspaper deals

Non-starter

DURBAN — A Transvaal runner who was presumed missing after failing to arrive for a marathon was found at a police station after being charged with theft

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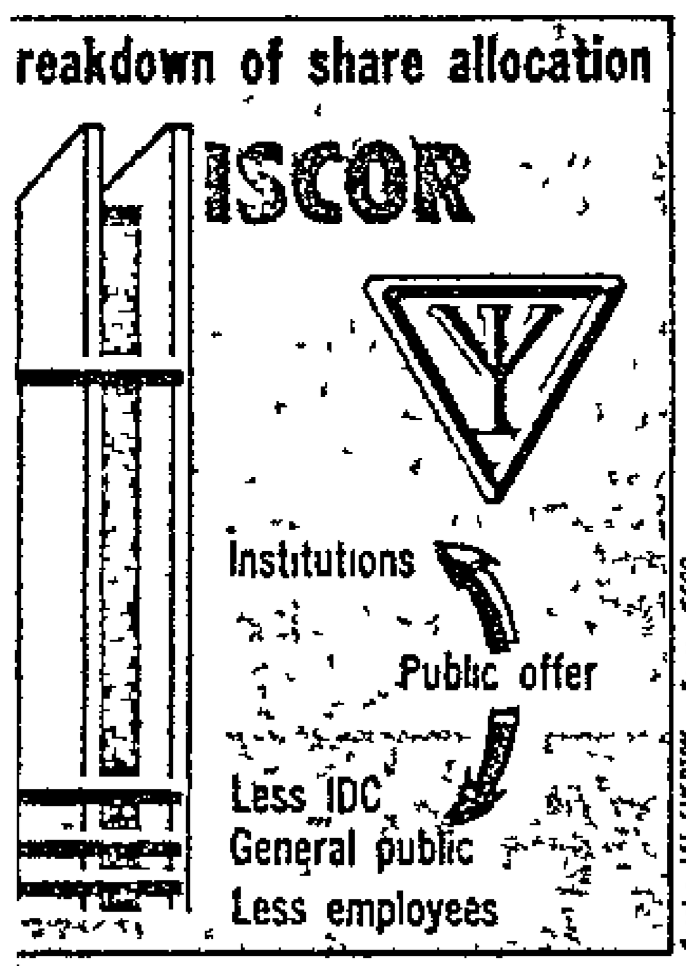
, SEPTEMBER 13 1989 60c (53c + 7c tax)
PE 80c (71c + 9c tax)
A TIMES MEDIA PUBLICATION



State selling entire Iscor holding: shares to cost R2 each

B Day 13/9/89

ROBERT GREIG

THE state will sell its entire Iscor holding, with shares being priced at R2 each, it was announced yesterday in Johannesburg This was agreed by the Cabinet on Monday

Announcing details of the first major sale of state assets since Sasol, and what is expected to be the first in a series which will eventually include Sats and Posts and Telecommunications, state advisers said Iscor's share capital had been restructured to reach "an offer price convenient for small investors"

The state expects to raise R3bn from Iscor's issue, which opens on October 2 (when the prospectus appears) and closes on October 25 The listing is on November 8 The minimum application in the public offer will be for 100 shares Details of allocation have yet to be released.

But yesterday, one of the state's merchant bankers, Finansbank CEO Hennie van der Merwe, said "Every small applicant will get Iscor shares" The offer comprised 150-million shares for the public and 1 307-billion for institutions, he said

Major policy considerations in deciding the share price were the logistical convenience of a round number and the state's commitment to getting a large as large as possible a holding by small investors

Van der Merwe said a share price "of, for example, R2,10 might have caused logistical problems", especially for smaller investors To reach a convenient offer price, the state had restructured the Iscor share capital

A further 350-million shares of R1 each would be issued, putting 1,85-billion share in issue This includes 219 636 R2 cumulative preference shares of R2, each of which are being converted into 439 272 R1,00 ordinaries

"The allocation formula will favour the small investor," Van der Merwe said, adding that pre-announcement canvassing had shown that some "200 major institutions had indicated interest in buying Iscor shares" Smaller institutions would be canvassed from today

Among economic factors in deciding price was the fact that the steel sector was seen as traditionally having volatile earnings, being cyclical Giving details of the offer, Van der Merwe said Iscor had been valued at R3,7bn on the basis of its R812m after-tax profits

260

☐ To Page 2

P.T.O

BDay 13/9/89 (260)

Iscor shares

☐ From Page 1

Profits were forecast to rise by "at least 20%" in 1990, he said, which would put Iscor on an historic price earnings ratio of 4,56 and a forward PE of 3,80 times

Van der Merwe commented "We undertook an in-depth evaluation of competitive ratings of steel companies vis-a-vis industrial shares in SA and Europe and we believe the price and resulting ratios and yields will be attractive to large and small investors"

According to research by one of the state's brokers, Ed Hern, Rudolph Inc, the comparable ratios for Highveld Steel were 5,7 and 4,1 (capitalisation R1,4bn), and for the steel sector 6,2 (historic p e) and 4,1 (forecast)

Iscor's historic earnings yield is 21,9 (forecast 26,4) and dividend yield 7,3 (forecast 8,8), based on a conservative three times cover

After the listing, of the 1,85-billion shares in issue, 3-million non-voting shares would be held by the IDC, 92,5-million by Iscor employees, 150-million by the public and 1,307-billion by institutions

Van der Merwe stressed "The IDC is not holding for the government The agreement is that the IDC will dispose of at least 75% its holding as soon as practically possible to existing shareholders via a rights issue" It would do so in consultation with state advisers

A Privatisation Unit official said Iscor offered institutions one of the few remaining chances to buy quality shares in volume, subject to Articles of Association restrictions on a 20% shareholding by any single SA institution or allied cluster

State advisers hoped many large institutional shareholdings would counter-balance each other

Iscor share scramble ahead

CAL TMP 13/9/89 260

Financial Editor

THE price at which shares in Iscor will be offered to the public — R2 each — is low enough to start a frantic scramble to get them.

It has clearly been fixed with a view to encouraging the small investor and giving as many as possible a stake in the iron and steel giant.

Stockbrokers and analysts yesterday said it would be a good long-term investment for the man in the street.

The offer will open on October 2 with the publication of Iscor's listing prospectus, including a forecast of expected earnings, in 16 national and regional newspapers.

It will close on October 25 and Iscor will be listed on November 8.

● Full report — Page 10

Iscor priced for success

Wit Times 13/8/89 200

By AUDREY D'ANGELO
Financial Editor

R2 lure for small investor

THE price of R2 each at which Iscor shares will be offered to the general public and financial institutions is clearly designed to make the listing a success, as well as to encourage the small investor, Cape Town analysts and stockbrokers pointed out yesterday

The offer comes at a time when there are other opportunities, including rights offers, competing for the cash available to invest "If the price were higher it could turn out to be a disastrous listing," said Glenn Moore of Personal Trust

He thinks the share a good, longterm investment which will be in the portfolios of most major institutions "I don't think it will be a spectacular share to hold It will probably be a very solid sort of counter"

He expects the share to trade at between R2,30 and R2,50 at the end of the first day it is listed on the Johannesburg Stock Exchange "provided the market is stable"

However, Moore warned that the steel industry was cyclical "It is a good industry to be in, particularly as Iscor is an exporter, as long as the rand is weak and demand good

"But demand can dry up in a recession and earnings at such times could be lower than forecast"

Anthony Gibson of Syfrets said "I think the share is fairly priced I am sure that some people would have liked it to be higher But the Government is clearly determined to make the listing a success, and at that level it is generous enough for the man in the street to go for it.

"The Government has probably been influenced by what happened in the UK, and wants to set a trend of a share-owning nation And it has learned the lesson of the BP privatisation, which was not a success

"It might be said that the Government is giving State assets away at that price — but then it is giving them back to the taxpayer."

Gibson said the number of opportunities available to investors now, including rights offers, was "setting some sort of ceiling on the market."

He doubted whether Iscor would attract many foreign investors "The time factor through which they look at SA probably makes gilts more attractive to them"

He also doubted whether Iscor shares would provide a quick stagging profit for people planning to sell their allocation immediately "This is not the market of 1987 when you could expect a premium of 50% You could probably make a profit of 10% or 15% if you sold them straight away

"But this is really intended for the long-term investor"

This was confirmed by Senbank MD Doug Anderson, who said that in-depth discussions were held with 15 key institutional investors on how they saw the investment climate over the next few months, and how they rated Iscor and the market in which it operated

"The conclusion was that the price and price earnings, as well as the dividend and earnings yields will make the listing a success

"This pricing will allow capital growth for the share and will pave the way for future successful privatisations"

Concor Financial Editor Merger

Iscor workers favoured in share offer

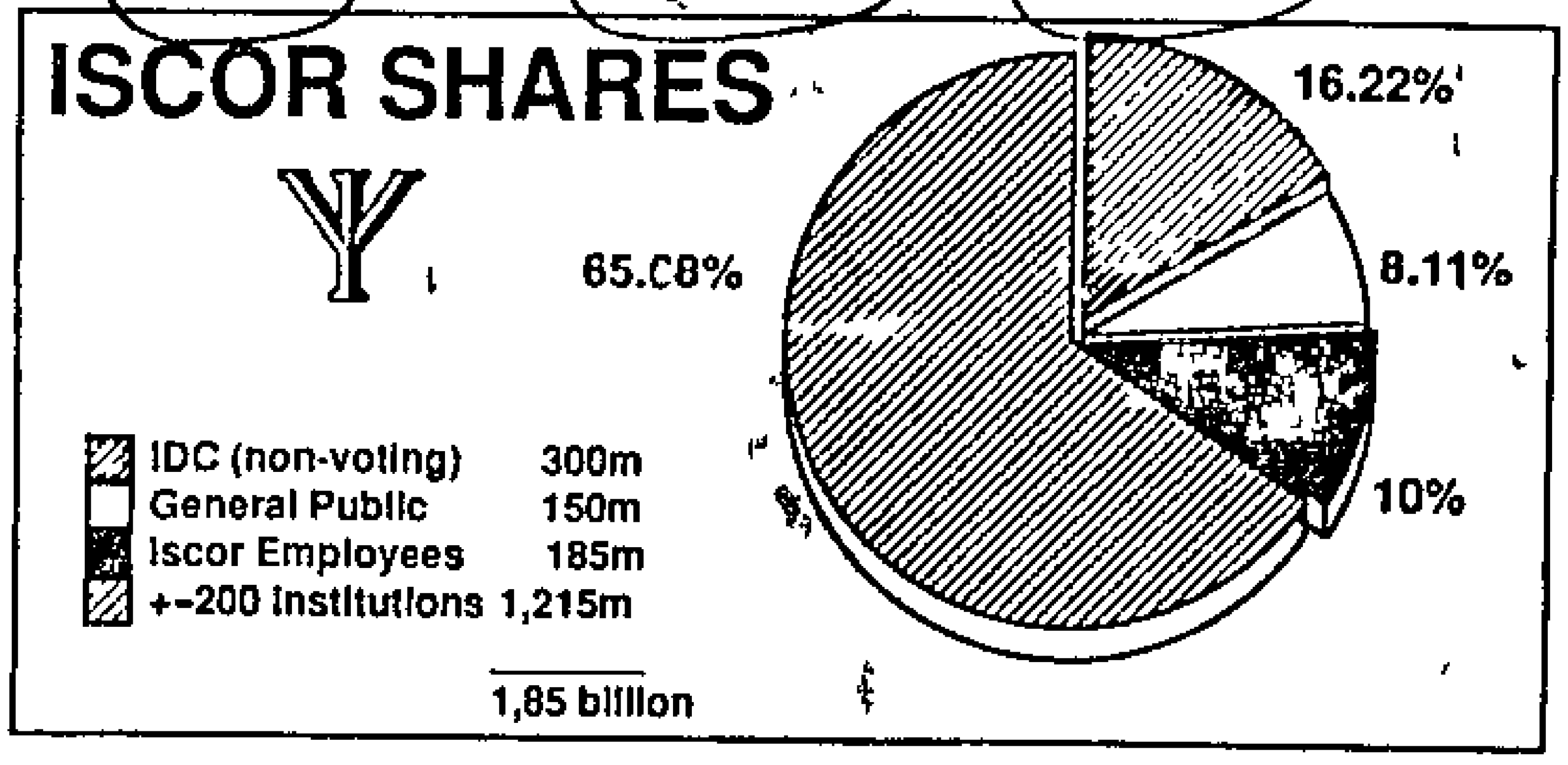
Star 13/9/89

260

By Derek Tommey

Details issued last night show that Iscor workers are being specially favoured in Iscor's planned share offer.

When the share offer closes on October 25, they will hold 185 million or 10 percent of Iscor's total issued share capital. This is a larger number of shares than will be held by the general public.



NO CHARGE

Every Iscor worker is to receive 200 shares at no charge.

In addition they will have the right to take up more Iscor shares to a total of 5 percent of the issued capital at a discount of 20 percent on the R2 issue price.

They will also be entitled to subscribe for a further 5 percent at the issue price of R2 a share. Payment for the shares will be over three years.

This favourable treatment of Iscor workers reflects Government policy to give people employed in privatised operations a substantial stake in these enterprises.

Market sources point out that this should help to overcome worker objections to the planned privatisation of other State enterprises. Iscor will have a share capital of 1,85 billion shares when the issue is completed.

Of these, 150 million will be held by the general public, 1,215 billion by some 200 institutions, 300 million by the Industrial Development Corporation and virtually all of the balance by Iscor workers.

The offer price is R2 a share which is 3,8 times prospective earnings a share for the financial year ending next June. This is a highly favourable price and should ensure that the issue is well-supported.

EARNINGS

The 3,8 times earnings compares with a 4,1 price-earnings ratio for Highveld Steel, another major steel producer, 8,0 for leading mining and industrial share Barlows, 7,3 for paper producer Sappi, 9,1 for synthetic oil producer Sasol and 7,? for Anglo American's major industrial company Amic.

The proposed dividend yield is 8,8 percent, which will be covered three times by earnings.

● See Page 18.

Mwasa demand to SABC

Star 13/9/87.

Pretoria Correspondent

The SABC has been given 24 hours to reinstate dismissed Radio Ndebele announcer, Mr Mandla Masanabo, according to a spokesman for the Media Workers Association of SA (Mwasa).

The demand for Mr Masanabo's reinstatement was made by Mwasa members at a meeting in Silverton yesterday

Mr Masanabo, who has worked for the SABC for about eight years and is Northern Transvaal chairman of Mwasa, said yesterday he was given 15 minutes to leave the premises after being dismissed

Mr J P Ludick, the SABC's regional director for northern Transvaal said the corporation held a disciplinary hearing in connection with the allegations on September 8.

Mr Ludick said Mr Masanabo was given two days to appeal against the decision.

260

Iscor shares offer big profit for those lucky to get them

From DEREK TOMMEY

JOHANNESBURG — The small investor should show a handsome profit from the Iscor share issue — if he is lucky enough to get some

Iscor is laying out the red carpet for the individual, making it easy to buy shares and setting aside 150-million worth R300-million

But this is only 8 percent of the total shares to be issued, the lion's share going to financial institutions

The share price will be R2 for a minimum 100 shares

However in spite of the large number of shares reserved for those investing small, it does not mean they will receive all they apply for Brokers believe the public issue could be over subscribed two or three times

Calculated on Iscor's taxed profits of R812-million for the year to June, the shares are being issued at a price of 4,56 times earnings

But on Iscor's expected profits of just over R1-billion for the current financial year, the prospective P/E ratio is an extremely attractive 3,8

This compares favourably with the prospective P/E ratios of other blue-chips for the year to June 1990

To buy Hiveld an investor would have to pay 4,1 times its expected earnings To buy Barlows one would have to pay 7,3 times earnings

Other P/E ratios are 7,3 for Sappi, 9,1 for Sasol, 7,8 for Amic, 4,1 for the steel sector as a whole and 8,2 for the industrial index

It is clear those investors taking up Iscor shares will be getting much more for their money than if they were to buy Hiveld and about twice as much than if they were to buy Barlow, Sappi, Sasol or Amic

Iscor is proposing to pay dividends of 17,6c a share for the year to June 1990 This is a return of 8,8 percent on the R2 issue price

The dividend will be covered three times by earnings, which is more generous than the four-times cover some analysts were expecting

The Iscor offer opens on October 2 and closes on October 25 Shares will be listed on the JSE on November 8

He said Iscor had been valued at R3,7-billion by its two merchant banks

Iscor would have 1,85-billion shares in issue, of which 300-million would be held by the Industrial Development Corporation (IDC), 185-million by Iscor employees, 150-million by the general public and the balance of 1,215-billion by institutions

Mr van der Merwe said discussions with institutions had indicated Iscor would have no difficulty placing these shares with them

In fact some of the 200 institutions that had indicated they would be taking up Iscor shares were unlikely to get all they wanted This meant they would have to buy extra shares in the market, which should ensure a strong demand

Every Iscor employee would get 200 Iscor shares free In addition, Iscor employees would be able to buy a substantial number at a 20 percent discount and a further substantial number at the offer price

Mr Piet du Plessis of Iscor said feedback from workers had been positive

Mr van der Merwe said the IDC was not allowed to vote its Iscor shares and would have to sell them once market conditions favoured their sale

About 75 percent of the IDC's holdings would be offered to other Iscor shareholders by way of a rights issue The balance would be offered on a similar basis later

The state has already received R600-million from the IDC for its Iscor shares and will receive a further R3,1-billion when the offer closes on October 25, making a total of R3,76-billion in all

Iscor staff get more shares than public

NEWS 13/9/89

By TOM HOOD 260
Business Editor

EMPLOYEES of the steel giant Iscor are to get more shares than the general public in the record R3 700-million share issue

Only 150-million shares (8 percent) worth R300-million will be allocated for small investors at R2 a share

By contrast, 185-million shares — 10 percent of the share issue — will go to employees.

The 58 000 workers are to get 20 free shares each, a total of 1 160 000 worth R2 320 000

They can also buy 91 340 000 shares at a 20 percent discount, saving about R365 000

BLOCK RESERVED

And a block of 92 500 000 shares worth R185-million will be reserved which employees can buy at R2 a share

These details were disclosed today when Iscor published share issue documents

Because of the small allocation to the public, a pent-up demand for shares is likely to see a stampede to buy and a huge over-subscription

However small investors are promised a minimum of 100 shares

The bulk of the shares will be given to about 200 financial institutions

Mr Hennie van der Merwe, chief executive of one of the merchant banks involved in the share issue, said the share register could top 100 000 names

Investors can apply for shares from October 2, the offer closes on October 25 and the shares will be listed on the Johannesburg Stock Exchange on November 8

page 14

Iscor's share issue holds rich pickings for investors

Star 13/9/89

260

By Derek Tommey

The small investor should show a handsome profit from the Iscor share issue

Details revealed yesterday show Iscor is laying out the red carpet for the ordinary individual, making it extremely easy to obtain shares at an attractive price

But Iscor's advisers are satisfied the state is getting real value for its shares, says Hennie van der Merwe, chief executive of Finansbank, one of the two merchant banks involved in the issue

Iscor shares are being issued at a price of R2, the minimum subscription being for 100 shares

To ensure that the small investor has a reasonable chance of securing an allocation, Iscor is setting aside 150 million shares worth R300 million for the general public

However, despite the huge number of shares reserved for the small investor, it does not mean they will receive all the shares for which they subscribe

Brokers believe the public issue could be oversubscribed two or three times

So small investors can expect to receive only one-third to two-thirds of the number of shares for which they subscribe

Calculated on Iscor's taxed profits of R812 million for the year to June, the shares are being issued at a price of 4,56 times earnings

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Expected earnings

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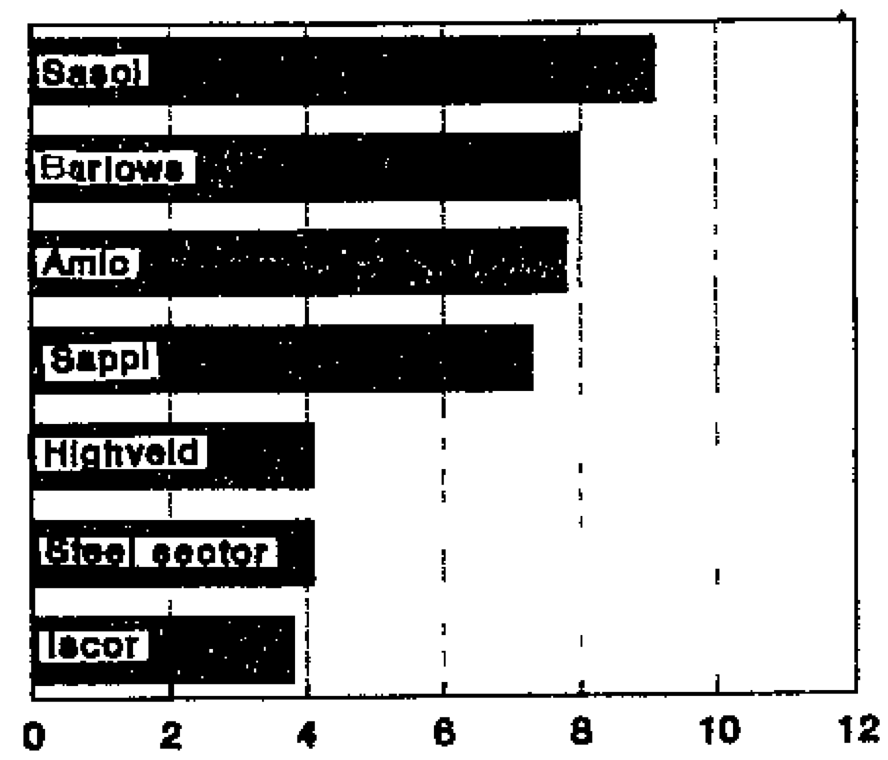
It is clear that those investors taking up Iscor shares will be getting much more for their money than if they were



Comparative prospective P/Es for year to June 1990

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The dividend will be covered three times by earnings, which is somewhat more generous than the four-times cover some analysts were expecting

The Iscor offer opens on October 2 and closes on October 25 Shares will be listed on the JSE on November 8

Mr van der Merwe said yesterday Iscor wanted to attract a wide spread of investors But the emphasis would be on responsible marketing

Discretionary funds

"We would be delighted if the Iscor share register topped 100 000 names, but only if applicants were using discretionary funds for their share purchases

"If they public offer is a real success and we get the over-subscription we expect, the allocation will favour the smaller, rather than the larger, applicant"

He said Iscor had been valued at R3,7 billion by its two merchant banks

Iscor would have 1,85 billion shares in issue, of which 300 million would be held by the Industrial Development Corporation (IDC), 185 million by Iscor employees, 150 million by the general public and the balance of 1,215 billion by institutions

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In fact, some of the 200 institutions which had indicated they would be taking up Iscor shares were unlikely to get all they wanted This meant they would have to buy extra shares in the market, which should ensure a strong demand for the shares

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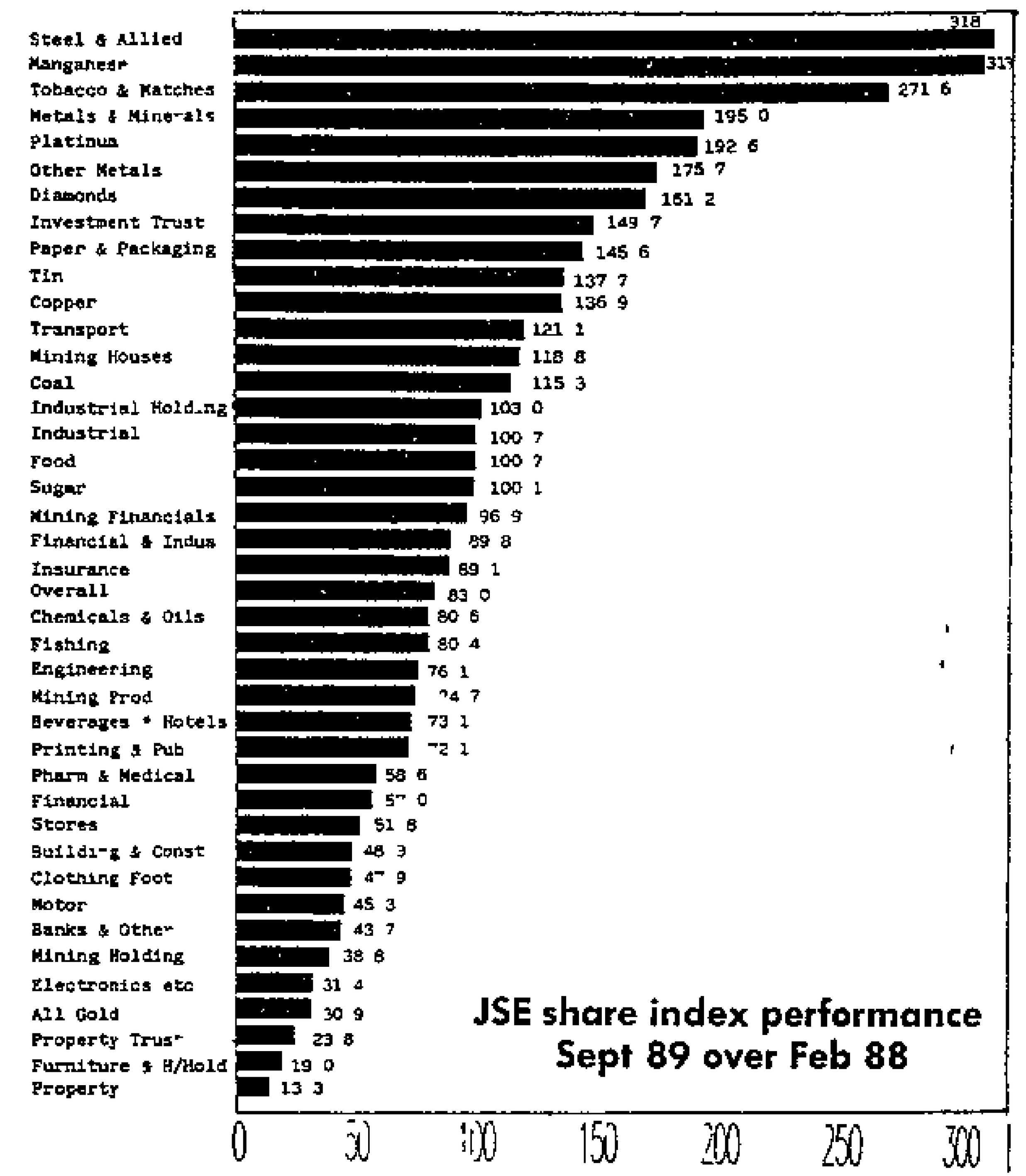
Piet du Plessis of Iscor said the feedback from the workers on the share issue had been positive

Market conditions

Mr van der Merwe said the IDC was not allowed to vote its Iscor shares and would have to sell them once market conditions favoured their sale

About 75 percent of the IDC's holdings would be offered to other Iscor shareholders by way of a rights issue The balance would also be offered to shareholders on a similar basis at a later stage

The state has already received R600 million from the IDC for its Iscor shares and will receive a further R3,1 billion when the offer closes on October 25, making a total of R3,76 billion in all



JSE share index performance Sept 89 over Feb 88

Iscor comes to the market on November 8 with the steel and allied sector of the JSE riding the crest of the wave, having outperformed all other sectors since the market bottomed-out in February last year Since February last year the sector has recorded a total return (capital appreciation plus dividends) of 318 percent, ousting the manganese sector by a short head. Worst performing sector on the JSE in this time was the property sector, which has risen by only 13,3 percent

of the contributions of Samarine ... Rennies which merged in 1984 and are ... information about Satren

State to retain overseer role in Iscor till '94

Cape Times 14/9/93 (260)

Own Correspondent

JOHANNESBURG — The state will retain an overseer role in Iscor until 1994 through a token holding of 100 ordinary, non-voting shares

This was said yesterday by the Privatisation Unit's Pieter van Huysteen

The token holding, through the Minister for Administration and Privatisation, is to ensure that key provisions of Iscor's Articles of Association were observed until 1994.

These include restrictions on individual or clustered institutions' holdings and foreign holdings in Iscor

But, a leading corporate counsel believes that definition which Iscor will use to identify institutional cross-holdings is inadequate It could also have the effect of forcing institutions to count in personal holdings by officers as part of their holding

To allay fears of Iscor falling into the hands of a few dominant private sector institutions, the articles forbid holdings of more than 20% by a single institution or association of institutions

Up to 1994, the holdings of individual institutions and associated institutions' holdings will be policed by Iscor and its directors

This was disclosed on Tuesday by one of the state's merchant banker advisers, Hennie van der Merwe of Finansbank, in announcing terms of the Iscor public offer

After 1994, shareholders and the company may change the articles

He said the definition of associated institutions would be based on relevant portions of the Banks and Companies Act

Practically, the monitoring will be through computer checks The Competitions Board will also have a role to play, Van der Merwe said

Henry Vorster of Hofmeyr van der Merwe, warns that Banks Act concepts of "associates" could cause considerable uncertainty for Iscor, unless significantly modified

The Act was drafted in 1965, before institutional activities became characterised by intricate family relationships and cross-holdings, he said

He warns that an effect of applying Banks Act definitions of "associates" to Iscor could be that institutional investors would have to include personal holdings by their and their subsidiaries' officers and "business partners" as part of their 20% maximum.

This means that if all the officers of an institution, their "business partners" and the officers of their subsidiaries together own 2% of Iscor in their personal capacities, the institution may only own 18% because of the wide concept of an associate, as defined in the act

But JSE president Tony Norton said "The personal holdings would have to be enormous to register and it would be extremely difficult to monitor"

Govt to remain as watchdog in Iscor

BDay 14/9/89 (260)

ROBERT GREIG

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The Act was drafted in 1965, before institutional activities became characterised by intricate family relationships and cross-holdings, he says

Since then, clauses of the Act intended to prevent concentration of ownership in banking have been, Vorster says, "frequently and successfully challenged by some banks" and ignored by others, often with official consent

Vorster believes that using the concepts of the Banks Act could exacerbate Iscor's difficulties in policing shareholdings up to 1994

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☐ To Page 2

Iscor

BDay 14/9/89. (260)

☐ From Page 1

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None of the state's merchant bankers were available yesterday to explain how the Banks Act would be used

ADELE BALETA reports that National Union of Metalworkers of SA members indicated yesterday they were reluctant to take up their free share issue and would rather have cash

In a statement, Numsa said the free shares to Iscor employees will number approximately 12-million out of a total allocation to Iscor employees of 185-million shares of the total issue

CT 7/9/87

Pay rise after Sasol strike

JOHANNESBURG. — The 10-day strike by more than 2 000 workers at four Sasol plants in Secunda has ended, with the Chemical Workers' Industrial Union accepting a revised wage package from management.

In a statement yesterday, Sasol management said the wage deadlock ended after two days of negotiations with the union

The CWIU's national organiser responsible for Secunda, Mr Muzi Buthelezi, told Sapa the minimum wage for the lowest grade remained the same as originally offered, but the rest of the grades received an extra R10, raising the offer from 13 to 14,1%

The average increase stood at 17,4% — Sapa

Iscor share issue will be heavily over-subscribed

260

By David Canning

The R2 price at which steel giant Iscor last night pitched its shares appears set to result in a large over-subscription by the public It also should yield a substantial profit for those lucky enough to get an allocation

As the share price has been pitched at an attractive rate, relative to other blue chips, stockbrokers generally expect the shares to be listed at a healthy premium Star 14/9 1989.

However some eyebrows have been raised by the fact that Iscor's employees are due to get more shares than small investors, partly in a free handout.

The workforce has been allocated 10 percent of the total compared with eight percent for the general public. The institutions get about 66 percent and the Industrial Development Corporation retains 16 percent.

The State is to give Iscor's 58000 workers 200 free shares each, a total of 1,16 million shares worth R23,2 million. They can also buy into a another pool of shares at a 20 percent discount and into a third pool at the normal price.

An Iscor spokeswoman said it was important to give employees a stake in the privatised company and that smaller investor would have the resources to buy more than the eight percent allocated.

Spokeswoman Penny Gracie said from Johannesburg that the eight percent allocation to the general public in fact was high, bearing in mind "guesstimates" that there are only 350 000 shareholders in the country

Asked about Inland Revenue's likely reaction to stagging of the huge issue, tax expert Costa Divaris said the Receiver had become much more aggressive and he was not sure whether he would follow the normal convention "of not taxing once-off profits by the small investor"

Mr Divaris said the State was very ill-advised to already have announced its intention to allocate at least 100 shares to every applicant.

Unless there was some watertight method of checking, this could lead to many applications in fictitious names

● **The National Union of Metal Workers (Numsa) yesterday said its members were reluctant to take up even their free share issue and that they would rather have cash. The union said at R2 a share, the assets of Iscor were being sold "cheaply to those who are sufficiently wealthy enough to invest".**

SABC forces political tests

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Sowetan 14/9/89

By MZIKAYISE EDOMI

BLACK members of the SABC TV news section are being forced to write a test laced with political questions before they are considered for promotion or salary increases

They wrote the first test last month and are due to write another this month

Sowetan is in possession of the question paper, titled "News awareness test" set on July 26 by Mr R J Ullrich who works in the corporation's technical department

The workers were required to answer 18 questions on current affairs

Some of the questions asked are

- Which political parties will contest the general elections (held on September 6) in the Houses of Assembly, Representatives and Delegates?
- What was Nelson Mandela's response to his talks with (former) President P W Botha?
- What caused the violence at Leeufontein in Bophuthatswana and which head-of-state was present at the funeral of the 11 victims?
- What caused Mr F W de Klerk to postpone a visit to the United States?
- What was exceptional about this year's Durban July at Greyville in Durban?

The public relations officer of the SABC, Melanie Leyde, said "This is news to me It is the first time I have heard of this"

Some of the workers told *Sowetan* that they were not happy with the whole episode

Iscor – all offers will be considered

Star 15/9/89

Staff Reporter

260

In the Iscor share offer which opens on October 2, every person who applies for shares has an equal chance

Mr Hennie van der Merwe, managing director of Finansbank, which together with Senbank is handling the share offer, says that provided the application form is correctly completed and is accompanied by a cheque or banker's draft, it will be considered

Mr van der Merwe added that the final basis of allocation of shares, should the offer be over-subscribed, could only be determined once the number of shares applied for had been established

"The State and its advisors will, when deciding on a basis of allocation, do so taking into consideration the State's declared intention to promote the concept of wider share ownership amongst the peoples of the Republic"

He added that the allocation would not be handled on a "first come, first served" basis

15/9/89

WHAT ABOUT THE WORKERS?

(360) Fmail

Iscor employees were made a three-part offer of about 185m shares in the State steel corporation this week as part of the forthcoming sale The employee share ownership scheme offers 10% of the corporation's 1,85bn shares

Each of Iscor's 58 000 employees is to receive on application 200 free shares worth R400 (valued at R2 a share at listing) The second part of the scheme is an offer of a number of 20% discounted shares which can be paid for over three years

Parts one and two of the scheme will take up 92,5m shares (5% of the total shares) while the third part will take up another 5%.

The third option — of a preferential placement — will be open to all employees

They will be allowed a further allocation of shares equal to the number of shares under the discount scheme, but must pay the issue price of R2.

The scheme has drawn sharp criticism from the National Union of Metalworkers (Numsa) which has the majority black membership in Iscor Numsa claims the offer is heavily weighted in favour of white employees, particularly those in the upper echelon

No union has come to Iscor with complaints, though By far more than 50% of Iscor employees fall within the lower salary levels and thus will have the benefit of these shares

National organiser Bobby Marie says that at the weekend Numsa organisers had to persuade a meeting of suspicious and angry members not to reject the free shares but rather to cash them in He says "They felt the scheme is so heavily loaded in favour of whites that it amounts to nothing more than a fortuitous handout for black workers"

Numsa estimates that the free share offer will take up only 11,6m shares, compared to 81m taken up by the discount offer and 92,5m by the third. The union calculates that 20 000 black employees stand to earn R123,2m from the deal, while 30 000 whites stand to earn R246,4m

However, the union says this figure could be altered "substantially" as Iscor managers have offered to set up offices to arrange for the predicted rush of black workers cashing in their shares The union believes these shares are likely to land up in the hands of other Iscor employees and employers This perception is causing problems

Marie says. "The scheme is bogus, with the ultimate aim being to buy off the support of the white employees, who are generally rightwing"

Iscor public relations manager Piet du Plessis says employees in the categories which traditionally include trade union members could get more than 70% of shares in the scheme Including first-line supervisors, this could go to 80% and beyond Du Plessis says he fails to see how the union did its sums, which are "incorrect."

He says the offer to set up offices is merely to assist employees who have had no previous experience with obtaining shares, they will not be used by senior employees to buy worker shares.

Du Plessis defends Iscor's reluctance to provide information on how the scheme benefits the top two employee categories as being confidential

(260) fmail 15/9/89

ISCOR

Casting as wide a net as possible

■ The share price is low and there seems to be enough for all

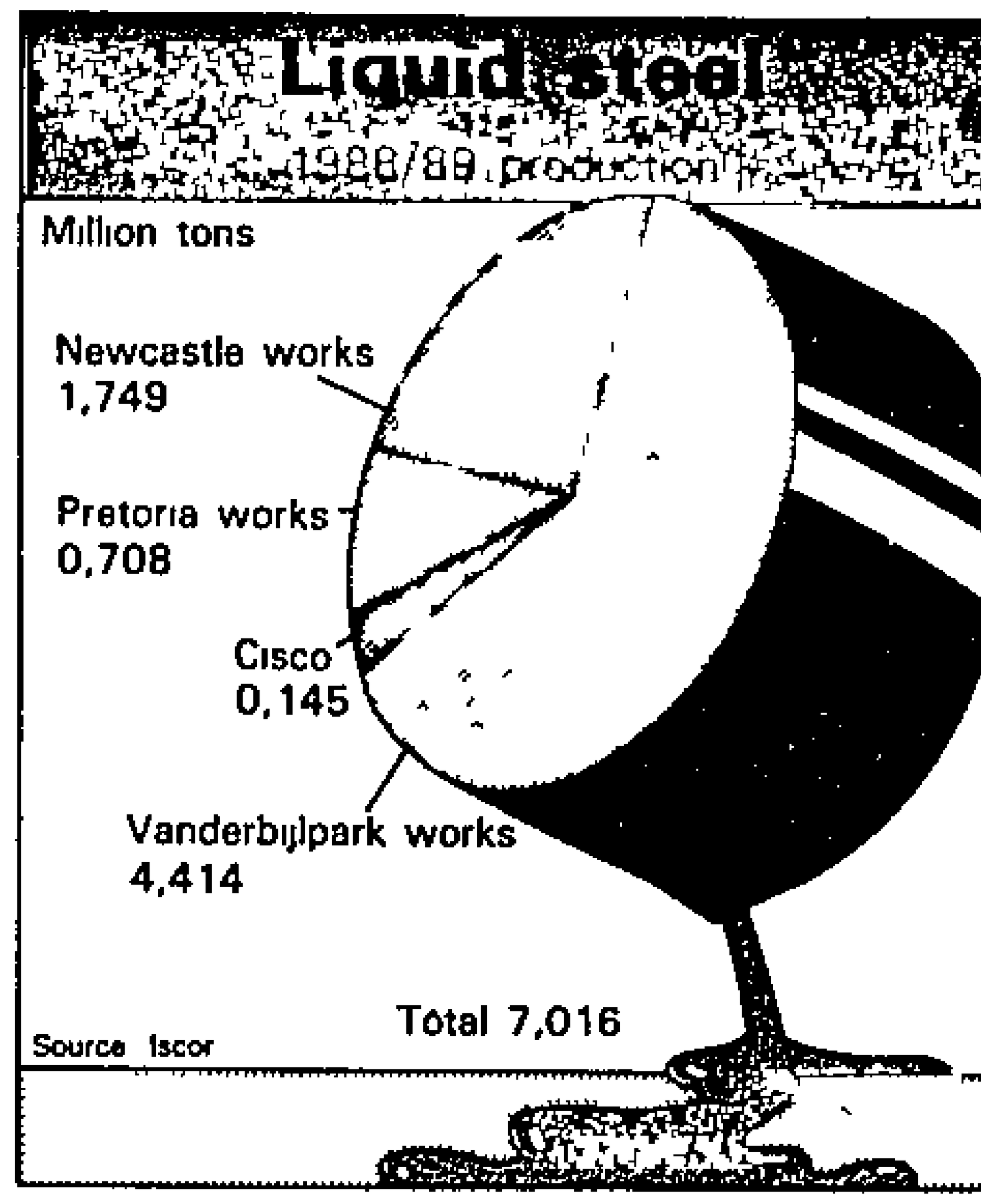
Even without the major advertising campaign to bring Iscor to investors' attention, the size of the issue — together with the fact that it is the first privatisation issue — is bound to make it the listing of the year In addition, it's well-known that government was determined to make a success of this first foray into privatisation and that the price would be attractive The price, announced on the day of going to press, is indeed attractive

It was set at R2 a share which, says Finansbank MD Hennie van der Merwe, has many logistical advantages when dealing with the large volume of applications expected The question then was what the p e would be In the event it is an historic 4,56 times, a little higher than the four expected by a number of brokers But forward p·e is 3,8, based on a 20% rise in earnings this year. The historic yield is a hefty 7,3%

To reconcile share price and p e, the number of shares on issue was raised by 350m to 1,85bn This gives a capitalisation of R3,7bn at the issue price If the market gives Iscor the same rating as Highveld, whose current p e is 5,4, its market capitalisation will rise to R4,4bn This makes it about the eighth most highly capitalised industrial company on the JSE Ahead of it would still be such giants as Richemont, SA Breweries, Barlows, Sasol, Remgro, Amic and Sappi Highveld is way behind, at R1,4bn

Van der Merwe says that the merchant banks involved (Senbank and Finansbank) went to a lot of trouble to test the market and found clear indications that there would be no difficulty placing shares with institutions at a 4,56 p.e "They will actually want more shares than are available to them, which is good, as it means that there will be a demand on the JSE after the listing," he says

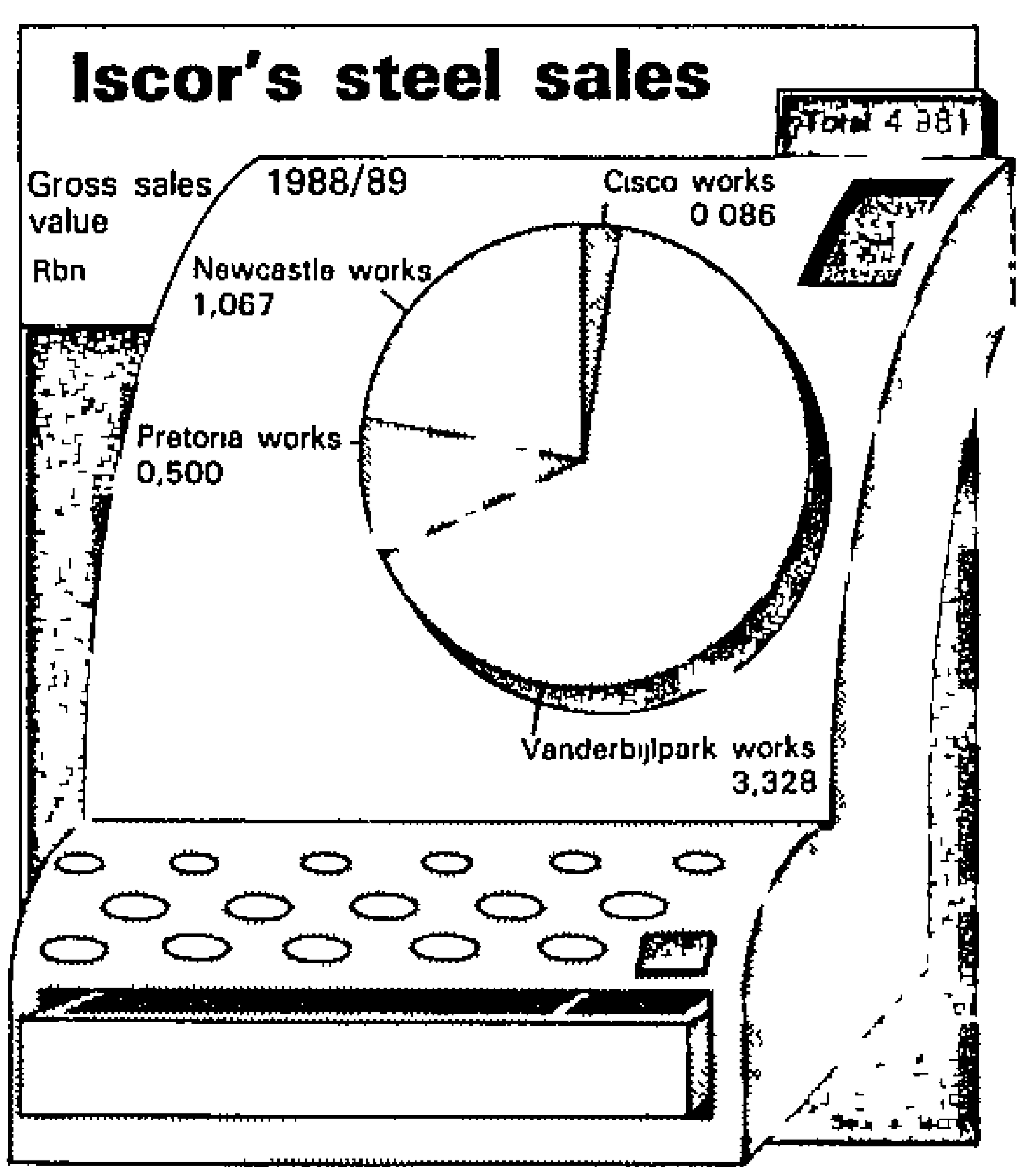
No company — nor group of companies — may, however, hold more than 20% of the issued capital The Privatisation Unit's Eugene van Rensburg says this is a recommendation by the Competition Board "Because of Iscor's dominant position, the board did not want control to fall into the hands of any one group "



There is also a 10% limit on the number of shares any one foreign shareholder may hold, for the same reason, and a further limit of 20% on total foreign holdings Pieter van Huyssteen, also of the Privatisation Unit, says foreign steel manufacturers have shown interest in acquiring control of Iscor and it is intended to block control leaving SA

Since this provision has been introduced, there has been some foreign interest, but no attempt has been made to woo it

All these conditions are incorporated in the Memorandum and Articles of Association Controls have been introduced to ensure they are not violated, but the articles can be changed from 1994 by the shareholders in general meeting



Local institutions (the top 50, according to Van der Merwe) will be allocated 1,22bn shares "They will largely get what they apply for," he says "We may have to cut back if they apply for too many, but the basis of allocation has not yet been established There is an understanding that the institutions will then buy additional shares in the market to support the issue just after listing, when the stags will be rampant "

The basis of allocation for individuals has also not been determined, but, says Van Huyssteen, will be weighted to favour small investors All applicants will be allocated some shares Iscor employees will be given free (not dependent upon period of service) 200 shares each In addition they will be able to apply for further allocations and receive a 20% discount on the balance of the first 5%, making a total of 92,5m shares for the first two tranches They can apply for yet more shares in the public issue and will be given preference on another 5% The maximum number of shares that may be allotted to employees will thus be 185m, of which 11,6m will be free

Investors who attempt the old trick of putting in multiple applications and using different names are unlikely to be successful because computer programmes have been written to pick up these cases Minimum subscription is for 100 shares

The IDC, with 300m shares (16,22%), will remain a major holder, but has undertaken not to vote its shares All shares owned by the state are to be sold and Van Huyssteen emphasises that the IDC holding is not a method to retain control The IDC will sell its shares "as soon as practically possible" when the market is right and can absorb such a large quantity, but will do so by placing 75% of its holding in a rights issue to other Iscor shareholders The remaining 25% will be offered to the public if appropriate, says Van der Merwe

As another part of the State's determination to show that it is handing over control completely, new non-executive directors were appointed this week. They are Barlow CE and vice-chairman Warren Clewlow, SA Breweries MD Meyer Kahn, Gencor executive chairman Derek Keys, and Jan van den Berg (director of companies) From October 1 they will replace Sarel du Plessis, Rod Ironside, Leon Knoll, Hendrik Schoeman and Philip Theron The board now consists of Marius de Waal (chairman), Willem van Wyk (MD), Clewlow, Kahn, Keys, Van den Berg, Chris van Wyk (MD of Bankorp), Colin Fenton (GFSA) and Peter Morum (a director of Firestone SA)

Willem van Wyk

Only the public issue, which will amount to 150m shares, will be underwritten by merchant banks

260 Fmail 15/9/89

Will the price prove attractive enough, or will there be a fall below issue price, or just a stagnant market? Obviously, the large number of shareholders (Van Huyssteen mentions 100 000 — Iscor has 70 000 employees and pensioners alone) must mean some overhang This is why institutions are required to undertake that they will be buyers in the market There will be stagging and most individual shareholders will be potential sellers, especially as many will never have owned shares In addition, it has been said that banks are preparing to lend substantial funds to potential investors, who will have to sell to repay the loans

There is no question that large numbers of shareholders, as with Sasol and UBS, do constitute an overhang This tends to place a ceiling on the share price for some time

Looking at dividend yield, there certainly seems to be room for upside potential The dividend is three times covered and the historic yield of 7,3% compares with Highveld's 3,9% Some brokers see this as very bullish, though they admit that the p e may be a little higher than expected "Highveld is actually underpriced," says one He suggests that the price could rise to around 270c, but points out that it is still a long time to the listing date of November 8 A lot could change in the market in that time

Highveld is the obvious comparison because it is in much the same line of business Unfortunately, Highveld's latest annual report is for calendar 1988, which means that the figures are six months older than Iscor's — an important factor when demand and the dollar price are rising and the rand falling Other differences are that Highveld produces more value-added products and that much of its profit comes from vanadium

Bearing in mind these provisos, Iscor's turnover is five times Highveld's and attributable profit nearly three times Iscor has substantially higher interest payments (3,8% of income, against less than 1% for Highveld) and outside shareholders' interests

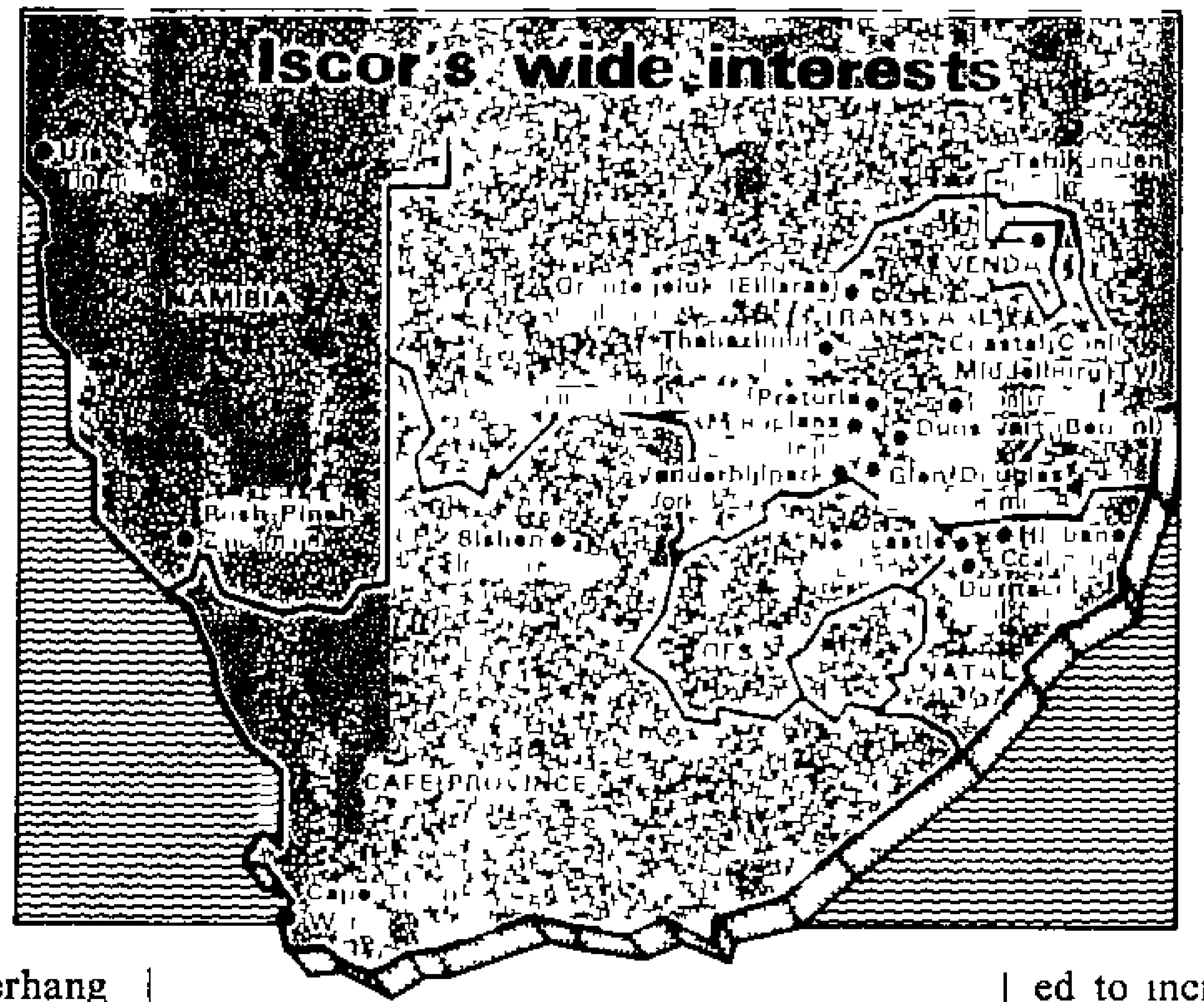
Highveld's operating margin is 20,4% against Iscor's 19,5%, but this is not surprising in view of the fact that Highveld produces more high-margin products and Iscor's capital expenditure is much greater In the year to end June, Iscor's capex was R682m (11% of turnover) compared with R20,9m (1,8%) for Highveld Highveld employs 7 250 people against Iscor's 58 000

A vital factor is the outlook for the industry Iscor went through a bad patch in the early Eighties, recording losses in 1982 and 1983 However, it has since been through a major rationalisation and world steel demand is expected to increase about 2%-3% a year in real terms for a few years In addition there is the possibility of increasing the amount of value-added products made, and also further productivity gains

These factors, combined with the declining rand and the fact that exports account for about 30% of sales, suggest that growth should continue in the near future

There is no doubt that the issue will be a success — it will fail only if it immediately follows another Crash — and institutions' enthusiasm seems to indicate that it will be a popular institutional share, which assures a source of steady buying

Pat Kenney



Protest at SABC

ABOUT 250 people demonstrated outside a South African Broadcasting Corporation building in Silverton, Pretoria, yesterday following an unsuccessful meeting with management over the alleged dismissal of an announcer. Sowetan 15/9/89

The demonstrators - mostly members of the Media Workers Association of SA - were protesting against the alleged sacking of Mandlakayise Masanabo, regional chairman of Mwasa Northern Transvaal and an announcer with Radio Ndebele.

According to Mwasa members, shop stewards met SABC management representatives yesterday morning.

At the meeting, "unconvincing" reasons were advanced for the treatment meted out to Masanabo on Monday.

Masanabo was reportedly sacked with immediate effect and "escorted" from the SABC building.

SABC management representatives, however, at their meeting with Mwasa shop stewards this morning, apparently said Masanabo had not been dismissed, but had been placed "on leave", according to an SABC staffer. (260)

Management also reportedly said Masanabo had not been escorted from the building, but merely "assisted to go out". - Sapa.

Oliver wants to be the 'mayor for all'

Stev 15/9/89

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Community support began welling up for Cape Town's new mayor, Mr Gordon Oliver, even before he entered office

During the final stages of his two-year term as deputy mayor — with the traditional two years as mayor to follow — he did the rounds of community leaders, asking "How can I be a mayor for all Cape Town's people?"

It was an intriguing development in a mayoralty that dawned with him in the throes of divorce, a widowed family friend at his side as mayoress.

A father of four teenage daughters, the 50-year-old mayor is popular amongst his colleagues, having earned their respect and admiration for his work in the council since he was first elected in 1980.

A Methodist, Mr Oliver was educated at the Salesian Catholic School in Lansdowne and matriculated at the Cape Technical college in 1956 He completed his military training with the Cape Town Rifles from 1958 to 1961

He is presently the executive director of the "Fairest Cape Assocation".

Mr Oliver says the community initiative is in line with the Cape Town City Council's policy of an open city

Continue thrust

Although aligned with the council's strong DP (formerly PFP) bloc, he intends continuing the thrust into the "democratic movement"

In the past Mr Oliver has not shied away from speaking out against injustice As an ordinary councillor, he sponsored a bid to cut off council financial aid to racially exclusive organisations More recently, he backed a narrowly-won council decision to pull out of the project to redevelop District Six — the city's biggest Group Areas scar — if it was to be done under the Free Settlement Areas Act Council policy is to have

Mr Gordon Oliver ... although he believes in "the spirituality of the individual" he is "no Holy Joe".

nothing to do with Free Settlement Areas

At his installation last week he digressed from his printed inaugural speech to disclose that he and deputy mayor Mr Frank van der Velde had taken their concerns about police action to the regional commissioner.

But the image of this 50-year-old former personnel manager is more that of an earnest, sincere and committed public representative than of a fiery tub-thumper. He is a firm believer in "the spirituality of the individual" although he declares that he is "no Holy Joe"

As the executive director of the Fairest Cape organisation, he has helped promote another personal cause, environmental awareness, across the broad spectrum of the city's population

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GOVERNMENT NOTICES

ADMINISTRATION: HOUSE OF ASSEMBLY

DEPARTMENT OF LOCAL GOVERNMENT, HOUSING AND WORKS

No. 1981 **15 September 1989**

LOCAL COUNCILS ACT (HOUSE OF ASSEMBLY), 1987

ASSIGNMENT OF ADMINISTRATION OF CERTAIN LAWS TO THE ST FRANCIS BAY LOCAL COUNCIL

Whereas the St Francis Bay Local Council has been established with effect from 1 July 1989;

And whereas I am empowered to determine in terms of section 4 (1) (b) of the Local Councils Act (House of Assembly), 1987 (Act No. 94 of 1987), that a particular local council may carry out or exercise the duties and powers which may be carried out or exercised by local authorities in the Republic;

Now, therefore, I, Abraham Adriaan Venter, Minister of Local Government and Housing: House of Assembly, hereby under section 4 (1) (b) of the Local Councils Act (House of Assembly), 1987 (Act No. 94 of 1987), and with effect from 1 July 1989, determine—

(a) that the St Francis Bay Local Council, established under Government Notice No. 1369 of 30 June 1989, may carry out or exercise the duties and powers which in terms of any law may be carried out or exercised by any local authority; and

(b) that, if the provisions of the Divisional Councils Ordinance, 1976 (Ordinance No. 18 of 1976) (Cape), differ from the provisions of the Municipal Ordinance, 1974 (Ordinance No 20 of 1974) (Cape), the provisions of the first-mentioned ordinance shall apply.

A. A VENTER,
Minister of Local Government and Housing

DEPARTMENT OF LOCAL GOVERNMENT, HOUSING AND WORKS

No. 1982 **15 September 1989**

ESTABLISHMENT OF THE DWARSKERSBOS LOCAL COUNCIL

I, Abraham Adriaan Venter, Minister of Local Government and Housing, Administration: House of Assembly, acting under section 2, read with section 6 of the Local Councils Act (House of Assembly), 1987 hereby—

(a) establish with effect from 1 October 1989 a local council to be known as the Dwarskersbos Local Council for the area as defined in Schedule 1 hereof;

(b) determine that the said local council shall consist of 6 (six) members, and

(c) appoint the members of the said local council as mentioned in Schedule 1 hereof for a period of 18 months

A. A VENTER,
Minister of Local Government and Housing.

GOEWERMENTSKENNISGEWINGS

ADMINISTRASIE: VOLKSRAAD

DEPARTEMENT VAN PLAASLIKE BESTUUR, BEHUISING EN WERKE

No. 1981 **15 September 1989**

WET OP PLAASLIKE RADE (VOLKSRAAD), 1987

OPDRA VAN UITVOERING VAN SEKERE WETTE AAN DIE ST FRANCISBAAI PLAASLIKE RAAD

Nademaal die St Francisbaai Plaaslike Raad met ingang van 1 Julie 1989 ingestel is;

En nademaal ek ingevolge artikel 4 (1) (b) van die Wet op Plaaslike Rade (Volksraad), 1987 (Wet No. 94 van 1987), gemagtig word om te bepaal dat 'n besondere plaaslike raad die pligte en bevoegdhede uitvoer of uitoefen wat ingevolge die een of ander wet deur plaaslike owerhede in die Republiek uitgevoer of uitgeoefen kan word;

So is dit dat ek, Abraham Adriaan Venter, Minister van Plaaslike Bestuur en Behuising: Volksraad, hierby kragtens artikel 4 (1) (b) van die Wet op Plaaslike Rade (Volksraad), 1987 (Wet No. 94 van 1987), en met ingang van 1 Julie 1989, hierby bepaal—

(a) dat die St Francisbaai Plaaslike Raad, ingestel kragtens Goewermentskennisgewing No 1369 van 30 Junie 1989, die pligte en bevoegdhede uitvoer of uitoefen wat ingevolge die een of ander wet deur 'n plaaslike owerheid uitgevoer of uitgeoefen kan word; en

(b) dat, indien die bepalings van die Ordonnansie op Afdelingsrade, 1976 (Ordonnansie No. 18 van 1976) (Kaap), verskil van die bepalings van die Munisipale Ordonnansie, 1974 (Ordonnansie No. 20 van 1974) (Kaap), is die bepalings van eersgenoemde Ordonnansie van toepassing.

A. A. VENTER,
Minister van Plaaslike Bestuur en Behuising.

DEPARTEMENT VAN PLAASLIKE BESTUUR, BEHUISING EN WERKE

No. 1982 **15 September 1989**

INSTELLING VAN DIE DWARSKERSBOS PLAASLIKE RAAD

Ek, Abraham Adriaan Venter, Minister van Plaaslike Bestuur en Behuising, Administrasie. Volksraad, handelende kragtens artikel 2, gelees met artikel 6 van die Wet op Plaaslike Rade (Volksraad), 1987—

(a) stel hierby met ingang van 1 Oktober 1989 'n plaaslike raad in wat bekend sal staan as die Dwarskersbos Plaaslike Raad vir die gebied soos omskryf in Bylae 1 hiervan;

(b) bepaal hierby dat bedoelde plaaslike raad uit 6 (ses) lede bestaan; en

(c) benoem hierby die lede van bedoelde plaaslike raad soos vermeld in Bylae 1 hiervan vir 'n tydperk van 18 maande.

A. A. VENTER,
Minister van Plaaslike Bestuur en Behuising.

Call to curb Iscor employees selling shares for two years

W/t Argus 16/9/89

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By TOM HOOD
Business Editor

ISCOR employees should be barred from selling within two years the shares they get free or at a big discount, says Mr Issy Goldberg, chairman of the Shareholders' Association of South Africa

Ten percent of the shares worth R370-million have been earmarked for staff, while only eight percent, worth R300-million, have been allocated for the general public, the bulk (R2 430-million) going to financial institutions

"The issue of shares to employees is supposed to encourage productivity but there is no restriction on employees stagging them for an immediate profit," said Mr Goldberg today

"If an employee sells the shares on opening day and gets say R2,20 a share he could be extremely disgruntled if the price rises later to R2,80 and that is not going to help productivity"

Mr Goldberg also criticised the low allocation for the small investor and said the average shareholder was entitled to a much better deal than he was getting

"There are hundreds of thousands of people across the nation who would buy shares The average investor is not a stag — he is a long-term investor"

Mr Goldberg said the promise to give every applicant a minimunm of 100 shares could also be abused

Some people might try to to apply in different names and be sure of getting 100 shares each time

Worked out

However, a spokesman for one of the state-appointed merchant banks handling the offer said the number of Iscor shares being offered to institutions, Iscor employees and the general public had being carefully worked out and only after much market research

He said 200 major institutions indicated they would be in the market for the 1 215-million shares allocated to them at 200c a share

Iscor employees would be able to buy a maximum of 185-million shares from a trust fund set up by the government and any shares not taken up will be sold in the market after three years

He said this left the 300-million shares that the steel producer was offering to the public

Political arena

"We believe the issue will be oversubscribed, but as it will be the first private sale of state assets of such a magnitude, we really have no idea what might happen.

"Anything could happen in the political arena between now and November 8 when the shares will be traded on the stock market for the first time

"The R300-million in the present economic climate of high interest rates and slow down in personal savings has made the outcome difficult to forecast.

"What we do not want is for the man or woman in the street to raid grocery money or borrow from the banks to apply for shares in the offer

Borrowed money

"With present borrowing rates, which could be as high 24 percent, it would not be wise to try and fund a stagging exercise on borrowed money"

He said if the offer was massively oversubscribed it would be a poor reflection on the bank's research

On the other hand, if it was undersubscribed it would be an equally poor indictment of its expertise

Iscor swamped by small investors

ARGUS 18/9/89

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By TOM HOOD
Business Editor

SMALL investors have overwhelmed Iscor's share information office with phone calls, says a spokesman, Mr Keith Rhodes

Up to 400 calls an hour have been made and reply coupons seeking information about Iscor and the listing are pouring into the office at the rate of more than 5 000 a day, he said

"We are extending office hours from 8am until 10pm from Monday to Saturday to cope with the pressure"

The Iscor share offer opens next Monday with 150-million shares at R2 each reserved for the public Investors are guaranteed a minimum of 100 shares

The share prospectus will be published in 16 national newspapers next Sunday and Monday

● Three-hundred Iscor shares will be awarded to the winner of the second Argus share-ownership crossword competition which appears in tomorrow's paper

At the end of the series of five competitions, 1 000 shares will be awarded to the overall winner.

Iscor's share offer is the biggest in South Africa's history and another article in The Argus tomorrow will help newcomers whose investment in Iscor will be their first venture into share ownership

Cape Times 19/9/89

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JSE getting ready for Iscor listing

Own Correspondent

JOHANNESBURG — The JSE has set up an unprecedented series of contingency plans to cope with the giant Iscor listing on November 8.

Iscor will be floated after a R3,1bn share sale which closes at noon on October 25.

JSE executive president Tony Norton said last night the JSE was bracing itself for an all time record of transactions on listing day.

"We're controlling the controllable," said Norton.

"We're expecting an all-time record, and we're planning maximum efficiency. But we will not hesitate to curtail transactionss in Iscor if administrative hygiene is threatened or the environment gets out of control."

Anticipating a "tidal wave" of transactions listings day, Norton said that "if there were, for example, 75 000 transactions, the market simply could not handle it.

"Trading in Iscor would have to be curtailed until deals have been booked and matched.

"Trading would then ensue, within hours or days, depending on exactly what happens. But we are busy taking every possible contingency measure to cope with a deluge."

The entire JSE administrative staff has been briefed to ensure that it is in a position to cope with the listing.

A "bulk" system has been designed to cope with the possible deluge of shares from 55 000 Iscor employees, who are to receive 200 free shares each.

The suggestion is that these shares will be dealt in what are effectively "sub-stock exchanges" outside the JSE, with bulk, rather than individual, orders coming onto the floor.

Even in the heyday of the 1987 listings boom, the largest number of transactions on the JSE in a day was less than 12 000.

Norton said it was doubtful that the JSE could cope with 40 000 transactions today without curtailing transactions in the share.

He said that it had been predicted in some quarters that the floor of the JSE could be swamped by 10 000 or more people on listings day.

"We would simply have to put up barriers after a certain figure had been reached."

Norton added that one of the most important features of the contingency measures was a series of shutdowns that could be taken at a moment's notice. But nobody has any real idea of what would happen on listings day.

"Nobody knows how their house will stand up to the tycoon until the tycoon has been through," said Norton.

The Iscor share information office has received more than 50 000 inquires in the past 10 days.

At this stage, estimates of the number of individual participants in the public offer of 150m shares of R2 each varies from 100 000 to 350 000. Possibly the single biggest threat to the JSE's systems on listings day is stags.

Employees, individuals and institutions, who enter the market to take profits on listings day, could, in theory create pandemonium. But Norton is adamant that whatever happens, the JSE will cope with it.

"If there are, for example, 50 000 sell orders, shutdown systems will come in, and transactions in Iscor will be curtailed. All the deals will have to be booked with buyers. Trading will be restored when the systems can handle the volumes.

"We may have an abnormal crisis on listings day, but investors have nothing to fear."

The Iscor listing, which is still six weeks away, has created a unpredicted level of public interest. The next important date is October 2, when the prospectus is to be issued.

Plessey SA awarded R30m SABC contract

CpT 19/9/89 260

JOHANNESBURG — The SA Broadcasting Corporation (SABC) has awarded a contract worth R30m to Broadcast Technology, a wholly-owned subsidiary of Plessey SA, for the local manufacture of VHF FM transmission equipment.

The SABC was always dependent exclusively on foreign suppliers for its equipment, but now we are glad that the local industry has developed to such an extent that we can award a contract of this nature to a local organisation

Recognised technology is being transferred to SA and will be refined and developed further by Plessey for local conditions in terms of a joint venture agreement

The collaborative venture will establish a local design and manufacturing facility for radio frequency products, which will cater for the SABC's requirements, and we hope that this contract will contribute to the development of an industry with export potential

All the equipment will be manufactured in Cape Town, and the contract will lead to Plessey expanding its already considerable R & D facilities

The SABC says it has taken this step forward because it recognises the potential in establishing hi-tech broadcast technology in SA

Not only will this make SA immune to possible sanctions and fluctuations in the exchange rate but will also provide a higher quality service to radio listeners

The SABC has full confidence in the SA electronics industry and that it will be able to deal with the project competently

The 300 transmitters and 600 relay receivers provided for in the contract will be manufactured over a five-year period These will replace 60% of the equipment within the present FM network which is now over 25 years old — Sapa

SABC-Plessey deal a catalyst for SA industry

BDay 20/9/89

BRENT MELVILLE

THE announcement earlier this week that the SABC has awarded a contract to a locally based company for the manufacture of electronic VHF FM transmission components marks a turning point in the industry

This is the view of both SABC's deputy director-general of technology Neel Smuts and Plessey SA MD John Temple

At a signing ceremony on Monday the giant communications parastatal handed over the responsibility to Plessey SA for the supply of R30m worth of state-of-the-art transmission equipment over a period of five years

The move reflects a strong confidence in the local electronics industry, which is estimated to be worth R5bn annually, but currently operates with locally produced equipment only contributing about 2%.

It also shows an anxiousness on the part of the SABC to gear itself towards ensuring the supply of radio frequency products in the face of ever-tightening sanctions. The SABC has been traditionally reliant on the importation of 100% of its equipment

The contract awarded to Plessey SA subsidiary Broadcast Technology, it was hoped, would act as a catalyst within a section of the industry which had definite export potential, said SABC director-general Wynand Harmse.

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Competitors

The contract makes provision for the importation of recognised technology from Plessey SA's UK parent. The equipment will then be refined and developed further for local conditions in terms of a joint venture agreement between Plessey SA and the SABC

Temple, who has recently come out strongly against import duties on electronic components, said the emphasis which Broadcast Technology placed on R & D and its experience in the manufacture of hi-tech products locally had been a major factor in securing the lucrative contract ahead of 12 local competitors

And Temple fully expected the group's intensive and expanding R & D programme would soon widen into TV transmission, and was planning on spending an additional R1m on top of the capex of R5m used to expand its manufacturing capability.

Earlier this month it was announced German-based electronics giant Siemens and General Electric Co (GEC) had acquired a 50,4% stake in Plessey for 270p a share — valuing Plessey at £2,04bn

Temple said the parental move would have no effect on the terms of the contract and added that there were "no immediate plans by GEC or Siemens to divest its interests from either Plessey SA or Siemens SA".

The Anglo-German venture has thus far resulted in Siemens moving Plessey Control, Plessey Radar, and Plessey defence systems into its fold and GEC taking over Plessey Naval contractors

Offers for Iscor shares infuriate govt

Cit Times 20/9/89

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Own Correspondent

JOHANNESBURG — In a move which has infuriated government's Privatisation Unit, two financial institutions have approached Numsa with offers to take over the 12m Iscor shares to which its 10 000 members at the company are entitled

Numsa's Bobby Marie confirmed yesterday that the union had been approached by stockbrokers Mechiel du Toit, Solms & Co and by the Rand Merchant Bank with proposals

RMB senior manager Rory Kirk said yesterday it was "not bank policy to confirm or deny deals before they may or may not have occurred"

Mechiel du Toit's James MacMillan confirmed an approach had been made to Numsa But, he added, the proposed deal had been called off because of Business Day's inquiries

The Privatisation Unit's Eugene van Rensburg said yesterday the offers "go against the whole grain of the employee share scheme, which was designed to give workers an opportunity to participate"

He said he was "very upset" to hear of these approaches which were seemingly intended to abuse what the institutions seemed to believe were uninformed employees

Each employee is entitled to a free allotment of 200 shares, plus — in the case of Numsa members — an average of about 1 000 shares at a 20% discount on the R2 issue price

Financing the purchase of these shares would therefore amount to some R16m Assuming the shares came on to the market at around R2,50, the Numsa members' holdings would be worth R30m — a R14m profit equivalent to an average of R1 400 a member

Marie said the union had no mandate at this stage to negotiate any deals on behalf of Iscor members

He said, the union was seeking further information and would meet with members at the weekend to discuss various options

Members, he said, were suspicious of, and reluctant to participate in, the scheme But, he added, "we are concerned that there are large amounts of money due to workers and we want to protect their interests"

It is understood RMB offered to finance the purchase of Numsa members' share entitlements, on condition that the shares were sold to RMB within a week of the Iscor listing on November 8

The Mechiel du Toit's offer was also to be based on financing the employees' purchase of shares, but with a guaranteed R2 a share purchase offer immediately upon listing MacMillan said, however, it had been planned that the offer price was negotiable.

On Monday the firm told Business Day it was mainly a jobbing firm and the bulk of the approximately 12m shares would be for its own book.

Yesterday MacMillan denied this, saying it was an offer made on behalf of a client. When the client was informed the deal may receive publicity, he had said he would rather go another route to acquire Iscor shares

Macmillan said the cancelation of the proposed transaction was a great disappointment to the firm

"The deal, which would have meant a great deal to us, is dead We have lost this business unless the client changes his mind," he said

He said the firm had spotted the possible opening on reading a Numsa statement that members at Iscor wanted cash rather than shares.

Van Rensburg said the complex employee share offer, which includes, effectively, interest free loans financed by the state and repayable over three years, was designed to permit all employees to benefit.

For the same reason, shares not taken up this year would be held in trust allowing people to take up at least portions of their unallocated option over the next two years

He said the Privatisation Unit's view was that employees, as responsible individuals, were entitled to deal with their share entitlements as they chose, on a well-informed basis

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Council takes tough line on beach drunks

Municipal Reporter

DRINKING alcohol on the beaches would not be banned yet by this summer, according to the City Council — but beach constables will definitely remove any drunks who create a nuisance

Mr Jack Kloppers, the City Council's director of Civic Amenities, said yesterday that he had earlier this year sought amendments to existing bylaws to prohibit "the consumption of intoxicating liquor" on beaches

The amendments had not yet been made law

"This will take some time," Mr Kloppers said "At present, although it is illegal to drink alcohol in public outdoors, beaches are not defined as public places "

It was permitted to drink on the beaches, but once under the influence, people on beaches could be removed if they were creating any sort of nuisance

"We can't do anything to those who sit quietly drunk on the beaches," Mr Kloppers conceded

Cape Times records show that in December and January 243 people were arrested on beaches for allegedly being drunk and disorderly

Mr Kloppers said that 16 new beach constables were undergoing training, and that the city legal adviser had written to the Department of Justice asking for increased powers for beach constables

Mr Kloppers said his team was ready for the summer season, determined to keep complaints about bad behaviour down to a minimum, and was confident of its ability to do so

"There will be the usual drunks and public urinators," he said, but "they would be dealt with"

JSE's Norton warns on Iscor/Numsa share deals

CAP TIMES 21/9/89.

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Own Correspondent

JOHANNESBURG — JSE members may not deal in Iscor shares with Numsa or any other prospective shareholder or agent until the corporation is listed on November 8, according to JSE president Tony Norton

Norton was commenting on yesterday's report that Numsa had been approached by a broker and a merchant bank with proposed deals regarding the share entitlements of its Iscor members

He said the JSE rules proscribed dealings in the period between the date on which a company's listing application goes up and the date of listing, so as to avoid a "pre-market" In Iscor's case, the application officially went up last Friday morning

This restriction applies only to JSE members and not to banks and other institutions, Norton said

Meanwhile Paul Browning, author of the recently-published book *Black Economic Empowerment* criticised the nature of the Iscor privatisation plan and said the Privatisation Unit was "naive" in its anger at the proposed deals

He said the offer to employees was inadequate, and it would be unrealistic to expect them to treat the offer as anything more than a chance to cash in on a once-off opportunity.

Browning's view, as expressed in his book, was that the "greatest opportunity for rapid, even dramatic, promotion of black economic empowerment comes from the transfer of ownership of state corporations to majority black ownership"

He proposed the creation of a trust which would purchase the majority of shares in state corporations.

260 Finweek 22/9/89

companies with a much more effective means of broadcasting advertisements

Viljoen says the introduction of smart cards — plastic cards which contain a programmable microchip — would enable viewers to select and pay for specific TV services Blocks of time for different channels could be bought with these cards

Satallite TV services, based on transmission systems such as MAC, will be available 24 hours a day and provide entertainment and information to people when they want it, he says

The big question is, of course, what will it cost? ■

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BUSINESS

City council brings power to the people

The supply of electricity to kwaZulu townships by Durban City Council is a departure from the state's decentralisation policy and Eskom's plans to privatise. By ELAINE COSSER

THE Durban City Council has become the first white local authority to take over full control of electricity supply to adjacent "homeland" townships — going against national policy trends.

The move is a significant departure from the policy of separate control and development of "homeland" infrastructure. It also runs counter to Eskom's initiative to transfer responsibility for electricity provision from local authorities to private utility companies.

The Durban council, which is now supplying electricity to kwaZulu's townships, appears to be offering a better service. But the costs to residents have — inevitably — risen.

The council is including in its supply and maintenance network 20 000 kwaZulu consumers in the townships of Umlazi, kwaMakhutha, kwaMashu, Ntuzuma and kwaNdengezi.

In the past, the council sold electricity to the kwaZulu government, which supplied it to these townships. Now the council maintains the infrastructure, sets tariffs and bills users.

The tariffs in these townships are no longer subsidised, as they were when the kwaZulu administration was responsible for the service. The city council has increased the tariff to an economic rate so that the new tariff is the same as that charged elsewhere in Durban.

The basic tariff for the first 100 units is 18,5 cents a unit, declining to 8,2c/unit for up to 500 additional units. A surcharge is also payable by users more than 10km away from the centre of Durban.

In the past the kwaZulu administration charged a lower rate and paid the Durban City Council for the bulk supply of the electricity. Although no direct subsidy was paid, the administration did not recover the cost of the electricity — because tariffs were uneconomic and some residents incurred arrears. KwaZulu contributed the difference between the cost and its electricity revenue.

According to the city council, the new tariff merely covers the cost of supply.

The council has also done some upgrading work on the electricity infrastructure to ensure a reliable supply. It has spent R1,5-million in Umlazi to upgrade the electricity network and plans to install a new substation at a cost of R6-million.

The Durban council is reluctant to increase tariffs further and has not yet settled on a way of recovering the capital costs of its upgrading efforts.

Some 92 to 94 percent of residents in kwaMashu and Ntuzuma paid their first account after the council took control of billing. Supply to defaulters was discontinued — a step which, according to council officials, was not taken when kwaZulu controlled the service.

The city council believes that the non-payment of accounts may be partly a consequence of the poor postal service in the townships.

Demand for electricity in the township has increased by 16 percent over the past year.

The reticulation network in all five townships will require upgrading in the near future as the kwaZulu government did not have the funds to maintain the system adequately in the past.

These kwaZulu developments come at a time when Eskom is pushing privatisation as a means to get electricity to black townships — it is currently pursuing 17 such schemes around the country. One which has already been established is in kwaNobuhle, near Uitenhage, where electricity is being supplied by a private company which is a joint venture between Eskom and employers in the area. Negotiations are also in progress to set up a private utility company in Soweto.

DCC's takeover in kwaZulu suggests that privatisation is not the only way to develop electricity supplies in black areas.

In kwaZulu the infrastructure was already in place and some form of supply existed, but the Durban City Council's attempt to rationalise the greater Durban area supply offers a blueprint for other white and black municipalities to raise standards in black areas.

Meeting the inevitable upgrading costs is, however, a key issue. An obvious solution would be to raise tariffs in established — white — areas. But this is likely to meet with substantial resistance.

Star 22/9/89 (260)

'Independent' TV service is linked to SABC

By David Braun
in Washington
and Carina le Grange

A local television service housed in the SABC's Broadcast House in Auckland Park, Johannesburg, produces programmes for the United States television market while creating the impression that it is independent.

According to US sources, Global News Service pays the International Television Network (ITN) a monthly fee to get its programme "Inside South Africa" on ITN's satellite feed

The source, the "South Africa Now" service, said Global News Service concealed its sponsorship, did not credit any South African Government backing and used SABC material with SABC correspondents but did not identify the stories as SABC material

Propaganda

The US-based anti-censorship service, "South Africa Now", distributed by ITN and screened on public broadcast systems in the US, has accused South Africa of launching "Inside South Africa" as propaganda in response to the US show

No link between the Global News Service and the SABC was evident in the US. But The Star yesterday traced Global News Service to the SABC

Inquiries were referred to the editor of the External News Services, Mr Lionel Williams, who was not available The inquiries were then faxed to SABC director-general Mr Wynand Harmse By late yesterday no response had been received.

S/Times 24/9/89

SABC's R15m washout

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By DOUGLAS GORDON
TV Correspondent

THE SABC still needs a tuning knob on its R15-million satellite TV service

A weak image has caused red faces at Auckland Park, right after the deal was signed for the first non-stop international TV news supply

The CNN stories and features in the news this week all looked washed out and poorly defined

Perfect

Technical chiefs at the SABC confirmed they were chasing a bug in the pictures received from the US Cable News Network

"We've checked the equipment between Auckland Park and the receiving dish north of Johannesburg It's perfect at this end," said Mr Les Vermaakt, the SABC's technical information manager

"We've handed the problem back to the CNN engineers and the carriers to locate and rectify it as soon as they can"

Registrar to probe Iscor ad campaign

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BARRY SERGEANT

B/Day 25/9/89

REGISTRAR of Companies Mossie van Rensburg says he is studying official complaints that government has contravened the Companies Act

The complaints allege that the government-funded Iscor advertising campaign is an offence under the Act, and call on the Registrar to institute proceedings

Most of the complaints allege that government has solicited investor interest in Iscor shares before publication of the Iscor prospectus

Meanwhile, the huge promotional machine behind raising public awareness of privatisation in SA is convinced that it has not contravened the Act

The relevant part of the Act which has allegedly been contravened provides that it is an offence for a company to draw attention to its shares before a prospectus has been issued

The Iscor prospectus will first appear as an insert in Sunday newspapers on October 1 Bernard Kaiser of Senbank, one of the two merchant banks involved in the Iscor listing, says that potential investor interest in Iscor has been sanctioned by the Cabinet "If anyone drew attention to Iscor, it is the Cabinet

"Privatisation was made an official part of government policy some years ago," says Kaiser "The idea behind the Iscor campaign was to clear up misconceptions The key point is that the campaign has been a public awareness campaign of privatisation, hinged on Iscor

"Government's objective in privatisation is to create a new class of investors in shares Without the awareness campaign, it is doubtful that we would have been able to achieve that It would have been a piece of cake for us to sell the entire Iscor stock to the institutions, but that was not government's attention "

Promoters of the Iscor issue argue that everyone involved, including the potential

☐ To Page 2

Iscor probe

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B/Day 25/9/89

☐ From Page 1

investing public, is on a learning curve regarding privatisation One problem that has been clearly exposed are fundamental weaknesses in the Companies Act

Even if someone — it is not clear who — lands in court, they would be liable to a fine of up to R1 000 and/or imprisonment for a year Despite that absurd outcome, promotors of Iscor are puzzled by the motivation of those who want prosecution to go ahead.

One letter sent to the Registrar of Companies reads "I have carefully studied the massive advertising campaign conducted by Iscor in which it solicits investor interest in its shares

"In terms of the Companies Act, it is my considered opinion that Iscor has committed an offence I respectfully submit that your department institute proceedings against Iscor .. "

Iscor promoters say that before the public awareness campaign started, legal opinion was sought from some heavyweight lawyers in the country "We weighed up the evidence," says Kaiser, "and as far as we are concerned we have played to the letter of the law.

Meanwhile, it is believed that the Companies Act could be reviewed with privatisation in mind The Act was promulgated in 1973, when privatisation was hardly an issue The Act is due for major revision, even Mr Justic Cecil Margo, chairman of the Standing Advisory Committee on Company Law, has said that major portions of the Act are "unworkable"

Escom's vision of single power grid

B/Day 26/9/89 (260)

SOUTH Africa has a total installed electricity generating capacity of 28 835 megawatts — but that potentially generated by hydropower is only 540 MW, compared with Mozambique's Cahora Bassa hydropower capacity of 2 164 MW and Zambia's 1 670 MW

These statistics come from the Development Bank of Southern Africa in conjunction with the Africa Institute

It is well known that Zaire could potentially be a rich resource of cost-efficient hydro-electric power if such a development project could be undertaken

There are clearly great opportunities for energy co-operation between the countries of southern Africa for the good of the continent as a whole.

Such a level of co-operation may be a long way off, but Eskom, which supplies 97% of all electricity consumed in SA, has an inspiring vision of what could be achieved

In a statement issued for this survey of development, the organisation states "It is Eskom's view that the lack of useable electrical power is one of the major factors holding back growth in southern Africa All the other resources are there — abundant labour, minerals and access to technology

"Eskom's vision is of a single electricity grid connecting all the countries in the region "Those countries with strong-flowing rivers would be assisted to build huge hydro-electric schemes Those with coal could build coal-fired power stations Both would sell power to consumer countries, thus gaining much-need foreign exchange and spinoff electricity to power new local industry

"Neighbouring countries would be able to buy power to boost their own industrialisation programmes The benefit to SA as a buyer of electricity would be threefold firstly, we could stop burning valuable coal and use it for industrial, raw material

"Secondly, we would reduce the air quality problems over the eastern Transvaal highveld, which are currently in the news

"Thirdly, the improved level of cross-border communication which would result would have spinoff benefits such as reduced tensions, increased trade and improved co-operation in other spheres

"Technically, such a vision is achievable Eskom already has experience with high-power transmission over long distances and at high altitudes Economically, the proposal would be sympathetically viewed by international financiers if Eskom undertook to project-manage it

"Socially, the idea would have positive benefits for all the peoples of southern Africa It is only on the political front that progress needs to be made before it becomes reality"

ELECTRICITY GENERATION

Iscor prospectuses printed

Star 26/9/89 Finance Staff 260

The mammoth task of printing 3,3 million prospectuses for Iscor's public share offer and listing took place at various centres the weekend.

Central Merchant Bank assistant general manager, corporate finance, Mr Bernard Kaiser said at a guesstimate the total printing bill would be R1,5 million

The printing of the 20-page prospectus was done by South Africa's four major newspaper groups — Argus, Times Media, Nasionale Pers and Perskor — plus Penrose Press

It is to appear as a tabloid insert in 21 different newspapers — the Sunday papers on October 1 and in daily newspapers on October 2

In addition to the major newspapers, it will also appear in two regional papers — the Vaal Star in Vereeniging and the Newcastle Advertiser.

Apart from appearing in these newspapers, the prospectus will also be available at various banks and building societies plus the offices of stockbrokers and Iscor offices in 30 different centres around the country.

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Media Council seeks candidates for six positions

BDay 26/9/89

CAPE TOWN — The South African Media Council has advertised for candidates to fill six vacancies on its panel of public representatives

"What we are looking for is as wide a spread as possible of people from all sections of the population whose general backgrounds equip them to exercise responsible judgment in the public interest on matters affecting the media," council chairman Jan Steyn said in a statement yesterday

Successful candidates will be expected to serve for two to three years, from the beginning of next year

The council consists of 14 public and 14 media representatives, presided over by a chairman and alternate chairman elected by the council from outside this membership

Public representatives retire in rotation at the rate of four to five a year In addition, casual vacancies occur from time to time

Media representatives are appointed by various media organisations

Nominations of public candidates are submitted to a special selection committee

Past or present links with the media are not regarded as a recommendation in the appointment of public (as opposed to media) representatives

Nominations close on October 31 Further information is available from The Registrar, SA Media Council, PO Box 5222 Cape Town, 800 (Telephone (021)-461 7317) — Sapa

ANC protest on Koeberg repairs

CAPE TIMES 26/9/89

Own Correspondent 260

PARIS — The Anglo-French power engineering company GEC-Alsthom has come under pressure from the ANC over repair work to a transformer from the Koeberg nuclear power station

The 231-ton transformer was shipped to Alsthom's plant in the Paris suburb of Saint-Ouen recently for emergency repairs to defects caused by overheating

ANC Paris representative Mr Solly Smith said he planned to go to the Alsthom plant on October 12 to explain to workers why the transformer should not be allowed back to SA

He will argue for a tightening of sanctions and economic pressure

The planned visit follows a meeting held earlier this month at the ANC offices in Paris between Mr Smith and a delegation from Alsthom's CGT trade union

CGT members at Alsthom's workers' council have already planned a two-week information programme aimed at educating workers about the SA situation Local newspapers have also been alerted

A CGT spokesman said "The aim of our union is clear We want a total boycott of South Africa"

He said that while Alsthom management had the power to prevent Mr Smith from addressing workers on the premises, he did not believe they would go so far

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Iscor Share Competition No 3 — stake your claim on 300 shares

AS PART of its commitment to a free market system The Argus is running a series of articles on share ownership ahead of the listing of Iscor, the biggest single share offer in South Africa's history For many people Iscor's flotation will be their first venture into share ownership These articles are designed to help the newcomer make an informed choice when the offer opens to the public on October 2

Enter The Argus Share Ownership Crossword Competition and win 300 Iscor shares! At the end of the series, there will be a lucky draw of all entries from Crosswords 1, 2, 3, 4 and 5 and you could be the winner of 1 000 Iscor shares!

Looking at mining shares

The first principle an investor should bear in mind when looking at a mining company is that by its nature a mine is a wasting asset, since the amount of ore in the ground is limited

One day even the richest mine is going to run out of ore When that day comes the company that owns the mine will stop mining return as much of its capital as possible to shareholders and liquidate itself

It is therefore of prime importance to an investor to know the life expectancy of the mines he is interested in

In some cases, for instance some of the older Witwatersrand gold producers, that life expectancy might be only a few years In other cases for instance some of the newer gold, coal, copper and other mining companies, the reserves of ore might be so extensive that nobody can say when they are likely to run dry

Where the life of a mine is clearly limited, the wise investor will be trying to obtain not only an adequate return on his capital, but the recovery of the capital itself by way of the dividends the company will be able to pay until the day it bites the dust This process is known as amortisation

A simple example of how to amortise involves a mine that is expected to close down after five years, when it will sell its plant and any freehold land

Assuming the dividends over the five years are estimated at 20c a year, and the "break-up" operations seem likely to produce a further 60c a share, spread over a three-year break-up period, an investor can expect a total of 160c a share over eight years

The shares in this particular mine stand at 80c in the market and apparently offer a current return of 25c (calculated on the present dividend of 20c on the share price of 80c)

However after eight years the shares are going to be worthless, so the investor must recover the 80c he has paid for them Therefore he decides to regard half the 20c dividend as a return of his capital and to keep a record showing a progressively lower cost price for the shares

The other half of his annual income from this share (10c) he regards as income, seeing the yield as 12,5

Personal tax

This is a very elementary explanation of the principle of amortisation In practice an investor might make much more complex calculations involving his personal tax situation and also the fact that, as his capital is coming back during the life of the investment, it is available to reinvest somewhere else

Of course, how accurate any of these calculations will be depends on the soundness of the estimate of the life of the mine

Quite apart from the question of how long a mine will continue to produce ore, mining shares have many features peculiar to themselves that demand from an investor some knowledge of the technical terms used in mining

Nearly all the mining companies produce extensive statistics each year, while the gold mining industry also provides quarterly reports detailing tonnages milled, gold recovered, etc

In the past when gold was sold at a fixed price, investors could make predictions with a fair chance of being proved right

These days when the price of gold is determined by the international market for the metal, accurate predictions are far more difficult, or even impossible, to make

Government policy

For one thing, earnings now depend not only on the market price, which is subject to unpredictable events throughout the world, but also on Government policy on gold sales

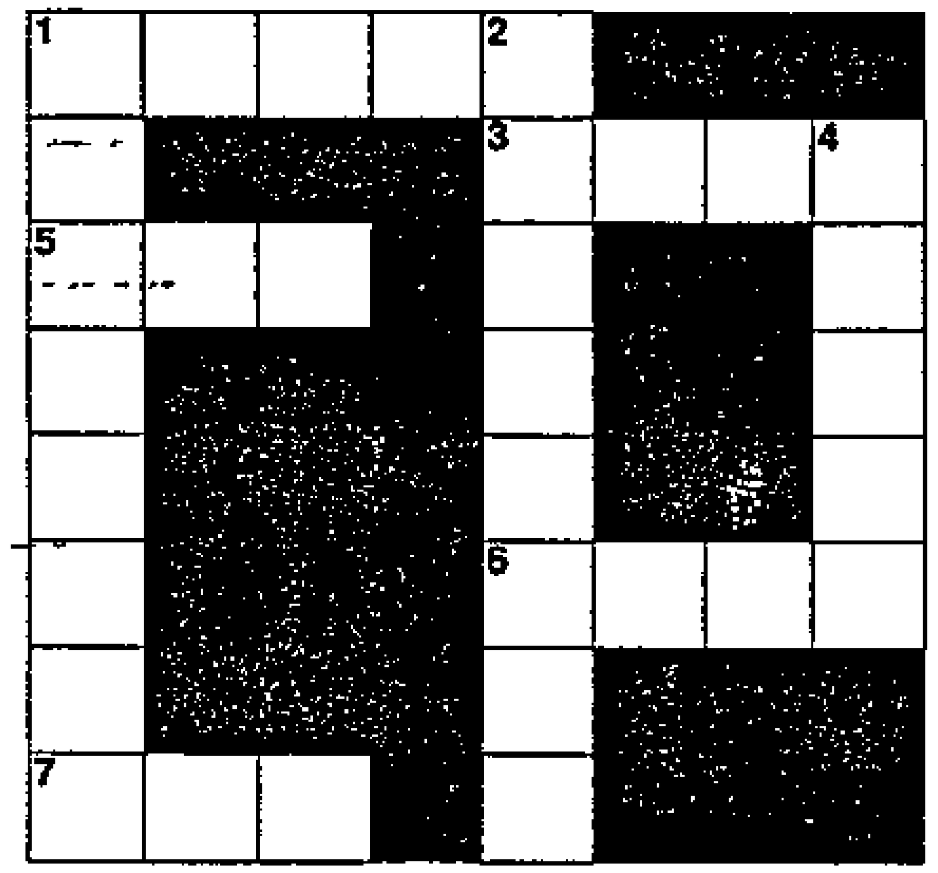
Other uncertainties in assessing gold mining shares include the normal hazards of mining rock bursts, for instance, the erosion of profits by higher working costs and the possibility of labour disputes

Turning to industrial companies the wise investor considers the macro picture of the world and national economies before turning his attention to particular companies

The sort of questions to consider when thinking of investing in an industrial company include

- Is there anything happening in the world economy that could affect the local market?
- What are the general prospects for industry in the light of the financial and commercial prospects for the country as a whole?
- What is the outlook for the section of trade or industry with which the company is concerned?
- How does the company compare with its competitors? If it has no serious competitors, is there a threat to its future because of its monopoly?

Next week we will look at how to go about buying shares and timing decisions to buy and sell



Crossword Competition No 3

Clues

ACROSS
1 All you own is one (5)
3 Earnings now depend not on the market price (4)
5 Where 6 across comes from (3)
6 See 5 across (4)
8 And so on (3)

DOWN
1 You must get your money back before the shares become worthless Allow for this from your dividends (8)
2 A measure of the miner's output (8)
4 The amount of value of the miner's output (5)

Answers to Crossword No 2

Across
1 Predict. 4 Finance. 7 Wise

Down
1 Profit 2 Economy 3 In 5 Chip 6 Well

Rules

1 Cut out the completed crossword and paste it on the back of a postcard clearly marking your name, address phone number and the number of the crossword, and send it to The Argus Share Competition, P O Box 15399, 8018 Vlaeberg

2 Any number of entries are acceptable, provided they are hand drawn

3 Staff members of the Argus Group, TWS Communications, and their immediate families may not enter

4 The winner will be notified by post and will receive the Iscor shares after Iscor has been listed on the Johannesburg Stock Exchange

5 Entries to Crossword No 3 must be received by 10 am on October 3

6 The solution to Crossword No 3 will be published next week and the winner of the 1 000 Iscor shares will be announced in the week of October 24

Bank plans favour SA

Bureau to quiz investments

De Waal predicts 20% profit rise

(260) BARRY SERGEANT

ISCOR chairman Marius de Waal has forecast a 20% increase in attributable profits for the year to June 1990. De Waal is confident about the forecast "despite some observers expresssing concern about the short-term outlook for the SA economy."

De Waal says the strongest support for the 20% increase prediction is Iscor's ability "to maintain throughput by accepting a greater number of export orders at satisfactory profit margins".

It is estimated that between a quarter and a third of Iscor's sales are offshore. With De Waal's particular reliance on offshore sales in the year ahead, the quality of Iscor shares after privatisation as a rand hedge share will be high.

A 20% increase in attributable profits would mean an increase from a record R812m in 1989 to R974m in 1990. This follows the 1988-1989 increase in return on average shareholders' equity to 15,8% (13%). BIDay 27/9/89

Iscor's annual report reflects both current cost (inflation adjusted) and historic accounts. The additional historic accounts are included, say the directors "to make the results more comparable with those of quoted companies".

Iscor is on full disclosure, as if listed on the JSE. The auditor's report says the accounts have been prepared in the manner required by the Companies Act.

On two crucial issues — equity accounting and the capital maintenance reserve arising from the current cost adjustment

□ To Page 2

Iscor profits

BIDay 27/9/89 (260)

□ From Page 1

— Iscor has adopted the most conservative policies possible

The group's balance sheet is very powerful, as it heads for privatisation and a listing on the JSE on November 8

In 1988-1989, cash available from operating activities increased 64% to 1,3bn The debt assets ratio increased from 24,1% previously to 26,4%, "well within the self-imposed ceiling".

The ceiling is not disclosed, but is probably in the order of 33%. With the level of offshore sales, net operating income is not fully broken down but depreciation and other provisions are disclosed and appear conservative

Star 27/9/89 260

Middelburg residents win

CP council rules out Iscor project

By Therese Anders, Highveld Bureau

Middelburg residents have won a long battle against Iscor's controversial proposed "suburban" opencast colliery

Last night, the town's Conservative Party-controlled council announced the mine would not go ahead

Management committee chairman Mr John Carlile said "When we came to power in October we said we'd back the people and the people have overwhelmingly said they don't want the mine, so it's off"

He said 90 percent of the almost 400 residents who voted on the issue at a public meeting earlier this month had opposed the mine

Iscor's R3 million tender for the proposed mine had already been accepted by the previous National Party-led council before most residents became aware of the project

It was due to be sited 1,5 km from the nearest house in the prestige suburb of Gholfsig. Residents were quickly in an uproar over the possibility of dust, noise and water pollution, cracking from blasting and devaluation of property

Protest meetings were held and a petition circulated On September 11, the council arranged a public meeting for residents to question senior Iscor officials on their proposed pollution safeguards

Nearly 400 residents, many visibly angry, left the Iscor men in no doubt as to their feelings on the mine.

Mr Carlile said the council, which had still to inform Iscor of the decision, would have to foot a R183 000 bill for drilling which Iscor had already completed at the site.

Iscor buyers can see what's in it

By DEREK TOMMEY News 27/9/89 (260)

JOHANNESBURG — For the past couple ~~of months~~ the public has been subjected to a fairly high pressure advertising campaign aimed at getting it to buy Iscor shares

With the release of Iscor's 1989 annual report, would-be subscribers can get an idea of what they will be getting for their money

First in terms of hard cash they will be investing in an organisation that expects to increase its attributable profits by 20 percent in the financial year to June 1990

Iscor chairman Marius de Waal says the current year has started well Iscor has accepted an increased number of export orders at satisfactory profit margins, which should ensure the 20 percent profit increase even if the economy turns down

Attractive

Most investors will find this forecast extremely attractive But what of the more distant future?

They should find reassurance in the annual report It shows they will be putting their money in an organisation that is greatly increasing efficiency, is gearing itself up with new products to meet an expanding domestic market, has plans for greater exports and, what could be most exciting of all, is developing new technology, which, if all goes well, could greatly reduce the cost of steel

Iscor is proud of the success it has had in increasing efficiency In the past 10 years labour and capital productivity have both risen by 50 percent, it says

This reflects a 130 percent increase in the return on assets, a 47 percent increase in blast furnance production rate and a 30 percent reduction in consumption of refractory material for every ton of liquid metal

Iscor is gearing up for increased domestic sales. Apart from meeting the natural growth in demand for existing products, it has plans to produce several new products

In 1992 Iscor will begin producing electro-galvanised sheet to replace about 30 000 tons of imports worth R45-million and destined mainly for the motor industry

It expects to make an annual saving of R50-million in foreign exchange when Tosa Seamless Tubes, Iscor's joint venture with Dorbyl, starts operating in January next year Other new products include steel roof tiles and insulated steel building panels

Iscor is also looking to expand its exports, which it believes it could treble if it had the steel available.

In addition to exports of semi-processed products, Iscor is co-operating with local manufacturers to increase exports of fabricated products In the year to June secondary manufacturers had exports of R390 000 tons of steel, earning R250-million more than if Iscor had exported the same volume of primary steel

Greatest impact

But a development that could have the greatest impact on Iscor's future is the Corex process being commissioned in Pretoria

It enables cheap coal to be used in place of expensive coke in the manufacture of steel Mr de Waal says the plant is designed to produce 300 000 tons of liquid iron a year and, by mid-1991, it could be producing hot metal at a cost well below that of Pretoria's other blast furnances

Meanwhile Rand Merchant Bank's plan to fund part of the Iscor share offer to employees seems to have had little chance of success, given the much more attractive funding facilities being offered by the Government

Star 27/9/89

260

Attractive forecast from Iscor

By Derek Tommey

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But a development which could have the greatest impact on Iscor's future is the Corex process being commissioned in Pretoria

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iness Report

WEDNESDAY, SEPTEMBER 27, 1989

R36m Numsa/Iscor deal

Cape Times 27/9/89 (260)

Share plan disclosed by RMB

Own Correspondent

JOHANNESBURG — Rand Merchant Bank yesterday disclosed details of an estimated R36m offer to finance the purchase by 10 000 Numsa members of the Iscor shares to which they are entitled in terms of the employee share scheme

The offer included a guarantee that no Numsa member would lose money on the issue even if trading in the shares occurred at below the listing price This would occur through offering each subscriber a right to sell his shares to RMB at a price which covers the issue price, interest and underwriting costs

RMB chairman G T Ferreira also criticised what he called ill-informed and speculative press reports — which had created the impression RMB intended to exploit uninformed employees and which had caused the bank to suffer embarrassment and a loss of goodwill both locally and internationally

RMB said it had offered to make a short-term facility available to Numsa members to take up shares, on which interest would be charged at the prime overdraft rate plus 1% RMB said it would also charge a 2,5% underwriting fee to cover brokerage, administration costs and costs of hedging against market risk Numsa members wanting to take up the offer would apply individually through the union

In addition to the free 200 shares being offered to each Iscor employee as part of the privatisation process, each Numsa member is entitled to an average 1 000 shares at a 20% discount on the R2 issue price and a further, equivalent, preferential allocation at the full listing price

A Numsa spokesman yesterday refused to comment on the offer, saying members had asked the union to conduct with them a series of discussions on the entire Iscor share scheme

RMB said each member would have until November 15 — a week after the listing — to decide whether to sell or hold any or all of his shares If he decided to sell this would be done by asking Numsa to instruct RMB's transfer secretaries to sell the desired number at market prices The surplus would then be paid over to him

If he decided not to sell, he would have to arrange his own financing and settle his indebtedness to RMB by November 30

The guarantee would give participants the right to sell their shares to RMB at R2,085 at any time in the first week after listing However, no one would be forced to sell shares to RMB The offer would not apply to the free shares

Ferreira said the offer had been made in August after Numsa had made known its reservations about the Iscor employee share scheme

This was before details about the share price and the State's special financing scheme (which includes deferred repayments over three years for the discount shares) for employees had become known

Iscor forecasts 20% profit boost

CT 27/9/89 260/269

Own Correspondent

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De Waal says the strongest support for the 20% increase prediction is Iscor's ability "to maintain throughput by accepting a greater number of export orders at satisfactory profit margins"

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Iscor shares warning

News 29/9/89

260

Political Correspondent

THE public has been warned not to buy Iscor shares with borrowed money or money needed for everyday expenses.

The warning comes from Dr Dawie de Villiers, Minister of Mineral and Energy Affairs and Public Enterprises He was speaking at a ceremony at Tuynhuys where the first prospectus of the share offer which is being launched next week was presented to President De Klerk

Dr De Villiers said he was delighted with the progess that had been made with privatisation to date

Enthusiastic response

There had been an enthusiastic public response to the Iscor issue. The Iscor privatisation had been handled in a professional way with the strong support of management and staff

Iscor was an excellent company with good long-term prospects and should be seen as a long-term investment, not one to make quick overnight profits

Investors should be cautioned, however, that equity investment could be risky and that share markets fluctuated.

Dr De Villiers said the privatisation process had now been established and other excellent investment opportunities would be presented in the coming years as other State assets were privatised.

He cautioned Iscor workers not to forfeit their individual benefits which had been made possible by the government through an employee shareownership scheme.

Mr De Klerk said the Iscor move signalled the start of a new economic era in South Africa.

He was pleased there was such great interest in the share offer and praised the professional way in which this had been handled.

Iscor scramble starts Monday

W/C
Argus
30/9/89
260

By TREVOR WALKER
Business Staff

THE unprecedented scramble by the public for shares in Iscor due to start trading on the Johannesburg Stock Exchange on November 8 begins officially on Monday

The government is privatising its steel monopoly by offering 1,55-billion shares at 200c each

The number of shares in issue and tradeable on the stock market will dwarf any of the existing quoted companies

The prospectus, which is being published in the country's leading newspapers over the weekend and on Monday, will allow the public to apply for shares in the company

Iscor has extensive iron ore and coal deposits under its control and is one of the country's largest mining operations

The table of its subsidiaries, mining, mineral and surface rights and raw materials reserves takes up no less than 15 pages of its prospectus

One of the ironies of its sell-off to the public is that it is the public who will remain in the dark until the beginning of November as to how the meagre eight percent of the total shares it is being offered will be shared out The public has been offered 150-million of the 1,55-billion shares, the rest being set aside for financial institutions and Iscor employees

A stockbroker said the institutions would only write out their cheques when they knew exactly how many shares they would be allocated Iscor staff taking up the offer will also know in advance how many shares they are likely to receive

Individuals of the public, on the other hand, will have no idea how many shares they will personally end up with and for at least two weeks will give Iscor the privilege of their money for free

Given the size of its issued share capital and the area of business that it operates in, Iscor is unlikely to be a "high flyer" on the stock market after listing

On world stock markets, steel producers do not rank high in the order of share performers and there is nothing to suggest that Iscor will perform materially different

It will be a weighty bottom draw stock without the sparkle of a diamond

The government by selling off its holding in Iscor will raise about R3-billion and the issue is set to be forerunner of a series of similar privatisation moves

The Post Office has already split its telecommunications and postal services and Sats is expected to sell off to the public various areas of its operation such as SAA and road transport

Iscor came into existence as the SA Iron and Steel Industrial Corporation Ltd in June 1928 The first steel was tapped from its Pretoria facility in April 1934 and by 1981 the annual liquid steel capacity at these works had risen to more than 1,4-million tons

Iscor produces about seven millions tons of liquid steel a year, which is about 75 percent of South Africa's total annual output and about one percent of total world output

The company is planning to widen its range of value-added products and is set to convert a higher percentage of its steel into flat products, which are more profitable than profile products

Sales for the year ended June 30 last were expected to rise by 5,8 percent to R5,95-billion and attributable profit to R811-million

The company intends to maintain a dividend cover of about three times and, based on a forecast 52,7c a share earnings in the year ending June 30 1990, a dividend of not less than 17,6c a share is expected to be paid which will give a dividend yield of 8,8 percent on the issue share price of 200c

1/10/89

Eskom chief predicts power grids linking southern Africa

By Karen Stander

Regional co-operation in energy affairs will ensure the establishment of a South African "power group" by the mid 1990s, Eskom chief Mr Ian McRae has predicted

Speaking at a press conference on his return from a meeting of the World Energy Conference in Montreal, he sketched a picture of future close co-operation with an eastern power grid linking South Africa with Zimbabwe, Mozambique, Malawi and other countries. There was also a potential for another power grid on the western side of the continent

Mr McRae said he believed the Cahorra Bassa scheme would be completed in the next two years and other joint projects between South Africa and her regional neighbours were also possible. Some had already been discussed, he said

The three key issues identified at the Montreal conference were the importance of protecting the environment while ensuring sufficient energy, the greater role which nuclear power would play in the future and the importance of regional co-operation, particularly in the assistance of developing countries.

He said the conclusions drawn on the continued availability of world energy resources at the Montreal conference were in direct contrast to what was believed in 1980, when there was concern that they would run out.

Experts now believed there would be no problem in the foreseeable future. South Africa's resources were also plentiful, Mr McRae said.

While South Africa did not have its own oil and would continue importing, the country's coal reserves, used mainly for making synthetic petrol, would last well into the latter half of the next century

Natural gas was also available and South Africa would continue to explore this potential.

Uranium was also plentiful and the country's supply would last until the end of the next century, while the potential of "renewables" such as wind, water, solar and wave-power would continue to be explored.

Mr McRae said there was great scope for nuclear energy, now favoured by environmentalists above coal-produced power.

260 279A

Union in dilemma over Iscor shares

The privatisation of Iscor is a sensitive issue for the socialist-leaning National Union of Metalworkers of SA. This week it clarified its stance, reports DREW FORREST

The Iscor employee share offer confronts the National Union of Metalworkers with a dilemma: how does it protect members' interests without appearing to back privatisation?

A union with strong socialist leanings, Numsa this week criticised the State for "selling the nation's wealth cheaply to major business interests".

Claiming it had not been consulted on the Iscor sale, it said managers were likely to get much of the 10 percent employee share allocation.

In the past Numsa has hit out at employee share offers as "a disguised production bonus" and as deferred pay when workers want a living wage.

Numsa insists that its 9 500 Iscor members do not want to be shareholders — but experience shows the pitfalls of a union "hands-off" approach to worker share participation.

In 1987 leading mine unionist Mr Cyril Ramaphosa attacked Anglo American's staff share scheme as a "Thatcherite attempt to make every worker a capitalist".

Yet Anglo insists that many of its black miners have taken shares. At highly unionised Vaal Reefs, for example, it claims a 78 percent acceptance.

Another factor for Numsa is the Inkatha-linked United Workers Union of SA (Uwusa), a rival with no qualms about worker share ownership.

After a series of meetings with members, Numsa announced its policy on the Iscor offer this week.

Workers would apply for their 200 free share entitlement, and sell the shares immediately.

The union said it had negotiated a loan — potentially R26 million — from Rand Merchant Bank (RMB) to help workers buy the average 1 500 shares offered at the market price under a preferential placement.

These would immediately be sold and the profits placed in a trust fund under the control of its members at Iscor. At a selling price of R2,50 a share, up to R4 million could accrue to the fund, Numsa said.

To ensure that workers do not lose on the deal, RMB has offered to buy the shares for R2,85 in the first week after listing if the price dips below this. However, the union has negotiated to sell the shares to other institutions, and expects a higher price.

Controversy surrounds the third leg of Iscor's offer to employees — that of a minimum of 900 shares each at 20 percent discount.

Numsa said the State's Privatisation Unit blocked the purchase of discount shares under the RMB deal because this encouraged workers to sell rather than hold on to the shares.

The unit's chairman, Mr Pieter van Huysteen, denied the claim.

But he added that Iscor managers and the Government felt the State's deferred payment scheme, in terms of which shares can be purchased interest-free over a period, was in the best interests of workers.

Mr van Huysteen said that for logistical reasons, Iscor and the State were unwilling to facilitate Numsa's collective offer.

The union considers this self-defeating. "Because of black workers' resistance to share deals and limited access to credit, it is most unlikely that they will take up the discount share offer," said Numsa's Mr Bernie Fanaroff.

Howden to close Airtec

S/Times 1/10/89

260

ESKOM'S cuts in the construction of power plants has forced the Howden group to close its Airtec Howden factory at Rietfontein at the end of November

Most of the workers will be absorbed in group companies, but a maximum of 180 will be laid off This is about 15% of the group's labour force in South Africa, says a spokesman

He says Airtec Howden is the only subsidiary depending heavily on power generation

The manufacture of heavy fans will continue at the group's Booysens plant in Johannesburg

"The closure will not weaken our ability to provide technical services to all sectors of the industry," says Howden Group managing director Jan Moodie

CAPE TIMES 2/10/89 (260)

Iscor sees 20,6% rise in div

Own Correspondent

JOHANNESBURG — Iscor, which is to be listed on the JSE on November 8, has forecast a 20,6% increase in dividends per share in the year to June 30, 1990

Iscor's prospectus, published today offers the public 150m of 1,85bn ordinary 200c Iscor shares in issue

The forecast increase in dividends per share is slightly ahead of the 20% increase in earnings forecast for the year, revealed in Iscor's annual report last week.

The Iscor prospectus, the first in government's multi-billion rand privatisation programme, shows dividends forecast of 17,6c an ordinary share, 20,6% ahead of the historic 14,6c

In the prospectus, the directors say they intend maintaining dividend cover of "approximately three times"

Moreover, the directors say that it will be policy to declare two dividends each financial year

The first dividend will be declared in February and paid in March 1990 It will be pro-rated from the date of the closing of the offer (October 25) to December 31

The directors say it should "be noted that historically the first six months of the Iscor group's financial year do not produce results on the same level as the second six months and earnings for that period are usually markedly lower than earnings for the second half of the year".

Iscor's earnings yield on the offer price of 200c is 26,3%, way ahead of the 14,6% in the Steel and Allied sector of the JSE.

Again, Iscor's dividend yield on the issue price of 200c is 8,8%; more than double the 4,1% in the Steel and Allied sector.

Given Iscor's solid financial position, as disclosed in its prospectus, this suggests that the offer price of 200c a share is conservative

The prospectus provides information that potential investors can use before they decide whether to apply for a minimum 100 shares (at R2 each) in the offer of 150m shares made to the public.

The main body of the prospectus covers some seven and a half pages, with the balance given to appendices, such as the auditors' report.

The prospectus says that as Iscor had been "developed and is managed in accordance with the norms applicable to the private sector, it would be the first major privatisation by the state."

Moreover, "the results of the Iscor group contained in this prospectus confirm the decision of the state."

Iscor forecasts 20,6% rise in share dividend

260) BARRY SERGEANT

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Rockman to sue SABC

CM (260) Times 5/10/89

POLICE Lieutenant Gregory Rockman is to sue the SABC for R50 000 over allegedly defamatory reports on television and radio news last month that he had gone missing

He said yesterday that his attorneys had written to the corporation asking for an apology None had been forthcoming and he had now instructed them to go ahead with the civil action

His attorneys had told the SABC in a letter that reports on September 26 that he was "missing and could not be found at any of his known addresses" were wrongful and defamatory

"It was intended and understood by listeners of your radio and TV stations that our client is a person who has shirked his responsibilities and/or is dishonest because he failed to keep an appointment with Major-General Jaap Joubert and the attorney-general," the letter said

Although this information was corrected in an 8pm television newscast, the harm to our client's integrity, character and good name was already done" — Sapa

Sasol staff reinstated with R3m backpay

CAPE TIMES 3/1/89

Own Correspondent

THE Industrial Court yesterday ordered the reinstatement, with six months' backpay worth an estimated R3 million, of 730 Sasol employees dismissed during a wage strike in October 1987.

The matter was brought in Johannesburg by the South African Chemical Workers' Union (Sacwu).

Sacwu general secretary Mr. Humphrey Ndaba, describing the judgment as a major victory, declined to release a copy of the 102-page judgment till after a media conference this morning.

A Sasol spokesman said management had not yet had an opportunity to study the judgment thoroughly, and would react once this had been done. A copy was not available. Industrial Court judgments are released only through the contesting parties.

The workers, employed at Sasol 1 at Sasolburg, were among 1 300 dismissed a week after going on strike.

Sasol and Natref played foul, says court

8 Day 4/10/89

ALAN FINE

SASOL and Natref "used rough and ugly tactics, played foul, and deserve to be shown the red card"

That was one of the hard-hitting criticisms of management made by the Industrial Court in ordering the reinstatement, with six months back-pay, of 730 SA Chemical Workers' Union (Sacwu) members unfairly dismissed during an October 1987 wage strike

The 102-page judgment, published in Johannesburg on Monday by advocate M A E Bulbulia with advocate V W Apostoleris concurring, was released yesterday by Sacwu

Sasol yesterday announced its intention to appeal against the judgment, and declined to comment on its contents

Bulbulia found management had used every means at its disposal — including unfair means — to paralyse the strike

It had established a special "labour unrest task force" which used informers to monitor union activities, and secured the presence of the police to induce or intimidate strikers to return to work.

The strike, he said, had been a legitimate, economic strike Management had shut its eyes to the root cause of the action and was unable to resume wage negotiations after the strike began Instead, "they had concentrated their efforts on securing the capitulation of the union".

It was, he said, incumbent on the parties to resume negotiations as soon as possible after the commencement of the strike — which management had refused to do

This case, he said, was an illustration of diametrically opposing schools of thought on the purpose of economic strikes

31% of Iscor turnover from exports

B/Day 4/10/89.

BARRY SERGEANT

ISCOR has disclosed that 31,1% of its turnover to June 30 1989 was derived from exports At a presentation this week, Iscor GM, finance, Eric van der Merwe said that of Iscor's R6bn turnover, R1,5bn comprised steel and R350m iron ore exports

Up to now speculation has had it that anything between 25% and 40% of Iscor's turnover is derived from non-rand sales Van der Merwe confirmed Iscor had qualified for protection under Section 15A of the Companies Act, the exemption from obligation to disclose certain information

Iscor supplies no details of the operations of foreign subsidiaries, and does not disclose separately contributions to the income statement or balance sheet

Moreover, Iscor does not apply segmental information accounting policies

260

The 1989 annual report states "The company operates exclusively as a vertically integrated producer of a wide range of steel products All of the company's operations, employees and substantially all of its assets are in the Republic of SA

"Information by segment is not disclosed as the directors are of the opinion that it would not be in the interest of the group to disclose information regarding export markets and volumes sold"

Iscor's production of 70%-plus of SA's steel comprises 1% of world output The prime target market is SA Surplus production, amounting to 33% in 1989, is exported to 60 countries on five continents Iscor has 2 000 customers, about 500 of whom are foreign, Van der Merwe disclosed

● See Page 3

Deal for Iscor managers

B/Day 4/10/87

260 282

BARRY SERGEANT

ISCOR executives have been allocated 60-million shares for a Management Share Incentive Scheme.

Eric van der Merwe, Iscor GM, finance, said that at this stage no details over and above those in the prospectus were available.

Van der Merwe said that the share incentive scheme was no different to the typical scheme found in a public company. The 60-million shares amount to 3,2% of the 1,85-billion shares that will be in issue on November 8.

The prospectus says the scheme will be a combined share purchase/share option scheme.

Moreover, "if an offer is accepted in respect of scheme shares, it shall be accompanied by payment of 1 cent." The balance of the money will be lent to the participant by a trust and "shall bear interest as determined by the board from time to time".

If the interest rate is below the "official" rate of interest, participants will pay perks tax on the difference. Van der Merwe said that at this stage, it was not known how many shares would be taken up before the listing. The 60-million shares made available for the scheme are over and above the 1,85-billion shares that will be in issue on listing day:

- The general public, 150-million,
- Employees and pensioners of the Iscor group and associated companies and organisations of the group, directors of Iscor and selected institutions, 1,307-billion;
- Existing preference shareholders, 439 272;
- The State Share Trust (including 200 free shares each for Iscor employees), 92,5-million;
- The Industrial Development Corporation, 300-million; and
- The state, 28 shares.

Encouraging news for potential Iscor investors

4/10/89 STAR (260)

By Derek Tommey

Encouraging news for potential investors in Iscor has come in the past two days from the annual conference in Berlin of the International Iron & Steel Institute.

Investors do not have to take Iscor's word alone that the international steel industry is experiencing a boom which could continue for some time to come. Conference proceedings confirm this

Lenhard J Holschuh, the institute's secretary-general, reports that total steel consumption this year is expected to reach 791 million tons, slightluy above last year and a new record level

Next year should be equally good, with only a slight downturn of 7 million tons forecast at world level — mainly in the US

Mr Holschuh says the average level of steel consumption is expected to be relatively stable in North America, with the value little different from that of the mid-1980s

Some modest growth is seen in the European Community and Japan

However, consumption in the Asian region (which is one of Iscor's major selling areas) is expected to grow by a relatively high 6,7 percent Growth in developing countries should be about 4,3 percent.

Further confirmation that the steel market will remain strong comes from Shoichi Akazawa, chairman of the Japan External Trade Organisation. [redacted]

He told the conference that East Asian steel imports thi year would surpass those of the US by $100 billion, creating the world's fastest growing import market

This ties in with Iscor's remark in its annual report that it believed it could treble exports if the steel were available.

SABC takes back sacked unionist

STAR 5/10/89

The northern Transvaal regional chairman of the Media Workers' Association of South Africa has been reinstated by the SABC, with warning letters, after an appeal by the association.

Mr Mandlakayise Masanabo was dismissed by the corporation on September 11 The SABC accused him of "gross negligence when he failed to play all the adverts given to him in the allocated time", Mwasa general secretary Mr Sithembele Khala said in a statement yesterday

Mr Masanabo was also accused of breaking SABC rules by playing recorded news instead of reading it live, and of insubordination

"The supervisor confiscated news tapes and Mr Masanabo wrote him a letter demanding the tapes It is alleged by the corporation that the tone of the letter was disrespectful," said the Mwasa statement

(260)

"Mwasa contested Mr Masanabo's dismissal on the basis that the verdict and conviction smacked of victimisation and racial prejudice on the part of the corporation, that the panel was unfairly constituted, that Mr Masanabo was not given the chance to call all his witnesses, and no preliminary investigations were conducted by the SABC"

In a letter of reinstatement, the SABC upheld the verdict of gross negligence and insubordination

For the counts of gross negligence, Mr Masanabo was given a written warning for six months, Mr Khala said

For the count of insubordination, he was given a final written warning lasting eight months

"In the same letter, signed by the director-general of the SABC, it is said the appeal panel found extenuating circumstances in both counts

"Of interest, however, the corporation does not address those circumstances which (precipitated) the behaviour," Mr Khala said — Sapa

8 000 Sasol workers strike as court reinstates 730

By CASSANDRA MOODLEY

EIGHT thousand workers at four Sasol plants in Secunda embarked on a legal strike on Wednesday, two days after the industrial court ordered Sasol to reinstate 730 workers involved in a legal strike in 1987.

The Chemical Workers Industrial Union said in a press release this week that the 8 000 miners at the coal-to-oil plant were striking because the company had refused to grant a food allowance to workers who did not stay at the hostels.

Workers were also dissatisfied with the "exhorbitant reissuing costs the company charged workers for lost company badges" — from R60 for a first offence to R180 for a third loss.

This week's industrial court judgement reinstating 730 Sasol employees — who were members of the South African Chemical Workers Union — marked a milestone labour victory, reaffirming the right of workers to strike, said the union's general secretary, Humphrey Ndaba.

The judgement released this week said: "It is unfair to peremptorily dismiss on the shortest of ultimatums."

And "strikers who strike for a legitimate cause such as improved wages ought not to be seen as troublemakers", the judgement said.

In terms of the order, workers who wish it must be reinstated on October 16. And from this date the reinstatement shall be "operative retrospectively for a period of six months", with back-wages being calculated accordingly.

Ndaba praised the court order, saying it would "boost the confidence of workers and encourage the labour movement as a whole to embark on industrial action in order to secure their rights".

The judgement also exposed the company for showing "a velvet glove to the outside world while wielding an iron fist against workers", he added. During the strike the company had evicted strikers from their hostels, he said, called the police and formed a special "Labour Unrest Task Force" to monitor the strikers.

The judgement accused the company of "using rough and ugly tactics, playing foul" and deserved "to be shown the red card", he said.

Sasol media manager Jan Krynauw said this week that the company's legal representative believed "there are solid grounds for an appeal" and Sasol had instructed them to appeal.

The dispute began when about 2 000 Sacwu members went on strike at Sasol and National Petroleum Refineries of South Africa plants in October 1987.

The industrial action followed management's refusal to grant a union demand for a R300 across-the-board wage increase. At the conciliation board hearing a stalemate was reached and the company dismissed the striking workers.

The union submitted to the industrial court that the dismissal was unfair and asked that its members be reinstated with six months back-pay".

Management maintained the strike was illegal.

● Meanwhile 5 000 Food and Allied Workers Union members at Milling, Edible Oils and Animal Feed Division branches nationally have gone on strike over a wage dispute.

The workers are demanding an increase of R35 a week.

● About 1 000 members of the Transport and General Workers Union went on strike at 26 branches of Cargo Carriers this week over the dismissal of 280 workers last month.

260 WMail 6-12/10/89.

Powerline close to completion

260

By Dirk Nel, Northern Transvaal Bureau

PHALABORWA — Eskom will soon complete one of its most important projects for 1989 — a R1,9 million overhead powerline to the Mopani rest-camp in northern Kruger Park

Star 9/10/89.

Eskom north-eastern Transvaal regional manager Mr Douw van Wyk says the environmental impact of the line was carefully considered during the planning stages.

The route was designed to keep the powerline and other equipment out of sight as far as possible by taking it along the boundary of the park from Phalaborwa and completing several kilometres to the camp by means of an underground cable.

NEW TECHNOLOGIES

Kruger Park chief warden Dr Salmon Joubert says the park's "old hands" look back with nostalgia to the days of lanterns and other primitive necessities, but adds that progress cannot be halted.

"It is for us to direct progress and new technologies to suit our needs, always bearing in mind that the environment has to be considered."

Dr Joubert says Eskom has played an important role in opening the park for 12 months of the year by providing a reliable electricity supply.

The 22 kW line joins the powerline to Letaba at a point about 10 km south of the Phalaborwa entrance gate. From there it runs along the game reserve border for 35 km before turning off into the park.

Run on Aids brochure

Iscor share shuffle

Cape Times 9/10/89

260

R5,2bn from institutions?

Own Correspondent

JOHANNESBURG. — Institutional interest in Iscor so far is 100% more than the shares available, the promoters have confirmed. Shares available for institutions total 1 308m of a total 1 850m shares on offer.

The offer price is 200c/share, indicating that institutions were prepared to invest R5,2bn in Iscor shares. Bernard Kaiser of Senbank, one of the merchant banks involved in the offer, said the high institutional interest in Iscor so far was informal.

While the indications were expressed in writing, the intentions were not legally binding on either the institution or government. But if institutions formally applied for the number of shares they indicated interest in, they would only be given 50% of what they wanted, if the allocations were pro rata.

Hennie van der Merwe, MD of Finansbank, the other merchant bank involved in the offer, said it was important to note that the institutional interest in Iscor in no way affected the 150m shares on offer to the general public.

"People should not conclude from the institutional interest that there's no point in them applying for shares," said Van der Merwe. If the offer to the general public, which closes on October 25, is oversubscribed, allocation would be made on a basis that would be announced on or about November 1.

Government has repeatedly stressed that the small investor would be favoured.

Kaiser said that some 350 institutions had expressed interest in Iscor shares. There was no easy definition of institution, but it generally meant financial institutions such as pension funds and life offices which held shares for investors on a purely discretionary basis.

Meanwhile, institutions have given a formal undertaking that they will not be applying for shares on behalf of individuals. Kaiser said that it had been rumoured that some institutions were going to apply in their name for certain shares that would in fact be handed over to individuals.

"Rumours such as this could make government mad," said Kaiser, "so we asked for a formal undertaking that institutions would only apply for shares that would be held on a purely discretionary basis."

And news last week that assisted minors could now apply for shares is causing new controversy.

Members of the public may only apply once for Iscor shares. There is now speculation that the rule can be contravened by an investor applying through one or more children. "This misses the point," says Kaiser. "An investor who deliberately sets out to break the rules can do so in a number of ways.

"The Iscor experience has everyone on a learning curve."

John Meyer has been appointed sales consultant of Mashold's direct selling division, Family Selections. Meyer is the former MD of "It's a pleasure" and sales co-ordinator of "Golden Products".

260 Wmail 10-16/11/89

Eskom explains why electricity is being raised by 14 percent

By HILARY JOFFE

IF pension and provident funds can put their money into shares, why should they invest in Eskom?

That was the implication of what Eskom was saying this week in justifying its decision to raise electricity tariffs by 14 percent from January.

Announcing the increase, Dr John Maree, chairman of Eskom's Electricity Council, said apart from the surplus it generated from electricity sales, borrowing was Eskom's only source of capital — and borrowing had become more difficult and more expensive

He cited the recent abolition of the prescribed assets requirements for pension and provident funds as a key factor in this: "The amount of money available to us in the capital market is going to fall dramatically as a result of the abolition of prescribed investments Pension funds, insurance companies and other large investors will use their greater freedom of choice to invest elsewhere."

And Eskom's Mick Davis cited figures which explained this real rates of return on gilts (government and semi-government stocks, including Eskom) had been a negative 7,2 percent a year between 1979 and 1988 while real rates of return on shares had been positive to the tune of 9,3 percent a year over this period.

Prior to the abolition of the prescribed assets requirements, pension funds had to hold 53 percent of their assets in gilts or cash, while the figure for provident funds (if invested with a life assurer) was 33 percent Now the system has been replaced by guidelines which enable the funds to hold up to 80 percent of their assets in shares and property. This has not resulted in a sudden flow of money out of gilts and into shares because, as reported in the *Weekly Mail* two weeks ago, the basis of fund valuation has changed from book to market value and many older established pension funds in fact already were holding up to 65 percent of their assets — at market value — in shares But it does allow pension and provident funds greater flexibility in trading their assets and will give newer funds the ability to put more of their money into shares It is this, presumably, which has Eskom in a squeeze

Maree said this week Eskom estimated the cash flow of South Africa's financial institutions next year would be R31-billion, of which R4,6-billion would be available to the fixed interest securities market (that is, for stocks and bonds) Eskom's needs were as high as R3,1-billion, or 70 percent of what was available

Maree added that higher interest rates meant Eskom's money was more expensive A one percent change in interest rates had a R200-million impact on Eskom's interest bill, he said

Eskom chief executive Ian McRae was concerned to stress that the 14 percent increase, although higher than the 10 percent increases of 1988 and 1989, was below the inflation rate. He also emphasized Eskom's record in improving productivity by 3,8 percent over the past year and in cutting costs — most notably by its mothballing and closing of power stations last year, when it explained that it had built up a great deal more capacity than it would need until the late 1990s as a result of over-optimistic growth projections

McRae explained in August 1985 Eskom planned to spend R11,9-billion on expansion — by 1989 this was cut to a mere R6,8-billion, resulting in a R872-million saving next year on interest costs

In 1988 Eskom's revenue from electricity was R8,1-billion, while operating expenditure was R4,8-billion and net interest and finance charges were R2,4-billion

STAR (260)

Eskom plans to electrify all townships

10/10/89

Electrification of those black townships without power would make great inroads towards cutting air pollution, says Eskom chief executive Mr Ian McRae.

He said yesterday that Eskom, in accordance with a resolution of the World Energy Conference in Montreal, which he attended, would place greater emphasis on environmental issues

Protection of the environment had to be balanced against economical considerations.

Mr McRae said townships, particularly portions of Soweto, without electricity and where coal and wood were burnt for power, contributed significantly to air pollution..

He said Eskom was working to electrify all of South Africa's black townships. — Sapa.

Energy/Electricity
Place
21654
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Sasol Three acquisition 'on the table'

260

Tcq? 11/10/89

Own Correspondent

JOHANNESBURG — Sasol could pay government, via the Industrial Development Corporation, up to R4bn for the 50% it does not already own in Sasol Three

Chairman Joe Stegmann says Sasol's acquisition of the remaining 50% of Sasol Three is not imminent but could "be on the table at any time"

The potential R4bn that government would receive from the sale would be worth more than the entire R3,7bn proceeds from the privatisation of Iscor.

Yet in its annual report released today, Sasol shows its 50% interest in Sasol Three as being worth only R50m

Stegmann would not put a price tag on the acquisition, but MD Paul Kruger pointed out that the takeover price in the case of Sasol Two amounted to approximately R2,6bn — in July 1986

Just updating this for inflation, the hint is that the remaining 50% of Sasol Three could cost Sasol about R4bn

Sasol's extremely conservatively stated accounts show shareholders' interest of R3,6bn at end-June 1989, and long-term assets of R4,6bn

Stegmann said the time to buy the remaining 50% in Sasol Three would be when the "enviroment was satisfactory, and when the sellers (government) and the buyers were happy with the price"

The annual report disclosed that an agreement dated July 1979 contains the guidelines in terms of which Sasol will acquire the remaining shares in Sasol Three

Sasol, which uses historic accounts, reflects the cost — and directors' valuation — of Sasol Three shares at R50m Sasol has received R75m in dividends from Sasol Three in the past two years alone

Stegmann denied that Sasol was embarrassed by the amount of cash it had Current assets increased 47% by R646m to R2bn, including an 82% increase in cash to R533m

"That are substantial commitments on capital projects currently under expansion," said Stegmann

Overall, Sasol is heavily undergeared for a capital intensive business — if anything, its gearing is below zero

Iscor, also capital intensive, recently disclosed that its target gearing ratio was 33%.

Stegmann declined to be specific on a target gearing ratio but pointed out that until goverment's 50% interest in Sasol Three had been taken over, "the gearing ratio would be kept low because of the large increase that would be necessary when the takeover takes place"

Stegmann said that "a takeover is not imminent at this stage because of the present unfavourable external factors affecting the viability of Sasol Three, such as the dollar price of oil and the value of the rand"

Kruger discloses in his review that Sasol Three's profit before tax was R180,6m (R184,4m in 1987-1988), profit before interest was R374,7m (R280,7m)

Sasol, which accounts for Sasol Three as an investment although it is an associate, discloses in the annual report that Sasol Three's dividend to Sasol was slashed from R50m to R25m.

Sasol Three's profit after tax was R100,3m (R100m) Provision for tax amounted to 44,5% of profit before tax

In the list of Sasol's associates, the Sasol Three investment is reflected at a cost of R50m — a figure that has not been updated since 1979

The oil-from-coal division is responsible for Sasol's oil-from-coal production at Sasolburg and Secunda.

Award for chemical pioneer (260)

Star 11/12/89

By Sue Valentine

A University of Stellenbosch academic, Dr Henk Viljoen, has been awarded the CSIR President's Award for theoretical and experimental work in chemical reactions and the manufacture of high-performance materials.

Dr Viljoen of the chemical engineering department has a special combination of qualifications — a DSc in applied mathematics and subsequent study abroad on materials

An important result of his work is research towards the safe storage of radioactive waste and the production of ceramic materials for use in the computer and chemical manufacturing industries.

According to the group executive of the Foundation for Research and Development at the CSIR, Dr Reinhard Arndt, there is worldwide interest among scientists in Dr Viljoen's work.

Dr Viljoen has been invited to chair two sessions of the American Institute of Chemical Engineers' meeting in San Francisco in November Only scientists who are recognised as pioneers in certain fields receive such an invitation.

The President's Awards are tailored to individual recipients' needs and can be used for employing research staff, bursaries for students, equipment, travelling costs or running expenses.

Iscor: Numsa plans trust fund from profits

(260) ALAN FINE

NUMSA is to channel an anticipated R4m in profits from the sale of about 10-million preferential Iscor shares allocated to its members into a trust fund for the advancement of the collective interests of those members B/Day 11/10/89

The purchase is to be financed by Rand Merchant Bank. The shares will be sold immediately after the listing next month

RMB has offered to make available the potential R20m required. It has underwritten the plan by offering to purchase the shares for R2,085 apiece should the opening price be below that level, which ensures the union and its members there will be no loss on the immediate post-listing sale after interest and brokerage fees

The R4m profit estimate is based on a hypothetical R2,50 selling price

RMB chief G T Ferreira confirmed yesterday that the offer still stood The union fund is to be administered by Numsa members at Iscor who will decide on the use to which the money should be put

The union announced yesterday the decision was made after extensive consultations with its members at the soon-to-be-privatised corporation, who are entitled to an average 1 000 preferential shares each

Each member would be asked to sign a mandate to transfer any profits on the sale of the shares to the trust fund, Numsa said

An equivalent number of shares to which

☐ To Page 2

Numsa fund profit

B/Day 11/10/89

☐ From Page 1

the employees are entitled at a 20% discount will not be dealt with in this way The union required Iscor's co-operation in facilitating the process of what is effectively a collective purchase of shares Management declined to do so in regard to the discounted shares

Numsa expressed its disappointment at this decision, which is in line with the Privatisation Unit's view that the state's deferred payment scheme available for the purchase of disounted shares was preferable to outside financing (260)

The scheme is effectively an interest-free loan repayable over three years Shares financed this way are held in trust and are non-negotiable until paid for.

Numsa made it clear yesterday it opposed the entire employee share scheme

The union deplored "the selling of the nations's wealth cheaply to major business interests", and believed the employee share offer largely benefited management

The union had also advised members to take up the 200 free shares to which each is entitled and sell them immediately.

260

Developing world needs $1-trillion for electricity

BDay 11/10/89

THEO RAWANA

THE developing world would need $1-trillion to meet electricity power needs over the next decade, Eskom CE Ian McRae said on Monday.

Speaking on his return from the 14th World Energy Conference, held in Montreal, McRae said about $200m would come from the World Bank and other multi-national sources.

He said the remaining $800bn would be generated by the establishment of regional power grids, which would be self-funding.

He said Eskom's vision for southern African regional development, co-operation and optimising energy resources was well received by conference delegates

Participation

McRae said SA's image and credibility at the congress were high.

"We can now look forward with continued optimism that restraints on participation will decrease or be totally eliminated."

He said a number of power generating projects on a regional scale were in the pipeline, including the Cahora Bassa scheme, which would be back on line within the next two years

Power grids would be going up in Zimbabwe, Mozambique and Malawi, and to the west there would be another one in southern Angola.

A link-up was being worked out with Zaire and there was further potential in the Zambezi River There was also SA's involvement in the Lesotho Highlands scheme

McRae said the fact that Botswana and Swaziland had coal augured well for the development of schemes

"We will see progress in these projects and the World Bank will come in with the funds," he said.

He said the conclusion at the world conference was a reverse of the Munich congress in 1980 and that the energy resource base was not a problem in the foreseeable future

"The world will be able to sustain its energy requirements for many years to come"

Sapa reports that McRae said SA was well-stocked in terms of future energy resources

He said while SA did not have its own oil and would continue importing, the country's coal reserves, used mainly for making synthetic petrol, would last well into the latter half of the next century.

In terms of policy, McRae would not reveal statistics concerning SA's natural gas production

He said, however, that the Mossgas project offered potential and would continue to be used for the production of synfuel.

There was great scope for nuclear energy, now favoured by environmentalists above coal-produced power, in view of SA's infrastructure and considerable uranium deposits — enough to last at least until the end of the next century.

"We must determine what type of (nuclear) reactors to introduce and when," McRae said.

He predicted, however, that the present balance in SA's energy souces would still be more or less unchanged at the turn of the century.

It would remain at about 80% coal-generated electricity, 10% nuclear power and 10% hydro-electricity

Environment

Electrification of those black townships without power would make great inroads towards cutting air pollution, McRae said.

He said that in accordance with a resolution of the World Energy Conference Eskom would place greater emphasis on environmental issues.

Protection of the environment however had to be balanced against economical considerations.

Townships without electricity, where coal and wood was burned for power, particularly portions of Soweto, contributed significantly to air pollution, said McRae

He said Eskom was working to electrify of all SA's black townships.

Flush Sasol could buy out govt share

B/Day 11/10/89 (260)

BARRY SERGEANT

SASOL could pay government, via the Industrial Development Corporation, up to R4bn for the 50% it does not already own in Sasol Three Chairman Joe Stegmann says Sasol's acquisition of the remaining 50% of Sasol Three is not imminent but could "be on the table at any time".

The potential R4bn that government would receive from the sale would be worth more than the entire R3,7bn proceeds from the privatisation of Iscor

Yet in its annual report released today, Sasol shows its 50% interest in Sasol Three as being worth only R50m

Stegmann would not put a price tag on the acquisition, but MD Paul Kruger pointed out that the takeover price in the case of Sasol Two amounted to approximately R2,6bn — in July 1986 Just updating this for inflation, the hint is that the remaining 50% of Sasol Three could cost Sasol R4bn

Sasol's conservatively stated accounts show shareholders' interest of R3,6bn at end-June 1989, and long-term assets of R4,6bn Stegmann said the time to buy the remaining 50% in Sasol Three would be when the "enviroment was satisfactory, and when the sellers (government) and the buyers were happy with the price" The annual report disclosed that an agreement of July 1979 contains guidelines in terms of which Sasol will acquire the remaining Sasol Three shares

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Overall, Sasol is heavily undergeared for a capital intensive business — if anything, its gearing is below zero

Stegmann declined to be specific on a target gearing ratio but pointed out that until goverment's 50% interest in Sasol Three had been taken over, "the gearing ratio would be kept low because of the large increase that would be necessary when the takeover takes place"

He said "a takeover is not imminent at this stage because of the present unfavourable external factors affecting the viability of Sasol Three, such as the dollar price of oil and the value of the rand"

Kruger discloses in his review that Sasol Three's profit before tax was R180,6m (R184,4m in 1987-1988), profit before interest was R374,7m (R280,7m) Sasol, which accounts for Sasol Three as an investment although it is an associate, discloses in the annual report that Sasol Three's dividend to Sasol was slashed from R50m to R25m in the latest financial year.

Sasol Three's profit after tax was R100,3m (R100m)

● See Page 6

Sasol reports its cash flow

BDay 11/10/89

260 BARRY SERGEANT

SASOL'S 1989 annual report contains for the first time a cash flow statement, to comply with a new accounting standard

Various accounting authorities, in particular the Public Accountants' and Auditors' Board, determined that a cash flow statement would be a lot more helpful to users of financial statements than the previously required source and application of funds statement.

Sasol's cash flow statement shows that about R261m depreciation is added back to operating income to reach R1,4bn cash flow from operations for the year — 35% up on 1988. While the taxation charge put through the income statement is R491m (R348m), the cash flow statement shows only R244m (R292m) tax paid

Movements in working capital show an enormous increase in debtors of R262m to R781m, but there was an even bigger change in creditors, an increase of R304m to R804m. With an increase in stocks of R143m to R673m, the net decrease in working capital was R101m

In the cash flow statement acquisition of fixed assets increased 66% to R587m in 1989 Fixed assets on the balance sheet increased by just R183m, or 4,8%, to R4bn

The cash flow statement shows a decrease in cash of 2% to R240m, the balance sheet shows an increase in cash funds of 82%, also of R240m, to R533m The cash funds per balance sheet comfortably exceed long-term liabilities of R402m and short-term loans of R14m combined

STAR (....) (.. 260)

Numsa takes decision

Iscor men to accept shares — then sell

11/10/89

By Drew Forrest

Members of the National Union of Metalworkers (Numsa) are to take advantage of Iscor's employee share offer — but will sell the shares as soon as they come on the market.

In a statement, Numsa "deplored the selling of the nation's wealth cheaply to major business interests", saying also that much of the staff share allocation would go to managers.

Extensive discussion with its 9 500 Iscor members had shown workers did not want to be shareholders in Iscor, as participation would mean little and give them no say in Iscor policy.

Numsa said, however, that workers would take the 200 free shares offered them and sell them as soon as possible. "This, they believe, is money which belongs to them in any event."

Workers would also buy shares offered to them under a preferential placement, using a loan negotiated with the Rand Merchant Bank (RMB). These would be resold and profits placed in a trust fund controlled by Numsa members at Iscor.

Numsa's Mr Bernie Fanaroff estimated yesterday that if the shares reached a market price of R2,50, up to R4 million could accrue to the fund.

Numsa also attacked the Privatisation Unit for blocking the purchase of shares under a 20 percent discount offer with money made available by RMB.

The Government is understood to feel the immediate resale of shares defeats the object of the offer, which is to give workers a stake in industry. Mr Fanaroff said that as black workers had limited access to credit, it was "most unlikely" they would take up the discount share offer.

Iscor workers to sell free shares

Cape Times 11/10/89

JOHANNESBURG — More than 9 000 Iscor workers will accept and immediately sell the 200 free shares offered to them by the steel giant, the National Union of Metalworkers of SA announced here yesterday

The union had also negotiated 260 a loan to allow its members to purchase the preferential shares allocated to them.

Rand Merchant Bank would underwrite the loan so that any drop in share price would not cost the workers anything, Numsa said.

These shares would then be sold immediately and any profit would be put into a workers' trust fund

The fund would be controlled by Numsa members at Iscor and the use of the money would be determined by the workers collectively, the union said

Each member would be asked to sign a mandate to transfer any profits on the sale of the shares to the trust fund.

The union decided to take this course even though it was opposed to the privatisation of Iscor — it deplored the "selling of the nation's wealth cheaply to major business interests".

The decision was taken after extensive discussions among its 9 500 members in Iscor, the statement said. — Sapa

Daily Telegraph

CAPE TIMES 13/10/89

Sasol strike still unresolved

SECUNDA — Negotiations on Wednesday night failed to end the two-week-old strike by 8 000 Sasol coal miners at Secunda, the Chemical Workers' Industrial Union said yesterday

Strikers are demanding a food allowance for workers not living in company hostels The CWIU said Sasol was now threatening to withdraw hostel services

A meeting is scheduled for today — Sapa

Iscor expects to sell more

RIAAN SMIT (260)

ISCOR had budgeted for a 2,8% real annual growth in sales volumes of its local market over the next 10 years, finance GM Eric van der Merwe said at a privatisation symposium at Rand Afrikaans University yesterday.

Van der Merwe said opportunities for growth in profitability were

- A decline in world surplus steel production capacity — expected to be "not as problematic as in the past".
- A higher percentage of value-added products — like flat steel and plated products for the motor industry
- The possibility of a part in secondary commercial and industrial activities.

Iscor expected a dividend yielding 5%-6% and covered three times.

B/Day 13/10/89

Let's separate the tube from the type

S Times 15/10/89. (260)

by Tertius Myburgh

THAT fashionable, but frightful, expression "the media" needs to be re-examined so that a clearer distinction is drawn between print journalism and television

Each medium has its own set of problems, technical and political, which need to be dealt with separately. Otherwise, for so long as the two are lumped together, the whole debate about freedom of access to information will be distorted

For instance, if the Government should decide to reconsider the utility of the media restrictions under the emergency regulations — and it's high time it did — it becomes especially important that the two forms of communication are considered apart because, at the moment, the print baby is being let out with the television bath water

This argument is in no way intended to denigrate either the craft or purpose of journalism-on-the-tube Moreover, it concerns television generally and not the specific problems of SATV (which originate elsewhere)

Quite simply, TV and print are quite different animals

The main virtues of print are the very ones absent from TV, which, of course, is not to say that TV does not have entirely admirable attributes of its own

Diversity

Print's most obvious advantages are its long shelf-life and the facility for turning back the page, its space (providing room to explain complex issues, to place them in proper context and in logical order of importance, and to present many sides of an argument), and the diversity of opinion which the existence of a variety of journals makes possible

Television — if it is to comply with the first three electronic commandments of action, brevity and entertainment — has none of these

It deals, of necessity, in fleeting images, thus permitting scant time for reflection by the viewer who cannot turn back the page

Nor does it have much opportunity of dealing with subjects in-depth The text read by the presenter of a half-hour TV news bulletin would not fill half the front page of a broadsheet newspaper.

More, in evaluating the relative importance of events in order to allocate airtime, the TV news producer must, unavoidably, be influenced by the quality of the action footage at his disposal rather than the pure news value or wider significance of many issues of the day

Violence in the street, any street, or a man jumping from the Brooklyn bridge clearly makes better television than, say, an erudite expert explaining the life-and-death importance of an intricate East-West disarmament agreement

"Talking heads" are a switch-off, if it doesn't move, don't shoot it, is a well-tried TV rule

Thus television has created a vast, world-wide audience that surveys the affairs of mankind from its living rooms It actually cultivates a very short attention span as the electronic eye switches, week by week, from riots in South Africa to drug wars in Colombia, to the flight of refugees from East Germany

Myth

In a recent article in The Spectator, Paul Johnson, the historian and respected analyst of media trends, examined TV coverage of unrest in South Africa, concluding that one of the greatest of all myths was that "the camera cannot lie"

He cites a persuasive case study of an "unrest" incident that was deliberately staged as political theatre, anti-apartheid showbiz, and poses the question Were they (German cameramen) recording a news event or were they participating in the making of a movie?

Johnson continues "Television cameras are tending to be participants, rather than recorders, of political unrest all over the world

"Rioting is now a carefully organised and deadly game, played with increasingly sophisticated tactics before a world audience "

Impact

The phenomenon illuminated by Johnson is, of course, not confined to South Africa Be it an East German migration or a power failure that leads to looting in Harlem, it exists in some degree whenever the ubiquitous TV cameras are present.

In its favour, television is of course able to do some things much better than print

The well-researched, well-edited, well-presented one-hour "special" is often more effective in communicating and dramatising an important event than acres of type in a newspaper or periodical But station managers are notoriously stingy in allocating time for such treatment of current affairs Cosby or Miami Vice attract vastly greater viewing audiences

And then, of course, there are television's finest moments The dramatic impact of, say, an assassination when a camera was fortuitously pointed towards the right spot, the agony of starving children in Ethiopia, or actual scenes of battle Print cannot compete in conveying such high drama

But then again, it is precisely here that its problem lies Even the five minutes (which is a lot by TV standards) devoted to the drama of a battle cannot convey the full complexity of the issues that led to the war itself or the rights and wrongs of the manner in which it is conducted

These are problems that the television industry must sort out for itself — and it would be wise to take account of the criticisms, not all of them unfair cases of knee-jerk media-bashing, being levelled against it

The only point being made here is that the problems of our transistorised cousins, while overlapping with print in some respects, are definitely *different* in many others and — when authorities anywhere decide to take steps against "the media" — the two must be dealt with separately

Unfettered

Certainly in South Africa, where the Government is displaying a praiseworthy willingness to address political and social realities, it faces a serious problem in the field of communications There are important events and opinions about which print media simply cannot inform the public

And an uninformed public is one that is unprepared for the dramatic changes which, we are assured, lie imminently ahead

The plea here, therefore, is to allow newspapers and magazines to get on with their job unfettered by emergency regulations that dangerously distort the situation they present to their readers

If TV presents a problem, sort that out with the TV people — as a separate issue

Sasol fuel speculation

S| Times 15/10/89.

260

By Don Robertson

SASOL, now a fully diversified group, is optimistic that a new system of protection for the liquid fuels industry will be introduced before the end of the year

Presenting the annual report last week, chairman Joe Stegmann was not prepared to speculate on the new form of the protection scheme, insisting only that, "a more acceptable framework for protection will shortly be approved by the Government and be instituted before the end of the calendar year"

If the protection should follow the system which has been adopted in the past — whereby Sasol contributes only 1c a litre to the stabilisation fund, compared with 7c by other oil companies — it could put pressure on the petrol price

The difference between the 7c/l that oil companies pay and the 1c/l that Sasol pays represents the 6c/l protection offered to Sasol which was agreed to by Government, at varying rates, when the company was privatised in 1979

When the protection was raised from 3,6c/l to 6c/l in December last year, Sasol agreed that the 6c/l which came from the equalisation fund did have the effect of reducing the size of the fund In addition, Sasol was paid about R100-million in cash as the increased protection was back-dated

If the protection follows this course, it could mean that the equalisation fund will have to support the Sasol protection, and will again wittle away at any surplus on the fund

However, Dr Stegmann says that the effective 12% protection that Sasol enjoys in terms of protection is not unusual in terms of other strategic industries

If recent experience is anything to go by, the fall-off in crude oil prices — on which the equalisation fund bases its deficit or surlus — could be sufficient to offset a lower rand value Crude oil prices recently recently tumbled to about $16 a barrel.

The rest of the annual report is, however, full of encouragement and a "reasonable" earnings increase is expected in the current financial year, says Dr Stegmann and with R533-million in the bank, it is not surprising

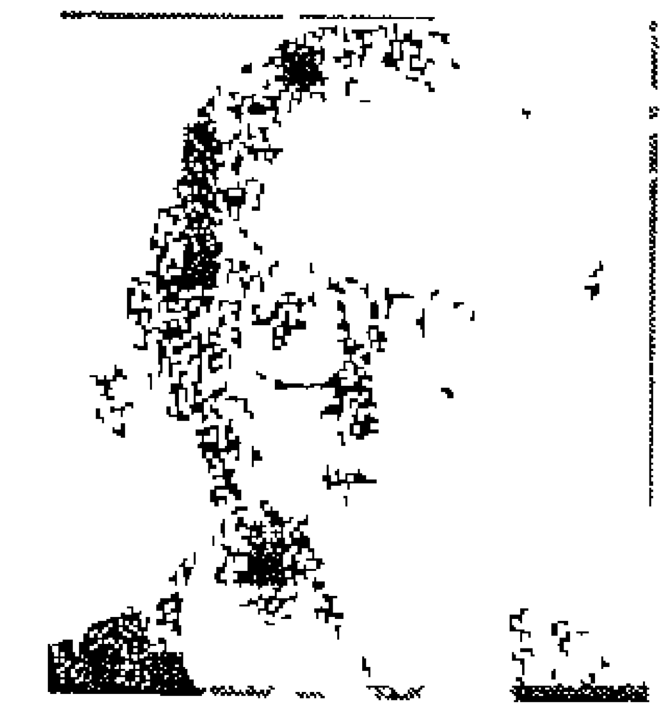
In the year to June last, profits rose to R629,4-million from R473,4-million, equivalent to earnings of 111,7c a share against 84,2c Dividends were increased to 52,5c compared with 42c excluding a 5,5c special payment

Feedstock

And no, the cash is not an embarassment for the group, which has to keep in mind the eventual possibility of acquiring Sasol Three in which it has a 25% interest Sasol Three paid its part-parent R25-million in dividends after a R100-million profit declaration

The excitement among the Sasol board stems from its ability to use its fuel-based feedstock to produce a wide range of chemical products

The synfuel division performed at much the same level as in the previous year and contributed 50% to turnover and 40% to profits However, Dr Stegmann gives the hint that diversification is certainly under way, when he adds that "oil-from-coal is the mainstream of Sasol's business and this is likely to continue for many years"



JOE STEGMANN ... quiet optimism

Because of the cost of new plant, it is unlikely that new investment in this field will be made for some time

A recent study conducted by an international group showed that Sasol has a competitive edge in chemicals on world markets Dr Stegmann explains that this is because the necessary feedstock can be produced as a by-product of fuel from plant that was installed many years ago, whereas other plants in the world require sophisticated and expensive equipment to produce the same products

A polypropylene plant is due to come on stream in December and should be producing by the middle of next year It is expected to make a small cash contribution to the group in the first six months Only half of the propylene will be used so the plant has capacity for further growth

The fertiliser and explosives arms are expected to continue to perform well

The Natref refinery is expected to make a substantial contribution to profits

Sasol One will be converted into a purely chemical plant in the next two years which should add considerably to profits The group is also moving into the organic acid market and has perfected the production of anode coke from pitch It has already established a marketing arm in Europe and a second is being considered

Capital spent on research has resulted in a new reactor system for synfuels which is now undergoing commercial tests This will reduce the capital investment required for new synfuel plants and will increase efficiencies

Flexibility

Dr Stegmann, however, insists that although the group will not "walk away from our basic business, we have the flexibility to respond to any opportunities"

On a more cautious note, Mr Stegmann says that lower oil prices and easier chemical prices internationally could influence results in the current financial year, although an improved income from projects that have come on stream, but did not contribute to profits for the full period, can be expected The protection for the synfuel operations should arrest the gradual reduction of this division to group profits

SABC defends its new demand-drive ad system

B/Day 16/10/89

GERALD REILLY

PRETORIA — The SABC's demand-drive advertising system had been well received by the industry and was not a licence to print money or a pot of gold at the end of the rainbow, SABC marketing head Bruce Coldwells said last week.

He was responding, at a Television in Perspective symposium in Swaziland, to criticism from some advertisers and some "so-called media experts" that the SABC's rates were inflationary

He agreed rates in certain channels had increased dramatically but this was because of consistently high or even increasing demand for those channels

For instance, in January 1987, the first month of the new system, the rate for Graffiti was set at R4 410 for a 30-second spot on the programme

In October this year the rate was R18 770 — a 314% increase on the January rate three years before

260

Success

The rate shot up by 229% to R14 490 nine months after the programme's launch

This was because Graffiti and indeed all magazine programmes in the 6pm to 7pm strip on TV1 were new and relatively unknown in January 1987

Their success in attracting audiences and advertisers was soon established during the early months of 1987 with advertisers' demand often exceeding supply

Coldwells said when the SABC January rates were announced at the end of last year, media "experts" in agencies complained of the strong increases in rates over the previous year

The SABC demand-driven system was accused of being inflationary with rates rising up to 40% and more

Coldwells said in the first part of 1987 many advertisers and agencies were scheduling their spots on "gut-feel" rather than using audiences and cost per thousand data

This resulted in a situation where about 90% of money for TV ads was chasing about 20% of the programmes

The result was inflationary for the rates of the high-demand programmes.

Dallas was one of these programmes which, on cost per thousand terms, was 10times more expensive than certain other programmes

During August 1987 the cost of a 30-second spot in Dallas cost R22 680

By August 1988 sanity prevailed and it dropped by 31% to R15 750

Senior officer in racism probe

(Star) 17/10/89 260

Johannesburg's Fire and Emergency Services' branch has launched an investigation into an allegation of racism involving the dispatching of ambulances.

The case involves an incident on September 18. A senior officer at Brixton Fire Station allegedly refused to send ambulances on two "priority one" — life or death — emergencies until he was told by a dispatcher whether the patients were black or white.

Ambulances are based at the fire station, while the dispatch centre is at Johannesburg Hospital.

The Star has a tape recording of the incident.

As vital seconds tick by, the officer is heard arguing with the dispatcher, demanding to know the race of the patients.

The dispatcher is heard trying to contact two ambulances by radio, but is unable to do so because of a change of shift. He then calls Brixton Fire Station.

The taped conversation:

Brixton. Stuur, oor (send, over).

Dispatcher: Right. Uh, thank you. Can we have two vehicles — one for (an) MVA (motor vehicle accident) and one for an unconscious patient, an electric shock.

Brixton: Is it black or white, over?

Dispatcher: Right. It doesn't matter — it's a priority one, over. Can I have two vehicles?

Brixton: (Noise) ... you don't try to be (noise) ... over.

Dispatcher: Can I have two vehicles for a priority one — (an) MVA and ... an unconscious patient?

Brixton. You will have them as soon as you tell me — is it black vehicles or white vehicles, is it black patients, or white patients?

A statement prepared by the dispatcher later that night said the officer at Brixton telephoned minutes after the radio conversation and allegedly used abusive language.

The Brixton officer allegedly told the dispatcher: "I'll make sure that tonight you dispatch black ambulances to black patients and white ambulances to white patients."

The dispatcher's statement said: "He (the Brixton officer) told me that he wouldn't give me an ambulance if I (didn't) tell him if it (was) a black or white ambulance (that) I wanted."

When the Brixton officer phoned back, the dispatcher told him that dispatchers sent the nearest available ambulance to priority one calls.

White crews

According to the statement, the dispatcher told the Brixton officer: "Most of (the) white crews — I quoted the ambulances and names — want to do black calls.

"He then told me this must stop. He told me he was coming to see me at (the) ambulance control centre."

"When he arrived he told me to move off dispatch and not to dispatch again — ever."

The Brixton officer removed the dispatcher from his post for the evening.

Although ambulances were eventually dispatched, disgruntled staff at the centre said race was not supposed to be a factor in priority one calls.

Chief superintendent of Johannesburg Hospital Dr Reg Broekmann said this was confirmed in a later meeting at which the incident was discussed. Dr Broekmann said he had "no problem" with the policy.

Official department policy states it is preferable to send ambulances with crews of the same race as the patient because this "avoids language problems".

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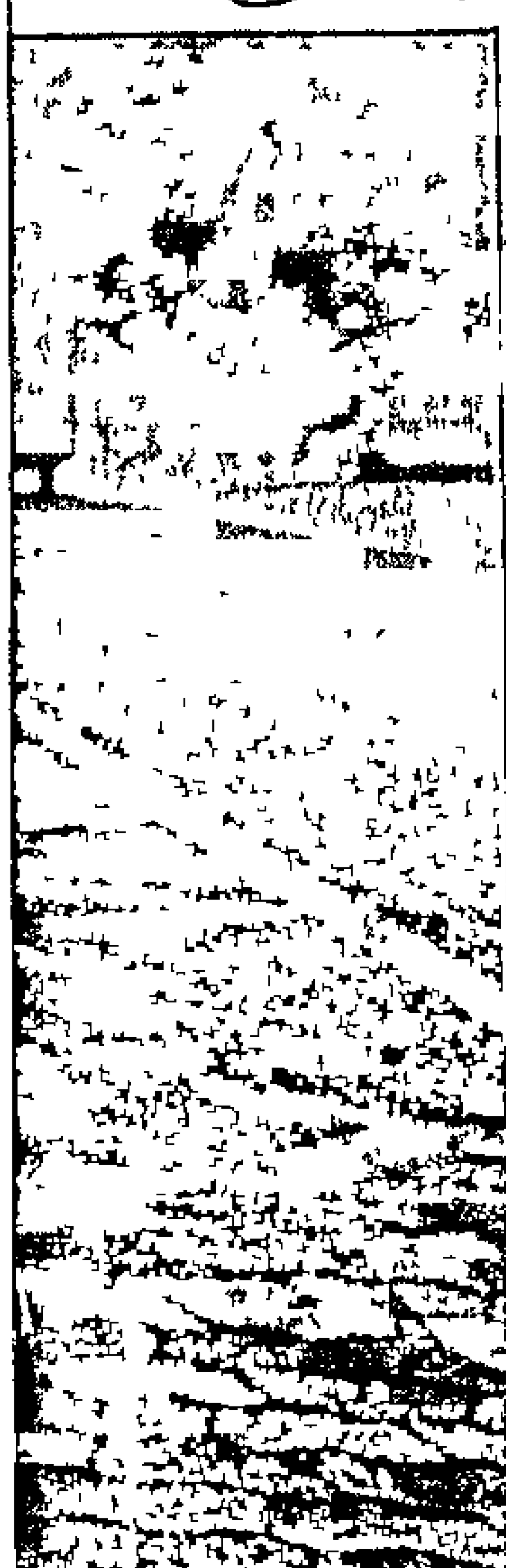
e (Star) 17/10/89



... Aided Dispatch System at ... ambulance movements.

...urce referred to an incident on Sep... in which an officer refused to dis... ambulance because a dispatch con... could not identify the race of people ... a road accident.

...rry Blyth, director of Paramed, has ... an incident in which two ambulan... arrived at the scene of a road acci... black woman was lying on the road... they took one look at her, pronounced ... without even bothering to take any ...s, covered her face with a blanket ...lled her into their ambulance," he ...

...ete says of Mr Blyth: "He is digging ... ce his service, because he is in it for ...y. Do you think he cares about the ... with respect?"

Grand design for SA skills

S/Times 22/10/89

(260)

ESKOM chief executive Ian McRae's five-point strategy to alleviate the 1990 skills shortage has merit

Mr McRae stressed at a P-E Corporate Sevices seminar in Johannesburg this week that SA would not only need a large pool of technical and managerial skills in the 1990s, but many small entrepreneurs in the informal sector

"Meeting the skills requirement in the 1990s is one of SA's most formidable challenges We must play an active part in shaping our future This we can do by developing the potential of this country's entire pool of human resources"

He set out a strategy which he believed was not a pipe dream He said that Japan, South Korea and Taiwan overcame similar challenges in recent times His five-point scheme

- Get a national commitment to mobilise human resources
- Match the formal education system with the skills requirement of the market place
- Get business to support education effectively
- Motivate the workforce to acquire and apply skills
- Improve productivity and the quality of products and services

POPULATION

Although he could not express the skills requirement in terms of how many engineers, doctors or others would be needed, Mr McRae said SA would have to find people to fill positions it had not even begun to identify

He pinpointed several factors which would influence the skills requirements regardless of the political situation

They included an increase in SA's population from 33-million in 1985 to 80-million by 2020 and urbanisation forecasts which put the urban dwellers at 57-million by 2020, up from 15-million in 1980

Mr McRae's five-point strategy is highly workable, but as I have pointed out before, organisations tend to cut back on training and their support for education when times are tough

SA may need official backing for this strategy if it is to work and if this country is to enter the 1990s with enough skills to ensure economic growth

Cape Times 23/10/89

260

Most Iscor workers apply for shares

Own Correspondent

JOHANNESBURG — With one day to go before the Iscor share offer closes, 70% of the steelmaker's 60 000 employees have applied for their free share allotment, and nearly 50% of the 70m shares available to them at a 20% discount have been taken up

Iscor spokesman Piet du Plessis said yesterday this was the situation on Friday Offices were open for further transactions on Saturday and will be open today

He said Iscor management was satisfied with the level of employee interest shown so far The issue was going according to plan and a rush of applications was expected in the last few days

Details of applications for the additional 70m shares allocated to employees at full listing price but on a preferential basis were unavailable, as these were being processed directly through the merchant banks

These include the potential 10m shares being taken up by Numsa members in terms of the plan to sell off the shares immediately and create a trust fund financed by profits

The union has advised its 9 500 members to take up the 200 free shares to which each is entitled and sell them off immediately too

Du Plessis disclosed the NUM, which represents nearly 2 000 workers on Iscor mines, had adopted a different approach to that of Numsa

He said the NUM had advised its members at Sishen and at Grootegeluk near Ellisras not to take up even the free share offer This is the same as the NUM stance on the Anglo American share scheme, where employees are being given some R300 each in shares a year for five years

Du Plessis said some NUM members had, nevertheless, applied for the shares NUM officials could not be reached for comment

He said a smaller proportion of employees in lower job categories than in the higher ones had applied for the discounted shares The numbers of discounted shares allocated to each individual is related to his or her earnings bracket

About two-thirds of these applicants had also applied for funding through the special state "deferred payment" scheme, Du Plessis said

In terms of this scheme, the amount loaned is to be repaid in 36 equal monthly instalments — it is effectively an interest-free loan

Iscor likely to raise R18m in interest

CAPE TIMES 24/10/89 260

Own Correspondent

JOHANNESBURG. — Iscor's privatisation is likely to raise more than R18 million in interest over a nine-day interest-bearing period and assuming a conservative R4 billion subscription.

This will be used chiefly, but not exclusively, to pay communications costs of the privatisation — public relations and advertising.

The balance will pay costs of professional advisers, like lawyers and accountants, say state and Iscor sources

Selling off Iscor is likely to be more cost-effective, privatisation unit members believe, than comparable British privatisations

On 16 of these, average costs expressed as a percentage of funds raised was 3,5%

The Reserve Bank has provided R100 million for costs of the Iscor privatisation, which on R3bn raised works out at 3,3% — or 0,2% less than the average cost of a British privatisation

However, privatisation advisers, including merchant banker Mr Johannes Hamman, managing director of Finansbank, know the comparison has its limits

The British interest and fee rates structures are different and some of Iscor's costs have in fact been what Mr Hamman calls "public education costs"

In other words, through Iscor, the state has been selling privatisation generally

Privatisation unit chairman Mr Pieter van Huyssteen says costs of the exercise, will be disclosed after the offer has closed

Until then, Mr Bernard Kaiser of Senbank says, estimates of subscriptions are only estimates, but the state plans to release a breakdown after the weekend

The Iscor offer is underwritten to R3bn It is impossible to say yet whether the offer will be over-subscribed and if so, by how many times

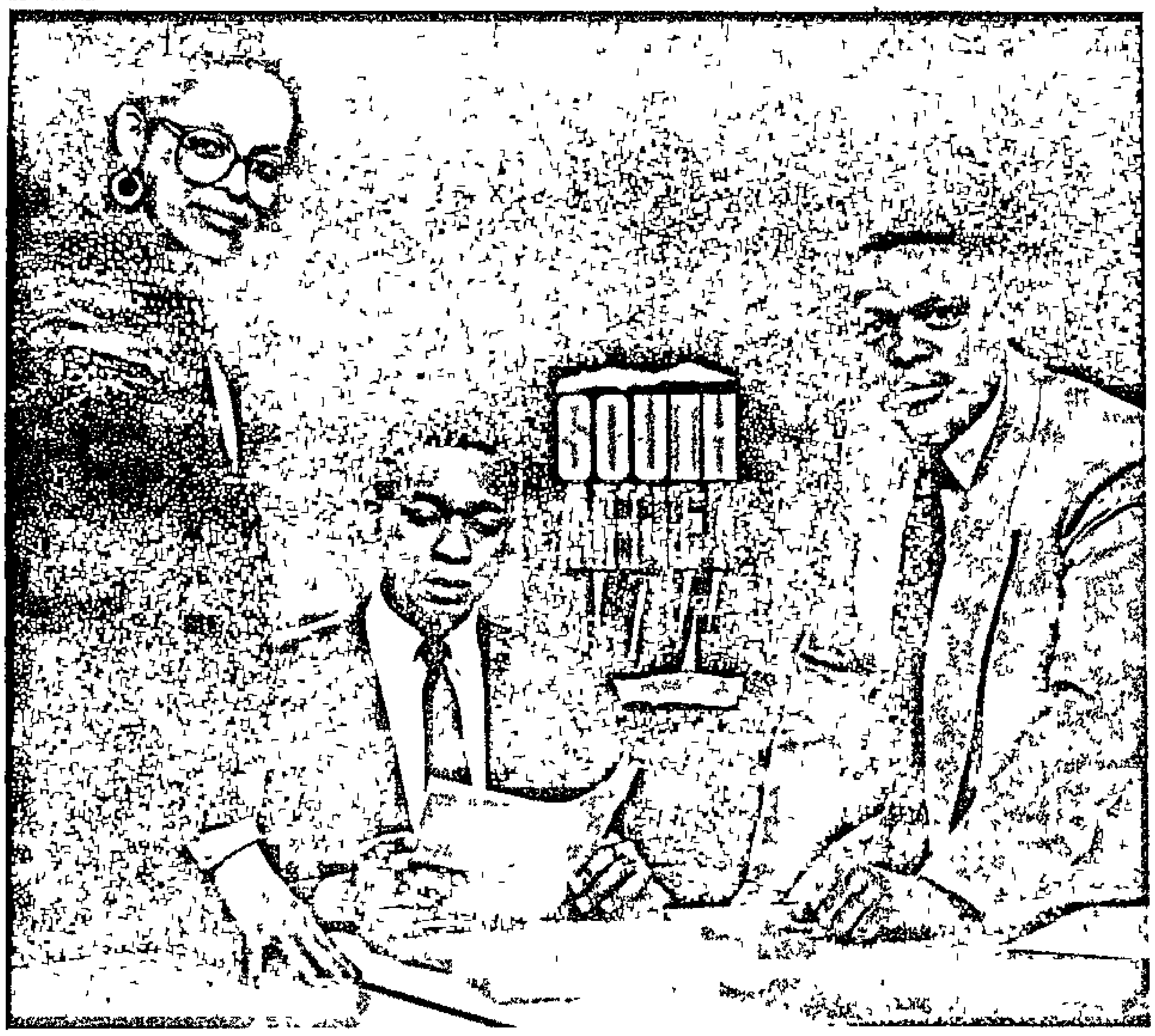
But it seems likely that between R4bn and R5bn — if not more — in private and institutional money will be lodged, most of it, say the state's merchant bankers, Senbank, on October 25 when the offer closes

Assuming R4bn is subscribed, the state will earn R14m over a 7-day period

It will also earn interest in the period between posting over-subscription cheques on November 2 and the recipients receiving and depositing the cheques

Between October 25 and November 1 the subscriptions will be lodged with chiefly the major commercial banks — Trust, Standard, First National and Nedbank — earning interest at 18,5%, according to the Reserve Bank, which will accrue to the state

In the Iscor prospectus, the state said over-subscription cheques would be posted on November 1 and yesterday Mr Hamman said despite the volume of applications, the state would keep to this deadline



South Africa Now anchors (from left) Carolyn Craven, Mweli Mzizi and Fana Kekana

aking SA to the USA

By NKOPANE MAKOBANE

ALTHOUGH South Africa is still big news around the world, its coverage in the American media has dropped significantly since 1985 when the South African Government introduced severe press restrictions.

However, many South Africans opposed to the Government's apartheid policies will be happy to learn that the story has not died completely thanks to a television programme called South Africa Now (SAN)

The programme, the world's only weekly television news magazine focusing on southern Africa, was first aired in April 1988 Billed as "the show which represents the news the networks are afraid to report", it was launched mainly in response to Pretoria's media censorship

It is produced on a non profit basis by New York based Globalvision, an independent international production company, in association with Africa Fund, an anti-apartheid organisation

Popularity

The show has been highly acclaimed for its in depth reporting rarely found on US television It divides its thirty minutes between the sport news from the past week a detailed background report on an issue of current significance and a cultural feature

The programme has also gained remarkable popularity in its short history and is now on the air on 53 public broadcasting stations nationwide and in nine of the 10 top markets It is also distributed to cable systems in 40 states by two satellite networks - the International Television Network (ITN) and the Vision Interface Satellite Network Internationally, segments are broadcast on Cable News Network's 'World Report' to 82 countries every week. The show is also aired in Zambia and Mozambique as well as some Carribean nations

SAN has also since August 11 launched a customised radio edition which is now carried on the Pacifica Network in New York City the Bay area Los Angeles, Houston and Washington DC

Producer

"We are delighted that more viewers throughout the US are now able to see the news that South Africa has been trying to block - often aided by the indifference of the media" says SAN's senior producer, reporter and co anchor Carolyn Craven

Craven (44) is an experienced journalist who was the White House correspondent for National Public Radio In addition, she has been an associate producer for ABC News in New York and was the co producer of a five-part series on rape for ABC's Good Morning America She has also been a reporter and anchor for KQED in San Francisco for seven years

Two of SAN's on-air personalities are black South Africans, Mweli Mzizi (anchor/reporter) and Fana Kekana (co-anchor) They came to SAN with no journalistic experience and are part of the show's television communications training programme

Mzizi left South Africa at 18, studied business administration at Lincoln University and plans to study film on graduate level He is also a poet and writer and has performed with a South African cultural group which toured with Abdullah Ibrahim

Woza Albert

Kekana is a well-known South African actor who came to the US in 1977 He has appeared in 'Woza Albert" and the Broadway production of "Asinamali" In 1983 he won an Obie Award as an original cast member in the Broadway production of "Poppie Nongena"

He has performed with Stevie Wonder translating and singing the background vocal to "Its Wrong' on Wonder's "In Square Circle" album He has also performed with Letta Mbulu and Hugh Masekela.

A Namibian-in-exile and graduate student, Joseph Diescho is the on-camera reporter for news about his country

Initially SAN was meant to be only a one-or-two programme special using material from people in South Africa, purchased and repackaged for an American audience But it mushroomed and ended up as a weekly show

Budget

The programme is known to be operating more with conviction than cash Its budget is a mere $10 000 a week - minuscule compared with the money available to most network shows In fact last November there was talk of shutting the series down However it was saved on the 11th hour by a $100 000 grant from the Rockefeller Foundation The show has also received other funds from the Carnegie Corporation and the United Nations In addition according to the show's producers a number of prominent music stars are helping to provide funding for the programme including Bruce Springsteen and U2

Artists

Other artists said to be either backing the show or involved in it include Public Enemy, Richard Pryor Ossier Davis Johnny Clegg Ladysmith Black Mambazo, George Clinton and James Taylor According to reviews, the show's staffers are very proud to be associated with it They say there have been many conferences about South Africa and why the country has disappeared from television in the United States They boast that they have gone beyond these and "put the idea into action

Stories

"There are so many stories that the networks can cover without contravening the terms of the emergency regulations We have the Mass Democratic Movement, the hunger strikes, the rent boycott, the so-called black-on black violence in Natal and political division in the white community," the *Guardian* quoted one staffer as saying

"The only thing the networks were interested in was the Winnie Mandela affair and that was handed to them on silver platter by the regime If anyone tells you they were covering South Africa because they filed a couple of stories about Winnie, you should laugh right in their face "

The show's producer says their programme has reinvigorated network interest in the South African story and some of the networks are now feeling guilty

The programme gathers its news from diverse sources

Big cutbacks for Armscor subsidiary

CAPE TIMES 28/10/81

260

PRETORIA — Armscor has announced that, due to a substantial decline in the South African Defence Force's demand for quick-fire and small-arms ammunition, the activities of its company PMP (Pty) Ltd are to be rationalised, SABC radio news reported yesterday

A statement by Armscor said the rationalisation entailed the closing of PMP's plant in Pretoria West, with the exception of a few special activities

Tasks performed there would be transferred in rationalised form to PMP's plant in Church Street West

Armscor has not yet established how many people will be affected by the rationalisation of the activities of PMP, the company's personnel director, Mr Peet van den Heever, said yesterday

He said the number affected would, however, be "substantial" and the final numbers would be available next month

According to the statement, employees at all levels and of all population groups are involved

Among the redundant staff were a number of people between the ages of 55 and 60

"For these employees additional service years will be bought, which will effectively bring them to a pensionable age of 60

"Employees who are older than 60 will retire with normal pension," the statement said

Armscor said PMP's staff were fully informed yesterday about the background to the rationalisation and the effect it would have on them, and all efforts were being made to accommodate as many of the staff as possible elsewhere in the group

The company added that employees who could not be assisted in this way would receive generous parting benefits in accordance with Armscor's conditions of service

Arrangements were also being made with personnel placement agencies to help employees find alternative employment

Armscor said the rationalisation of PMP followed the already completed rationalisation of Naschem, its heavy-calibre ammunition company

Naschem's plant at Lenz, near Johannesburg, was closed and its activities concentrated at its Boskop plant near Potchefstroom

The statement said the rationalisation of the two Armscor companies meant production levels had been brought in line with the SADF's stock levels of, and requirements for, basic ammunition types

It added that care had been taken to retain sufficient expertise and production capacity to provide for a possible increase in demand — Sapa

'Allocation to favour small investor'

CT Times 30/10/89

Iscor shares oversubscribed

260

Own Correspondent

JOHANNESBURG — Iscor's public offer has been more than four times subscribed and has drawn over 250 000 applications, valued at more than R1,2bn, for the 150m shares available

Mineral and Energy Affairs and Public Enterprise Minister Dawie de Villiers said yesterday there were several thousand applications still to be processed, but it could safely be said that the offer attracted applications for more than four times the number of shares on offer

He said more than 250 000 applications for 600m shares were received and nearly 80% of the applications came from people applying for up to 1 000 shares

There were more than 65 000 applications (27%) for the minimum of 100 shares

Seen against the background of uncertainty which gripped the world's financial market in the closing days of the offer and which knocked share prices on the JSE, the issue could be described as very successful, he said

The merchant banks to the issue, Finansbank and Senbank, were working on the basis of allocation and this would be announced tomorrow afternoon

The allocation would favour the smaller individual investor, said De Villiers

More than 86% of Iscor's employees had taken up shares in the free offer to them

Those who did not take up their full quota in the discount offer would be able to do so at a later stage as the shares were being placed in a share trust.

Iscor employees could exercise their rights to their shares on two further occasions, in November 1990 and November 1991

As previously reported, the preferential offer of 1,2bn Iscor shares to selected institutions was fully subscribed

Iscor shares are to be listed on the JSE next Wednesday

De Villiers said the public offer was aimed to appeal to the man in the street and he was gratified that South Africans found the issue so attractive.

Govt grants a TV licence reprieve

B. Day 1/11/90

PRETORIA — Thousands of pirate television viewers are being given a last chance to license their sets before the SABC takes "unsympathetic and drastic" action against them

Home Affairs Minister Gene Louw said in a statement yesterday government had agreed to a four-month reprieve by extending deadlines for taking out licences to January next year

Until then viewers would be able to take out licences without arrear licence fees having to be paid and without penalties.

Louw said this was a one-off concession and was being made only because government and the SABC were aware of many thousands of pirate viewers who deprived the SABC of millions of rands in licence revenue every year Government was therefore giving them a final chance to get their licences without prosecution

Non-payment could have a detrimental effect on the quality of programmes

Louw said the introduction of even stiffer penalties would be considered if there was no response to the concession

Those who failed to respond would be liable for all arrear fees

He added that persistent failure to license a television set was a criminal offence and that the set could be confiscated

Stadium secure as cricket headquarters

Wanderers oval sold to council for R4,3-m

Wanderers stadium . . the home of Transvaal cricket.

260 Star 1/11/89

By Kaizer Nyatsumba and Shirley Woodgate

Johannesburg City Council agreed last night to buy the Wanderers Cricket Stadium for a maximum of R4,3 million.

This will guarantee that the headquarters of Southern Transvaal cricket will remain in Johannesburg, and ends a five-month period of uncertainty about the future of the stadium

With the Transvaal Cricket Council (TCC) lease due to end in 1992, cricket officials have aired their concern about the situation over a period of years

In May this year, the TCC offered to buy the Wanderers Stadium from the Wanderers Club for the same amount, citing a number of reasons for making the offer

TCC chairman Mr Ray White said the Wanderers had been the home of Transvaal cricket for many years and was conveniently situated, and pointed out that it was more feasible for Transvaal cricket to have its own stadium rather than to share one with another sport

Financial strain

Mr White said their R4,3 million offer was fair, and he was hopeful that it would be accepted at the Wanderers Club's annual general meeting on June 6

"Initially, we will feel the financial strain, but I believe we will handle it It is also a lot less costly than building a new stadium," he said

The TCC, he said, had contingency plans if the offer was turned down, and if the sale were concluded the TCC would investigate the possibilities of

- Developing a new stadium at a new venue
- Sharing an existing stadium with another sport at the Wanderers Stadium
- Staying at the same venue with the same owner
- Buying out ownership

A month after making its offer, however, the TCC withdrew it, saying the offer had lapsed following the Wanderers Club's failure to reach agreement at a special general meeting on June 6

TCC chief executive Mr Albie During said they were in a process of re negotiating the deal and would make another offer at a later date

Offices and flats

At a Johannesburg City Council meeting last night, a councillor, Mr Christopher Newton-Thompson, said the only current offer on the table was the TCC's R4,3 million Developers, he said, had subsequently put up offers whereby the stadium would not only be upgraded but would have offices and flats on certain sections surrounding the stadium

These had fallen away as the proposals were not favoured, Mr Thompson told the meeting

The management committee recommended that the stadium should be purchased and that at the same time a lease should be negotiated with the TCC

At the time of going to press, neither TCC chairman Mr White nor TCC chief executive Mr During could be reached for comment The Wanderers Club could also not be reached

Back on the track . . second-placed Zola Budd (right) congratulates Trudie Smuts after the race. ● Picture by Karen Fletcher.

Zola ma[...] a superb comebac[...]

By Mark Etheridg[...]

BLOEMFONTEIN — Three lon[...] from the track could not stop[...] (neé Budd) racing to a superb [...] the women's 1 500 m at last nig[...] kie Mimosa Films athletics mee[...]

The Bloemfontein-born Sprin[...] last ran at the 1986 European [...] in West Germany, showed she [...] much speed while she had been [...] by the world and then settling d[...] Bloemfontein businessman Mr [...] in December

NAIL-BITING

It was a nail-biting event [...] fiercely partisan crowd of close [...] out at the Free State Stadium [...] back to Sou[...] comp[...]

They were not disappointe[...] were perfect, hot and windle[...] clash with Transvaal Springbok [...] was nothing less than red hot Th[...] fought tooth and nail for the le[...] the race and it was only in the [...] that Smuts surged ahead [...] 4 min 20,3 sec

But Zola can be well pleased [...]ing second spot in 4 min 20,5 sec She certainly showed she has lost none of the true grit and determination that sees her still holding the South African 1 500 m record of 4 min 01,81 sec, which she set in her last local race on February 2 1984 before jetting off overseas to compete internationally

"I'm really pleased with my time," said a delighted Zola afterwards

"I was only really expecting to run about 4 25 so this comes as a very pleasant bonus I was extremely nervous before the start of the race but once the gun went I calmed down a bit

BOOSTED

"The crowd was unreal. They really boosted me enormously"

So what's next for the attractive, and remarkably relaxed, athlete?

"I'm going overseas for three weeks next month, so I'll probably only run my next track race early in the new year"

A victorious Smuts paid tribute to her famous rival after the race "She ran brilliantly And all the time I thought she didn't have a 'kick'

"It almost took me by surprise. It was great running against her and her presence really added something to the race. It was pretty tense out there tonight."

Burglar suspect shot dead

Star 1/11/89 (24)

EAST LONDON — Mr Sybrand Louis van Schoor, who has been cleared during inquests into the deaths of at least 26 suspected burglars since 1986, shot dead a suspected 18 year old burglar at a Wilsonia meat factory on Saturday

Mr van Schoor is known to have shot dead at least seven people since April this year

The owner of Crave Meat Prod[...] Hayes, identified the dead man as Mr Lindile Hilti of Arnoldton

Police alleged earlier that Mr Hilti entered the premises by breaking a window, and that a knife, a broken bottle and money were found in his possession

A spokesman for Mr van Schoor declined to comment, apart from saying, "What the police report, that's all that will be said"

It's share time

Small investors get best deal from Iscor

Cape Times 1/11/89

ZLO

Political Staff

WINDBLOWN . . South-easter season arrived with a vengeance in the Peninsula yesterday. Here shoppers cling to each other for support on the Foreshore The ferocious wind affected ships in the harbour and drove prospective sun-seekers from most beaches SABC workers were also unable to reach a faulty transmitter on Table Mountain **Report —Page 3**

Picture GLENN SHERRATT

THE happiest people who applied for Iscor shares will be those who wanted up to 1 000. They have been allocated all they applied for.

The issue was aimed at encouraging the widest possible ownership of shares And promises that the small investor would be favoured have been kept.

Thousands of people all over South Africa now own shares for the first time, fulfilling one of the objectives of privatising Iscor

The share issue has doubled South Africa's number of private shareholders from an estimated 150 000 to about 300 000

The two merchant banks involved in the issue, Senbank and Finansbank, announced last night that the eagerly awaited allocation had — as promised — favoured the small investor

But there will be disappointment among those who wanted more Those who wanted up to 2 500 shares have been allocated only 1 000

Those who wanted between 2 600 and 3 700 shares have been allocated 1 100 Above that figure allocations are a steadily decreasing proportion of the total number applied for

The big institutions will also not get quite as many as they wanted They have each been allocated 95,5% of the number they requested

The allocation works on a steeply sliding scale up to 999 900 shares Applications for one million shares and more are allocated 4% with a maximum allocation of 100 000 shares

The issue was four times over-subscribed and the basis of allocation was that smaller applications should be favoured

Finansbank mana in

Syfrets Cape Times

TV1

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Finansbank managing director Mr Johannes Hamman said "We have done what the state set out to do — spread share ownership as widely as possible within South Africa"

Mr Eugene van Rensburg, adviser to the privatisation unit, said it was delighted with the response the issue had attracted

"South Africans demonstrated their faith in the economy and in Iscor with the four-times subscription of the offer."

Mr Van Rensburg continued "We believe Iscor has an exciting future ahead of it as a private enterprise and see the shares as an excellent long-term investment"

The Finansbank/Senbank joint announcement also says that applications from employees and pensioners of Iscor, its subsidiaries and associated companies and organisations, and directors of Iscor were allocated in full in the preferential offer

Iscor shares will be listed on the Johannesburg Stock Exchange at 11am on Wednesday, November 8 Share certificates will be posted to applicants on the same day

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CHRISTO VILJOEN AND THE SABC

260 Fmail 3/11/89.

Saving the fynbos

A dispute at Betty's Bay, the tranquil seaside resort near Hermanus, has been publicised on SABC's national TV programme *Good Morning South Africa* (*GMSA*) Some owners of property in Betty's Bay — among them SABC chairman Christo Viljoen — objected to an application by a businessman for the relaxation of zoning regulations Posters were even put up in the village to advertise *GMSA*'s coverage of the dispute

The row about zoning regulations started when Betty's Bay businessman Gert Kruger applied to rent a vacant plot to store building construction equipment Objectors claimed Kruger's equipment would harm *fynbos* in the area. In his application to the newly elected town council, Kruger attached a statement from Stellenbosch botanist Charlie Boucher rejecting these claims

Betty's Bay mayor Gerrit Fourie tells the *FM* that on the same day in September, when the council was to decide on the matter, an SABC TV team arrived at the council's offices "TV reporter Ed Herbst conducted interviews only with some of the objectors at that stage Neither Kruger nor myself were asked for comment" Fourie says posters advertising the *GMSA* programme appeared in town the next week

The posters (in Afrikaans) read· "SABC Television TV1 — Good Morning SA. Programme about Betty's Bay and the lease of municipal property Thursday September 28 at approximately 6.50 am. Do not miss it!"

Mayor Fourie says Andre Muller, owner of The Centre Shop, where one of the posters was displayed, told him that Viljoen had put up the poster Another Betty's Bay resident, Marie Vogts (an authority on proteas), also objected to the lease and appeared on a subsequent TV programme She told the *FM* that Viljoen was responsible (*gesorg daarvoor*) for the poster Vogts added that she happened to be present at Muller's shop when the poster was put up.

After the posters appeared, Herbst again went to Betty's Bay, this time to interview Kruger and Fourie. "He told me that he was not satisfied that both sides to the story had been covered," Fourie tells the *FM*. "He later phoned me and said that he was not sure whether the programme would be used because there had been complaints that he had used too much time for the interviews with us"

The programme was shown on *GMSA* on the advertised date with snippets of the Kruger and Fourie interviews. Vogts also appeared with some of the Betty's Bay *fynbos* in the background The shot was, however, not taken at the plot under dispute Kruger says he wrote to Vogts to complain and asked her to come and inspect the relevant plot. "I never heard from her again," he says.

Kruger confirmed to the *FM* that he had been contacted by Herbst after the posters appeared

At its monthly meeting last Friday the council decided that there was no reason to refuse Kruger's application for relaxed zoning regulations. It has, however, decided to make another vacant property available to Kruger until such time as industrial plots are zoned

Fourie says the matter has been blown out of proportion by a group of people. "To me it seems like an aftermath of last year's municipal elections when the old guard lost by far." Jonkheid agrees. Kruger, he says, performs a valuable service for the community. "This is nothing more than local politics," he adds.

In response to the *FM*'s request for comment, Christo Viljoen states that he has always distanced himself from all SABC programmes in which he may have a personal interest "The decision to produce any programme rest completely with the news section, and they have full editorial freedom to report on the matter as they see fit."

"The fact that I have a house in Betty's Bay ... does not, however, disqualify the SABC from producing any programme about Betty's Bay and I would not influence them, positively or negatively, to do it. The Betty's Bay issue has been brought to the SABC's attention by various people from Betty's Bay and Cape Town."

Viljoen says he did not "bring the matter to Mr Ed Herbst's attention" He says he visited the Sea Point studios on September 21 and, coincidentally, heard from Herbst that he was going to Betty's Bay to do such a programme. "That was the first time that I heard that he would do (*hanteer*) such a programme."

Herbst is on leave and could not be reached for comment

□ This is the second time Viljoen's name has come up in a report on Betty's Bay Earlier this year his 16-year-old daughter, Annakie, won R5 000 in prize money in a competition sponsored by M-Net and the *Afrikaanse Taal en Kultuurvereniging*, for investigative journalism on the electrification of Betty's Bay. ■

Viljoen ... won't influence SABC producers, he says

SAB STRIKE

The test of taste

Are 80% of SA's beer drinkers committed enough to the black political struggle to abstain from their cherished habit?

The answer could determine who will win the bitter — and violent — wage dispute between SA Breweries (SAB) and Cosatu's Food and Allied Workers Union (Fawu). About 6 000 Fawu members are on a legal strike at seven breweries, two malting plants and 13 depots nationally. The action entered its fourth week on Wednesday.

The union has appealed to the townships to refuse to drink beer until the company pays its workers a minimum of R6,50 an hour (up 38% on the current R4,50). SAB has offered R5,45 (16%). At least 80% of SA's beer drinkers are said to be black.

Last week, after being canvassed by the union, key township liquor traders and organisations came out in support of a black consumer boycott of beer. Major SAB clients, the National Taverners Association (NTA) and the SA Taverners Association (Sata), said that, from Monday, they would withdraw their buying power from SAB while the strike lasts The National Stokvels Association of SA also joined the action.

Taken together, the groups control large numbers of licensed and unlicensed shebeens (township pubs and drinking clubs) which

Fmail 3/11/89

Eskom, NUM agree on trust fund

Cit Times 3/11/89

2W

JOHANNESBURG — Eskom and the NUM have reached agreement on the establishment of a trust fund, financed initially by a R1m Eskom contribution, to facilitate self-help projects for approved applicants among 900 employees forcibly retrenched since the beginning of the year

In a joint statement this week, Eskom and the NUM said they viewed this undertaking as breaking important new ground in response to the problem of retrenchment in SA today.

A union official said the union would encourage NUM members among the affected ex-employees to fit into its broader programme of co-operative development in which the main thrust was the production of materials for, and construction of, low-cost housing

The agreement arose from the shutdown or mothballing of 13 power stations announced a year ago which was expected to cost 5 000 jobs. The majority, to whom the scheme did not apply, took a voluntary retrenchment package.

Iscor shares shock for stags

SATURDAY NOVEMBER 4 1989

By TOM HOOD
Business Editor

THOUSANDS of new investors will get a shock if they try to sell their Iscor shares for instant cash next Wednesday when Iscor makes its debut on the Johannesburg Stock Exchange.

First-day stagging profits — if any — will go mostly to investors who are regular clients of stockbrokers

Many of Iscor's 250 000 shareholders have never owned shares before and may find they cannot sell through a stockbroker, the normal way of trading

Even if they can sell — for excample through their friendly bank manager — cheques will be post-dated to Tuesday of the following week in accordance with the JSE rules

Share certificates will be posted only on listing day next Wednesday and to protect everyone brokers are unlikely to deal on behalf of non-clients until investors show share certificates and some form of identifying document

A spokesman for Senbank, one of the merchant banks handling the floatation, said investors would probably receive their share certificates next Friday or Monday, depending on the postal service

"New investors should find out in advance how they can sell," said a Cape Town partner of a leading firm of stockbrokers. Bank managers might be able to help if they knew the shareholders

But stockbrokers say it could be risky selling on behalf of strangers — especially where there is no scrip

"We are applying the JSE rules strictly to protect investors against theft and may insist that a seller who is a new client provides a specimen signature which is authenticated by a bank, building society or Commmissioner of Oaths

"We realise that new investors will be looking to us to handle their trades," said the spokesman "Most firms set up special departments to deal exclusively in Iscor shares and are standing by for a landslide"

"We are not trying to discriminate against people who have never held shares before We want to be as helpful as possible while still protecting investors Some brokers have even set up a complete procedure to streamline trading

However, some share-watchers believe the biggest flotation in the country's history could become a shambles with people all over the country clamouring to get their money

Frequently investors seeking shares in a new listing apply for more shares than they expect to get if they think the issue will be oversubscribed

"Some people applied for 1 000 Iscors and expected to get 200 shares. However, they have ended up with 1 000 and have 800 surplus shares they will probably sell quickly"

Fingers crossed

Brokers are keeping fingers crossed that the JSE computers will be able to cope with the expected record volume of business

Previous record was 12 000 transactions on "Black Monday" in October 1987 and the computers are geared to cope with 200 00 on Wednesday But the JSE believes there could be a limit of 15 000 transactions that dealers can handle in one day.

Some brokers believe the systems now in place amount to an overkill — able to cope with the worst that can happen.

"Special arrangements have been made for about 50 000 Iscor employees," said a broker "We believe most of the other shareholders are either existing clients with stockbrokers or are able to put their transactions through the banks."

While Anton Goosen and his unbanned play on!

RISKY RHYTHYMS . . . Anton with band members Helena, Karlien and Lucas

By DAVID JACKSON

IN an about-turn, the SABC has unbanned a controversial political song by rebel Afrikaans singer Anton Goosen — but two other numbers remain taboo

Anton, dubbed "the bad boy of Afrikaans music", told the Sunday Times "I'm delighted — now we're on our way to moving Afrikaans music into the 1990s!"

Anton fell foul of the SABC censors at Auckland Park when the title track of his new album, Winds of Change, was judged too contentious for public broadcast

For good measure, the SABC also banned Gatvol (fed-up) and Going Home with a Waitress, a song about a rightwing political candidate who picks up a black waitress in a restaurant

But, after a reviewing committee met on Thursday, an SABC spokesman said the committee had determined that the Winds of Change was "acceptable for transmission". The other two songs were not reviewed

Anton calls his band Die Kommissie van Ondersoek (Commission of Inquiry) — a dig at the plethora of committees and commissions abounding in South Africa

Sensitive

Critics have labelled Winds of Change one of the most significant albums in the Afrikaans idiom in the last decade.

According to Anton, the original ban on the title song was the result of a sensitive line which poses the question. "How long are the leaders and shepherds still going to mislead us?"

But he says Gatvol is beyond redemption — "I've been told not to even bother appealing because it's totally unacceptable "

The chorus of Going Home with a Waitress — still banned on SABC airwaves — implores "Home with a waitress, some take-away love please famous no-brand love makes the pain disappear, trolly for trolly."

Lust

It tells of the political candidate in a black car with a chauffeur "winding its way down from Bryntenion where the big-wigs live . asking if the waitress will be sleeping with one of them tonight"

Lust wins the day Anton sings "The candidate's wife is not at home and his emotions will lie forgotten in the arms of a take-away stranger tonight "

The title song contains a poignant political message It asks "How long before our questions are answered? Why don't the people break down the barriers? Why don't you follow just yourself and no one else?"

He added "We basically felt it was time to do a political LP But the times are a-changing and we decided to make the leap We may lose some fans — but we'll gain a lot of new ones

"It's our attempt to bridge the gap between Afrikaans and Afro culture After 300 years, it's time for the Afrikaner to accept that he is part of Africa "

One of the numbers is sung in both Tswana and Afrikaans and is dedicated to his daughter Moya, aged two Moya means "wind" in seven African languages

Black vocalist Marilyn Nokwe, of Mango Groove, is a guest artist on the album

S-Times 5/11/89

260

Brenda hits at SABC ban

By MATTHEW CURTIN

260

S. Times 5/11/89

TV and radio stations say Mandela and Sisulu tracks 'undesirable'

THE SABC stunned pop music fans this week by banning songs by two of the world's leading black female artists.

The first to suffer the corporation's wrath was Tracy Chapman, the award winning American singer-songwriter, whose latest album Crossroads — which has already sold over 100 000 copies in South Africa — includes two tracks deemed unfit to be broadcast.

The next victim was South Africa's queen of soul Brenda Fassie, whose performance at the Radio 5 birthday concert was to have been included in a TV2 review this month of the Ellis Park extravaganza, attended by 95 000 music lovers

But producers of the programme discovered the song Brenda was filmed performing — Good Black Woman, about Nelson Mandela and Walter Sisulu — had been declared unsuitable. So the concert excerpt has had to be recut.

Brenda, celebrating her birthday at home with her husband and friends on Friday, said she was not surprised.

"One day when freedom comes to our country, everyone will be able to listen to my music on radio and television

"And I must thank the SABC for banning my songs. When people don't hear them on the radio, they go out and buy the records, which is good news for me," she said

Blunt

"These people at the SABC don't realise that, by doing this sort of thing, they encourage more people to hear the songs they ban"

Official comment from SABC record committee chairman Mr Roelf Jacobs was restricted to a blunt statement that the two Chapman tracks were "undesirable for broadcast"

And a TV2 spokesman, who did not want be named, confirmed that programme producers had had to bow to pressure to edit out the "undesirable" Fassie clip

Several songs on Tracey Chapman's debut album were also banned when it was released two years ago

This time, Freedom Now — dedicated to Nelson Mandela and an indictment of abusers of human rights around the world, and Material World, which denounces poverty and racial discrimination — have been blacklisted by the SABC's 23 radio stations and four TV channels

Mr Jacobs would not elaborate on why either track had been banned

But Mr Benjy Mudie, marketing director for Tusk Records, which is distributing Crossroads, said his company would ask the SABC to drop its ban.

"As a matter of principle we appeal on any song of ours that is restricted," he said

"Music is the only medium left in this country which lets people communicate freely with each other, so these sort of restrictions — even if they are less common than they used to be — are reprehensible"

TRACEY CHAPMAN
Two songs 'unsuitable'

BRENDA FASSIE
Not surprised

Thumbs up

Meanwhile, both artists have unrestricted access to the airwaves of independent stations

Radio 702 managing director Stan Katz said

"If a song's a hit, we play it Our play-lists are determined only by commercial concerns

"If we are unsure whether our listeners think we should play a song or not, we ask them. A case in point is the single Beds Are Burning, from last year's biggest selling album by Midnight Oil," Mr Katz added

"We had complaints, then asked our listeners — who gave the track a resounding thumbs up"

"Anyway, I thought this was the season for unbanning things"

Catholic bishops appeal to Minister

Don't take action against newspaper

Star 8/11/89

260

Staff Reporter

The Southern African Catholic Bishops' Conference (SACBC) has called on the Minister of Home Affairs, Mr Eugene Louw, to desist from taking action against the *New Nation* newspaper.

Mr Louw threatened to close the Catholic newspaper last week after taking issue with 11 editions of *New Nation* published since July. These contained 32 articles which, in Mr Louw's view, either gave positive publicity to banned or restricted organisations, fomented hostility to the security forces or threatened public order by discrediting the judiciary.

The general secretariate of the SACBC said in a statement yesterday the *New Nation* provided a valuable service not only to the black community, whose voice it echoed, but to the community at large

"To attempt to keep hidden from others the thinking and aspirations of a large segment of our population, as if in doing so they will go away, is the height of folly.

"What we are again seeing is the ridiculousness of the curbs on the media in terms of the emergency regulations and the capriciousness with which public officials can act in terms of them."

Confusion and uncertainty about what was and was not permissible had characterised the past few months. This could best be removed by doing away once and for all with the emergency regulations set out to control the knowledge available to people and the right to freedom of public protest.

Cape Times 10/11/87

Govt undecided on Iscor proceeds

(260)

PRETORIA — The Minister of Finance, Barend du Plessis, yesterday outlined ways of reducing public debt with government's share in the proceeds from the privatisation of Iscor and the Mint

He said in Pretoria the most visible method to reduce public debt would be to redeem a portion of the government's existing outstanding loans, especially government stock

Another method, he said, which in essence was the same, was to simply redeem stock at maturity without replacing it with new stock, as was usually done — a practice normally known as debt being rolled over

A further alternative would be to utilise a portion of the privatisation proceeds to reduce the government's obligation to the Reserve Bank regarding the losses on the forward exchange contracts (Gold and Foreign Exchange Contingency Reserve Account) that the Reserve Bank carries on behalf of government

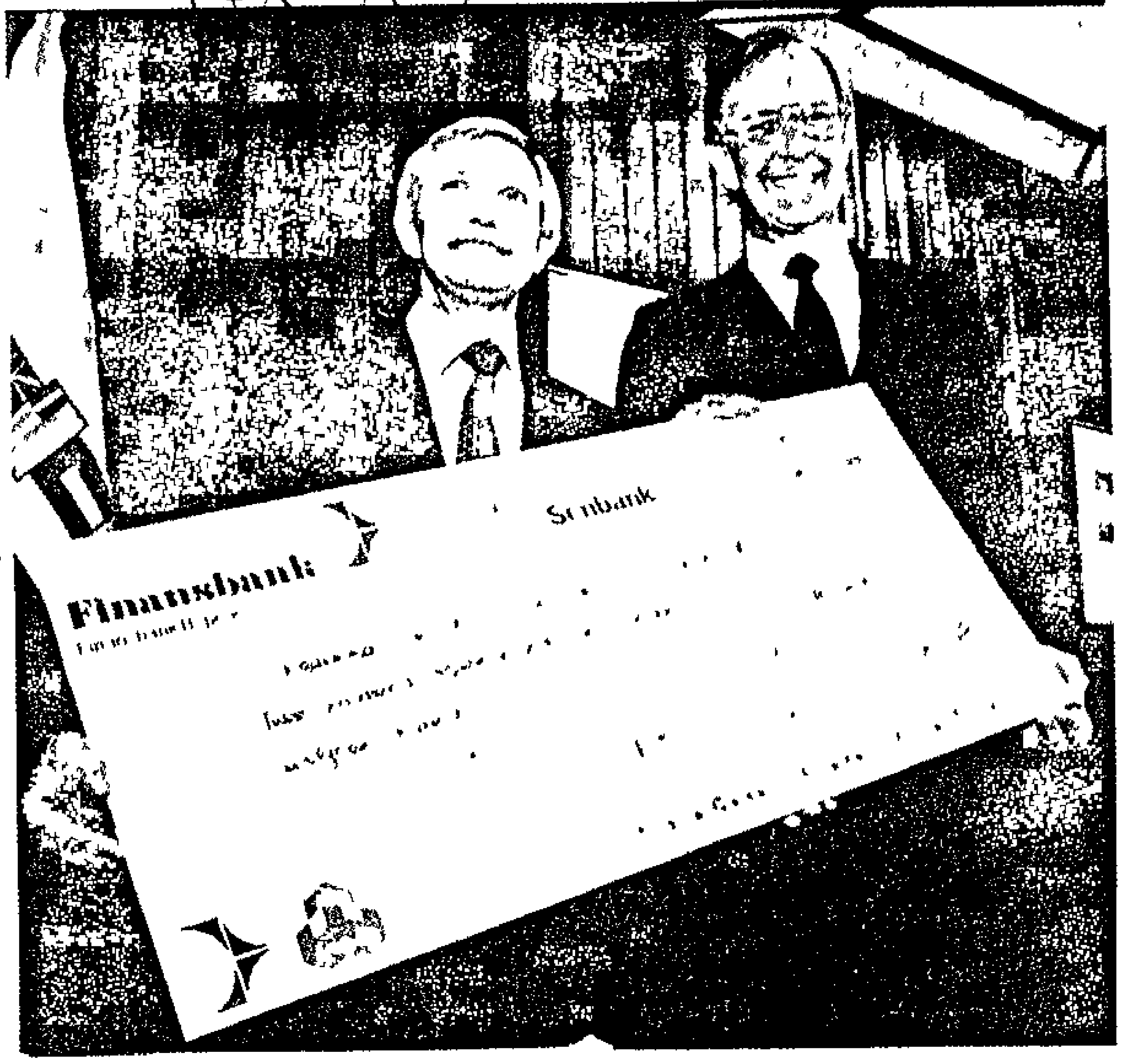
"These losses, as well as the liquidity they have created, can thus be reduced without raising the tax burden or increasing government borrowing and the government's interest burden"

Each of these methods of reducing public debt would therefore effect a saving in the cost of servicing that debt, Du Plessis said.

"This saving may be direct, as in the case where existing loans are redeemed, or indirect, by way of a reduction in new government loans"

The combination of the various alternative means of reducing public debt would depend to a large extent on economic and especially mon-

reduced



Minister for Privatisation Dawie de Villiers (left) and Finance Minister Barend du Plessis with a cheque for nearly R3bn from the sale of Iscor shares Du Plessis said yesterday that the money would be used to reduce government debt — and hinted that the man in the street would benefit in next year's Budget.

The CPD may in time re-invest its funds in Treasury Bills, at which stage the government may use these funds to reduce its long-term debt, as described, Du Plessis said — Sapa

etary circumstances

At this stage, where government stock was being issued at high cost to the Exchequer for monetary policy purposes — to reduce liquidity and excessive credit creation by the private sector — it would probably be advisable that a portion of the proceeds from privatisation not be returned to the market immediately, thus narrowing the capital market without placing upward pressure on interest rates

Given present circumstances, this may mean that it would probably not be necessary at this stage to issue further government stock so as to narrow the financial markets, thus also limiting the government's debt servicing cost, Du Plessis said

The portion of the privatisation proceeds that was not returned to the market at this stage could then later, when more opportune from a monetary point of view, be used to reduce public debt, for example by not rolling over maturing government stock.

"In order to limit as far as possible the distortion in the financial markets, it has been decided that as far as the immediate treatment of the privatisation proceeds is concerned, arrangements will be made with the Corporation for Public Deposits (CPD) that a part of these receipts be used to redeem Treasury Bills held by the CPD, and that the CPD then invest these funds in other money market instruments in the private sector, thus avoiding a significant net withdrawal of funds from the money market"

This meant that both the government's short-term debt and its interest payments would be

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Iscor frenzy

260

Cape Times 9/11/89

Own Correspondent

JOHANNESBURG. — Iscor Ltd was launched yesterday with frenzied trading on the floor of the Johannesburg Stock Exchange.

The share lived up to expectations, opening at 225c to give a profit of 12.5% or 25c on the issue price of 200c.

The successful debut was helped by the strong gold price which was trading at around $389 when the market opened.

But gold took some of the thunder out of Iscor, according to one stockbroker. "After the initial flurry of activity in Iscor shares, attention again switched back to the gold board."

As the excitement surrounding the Iscor debut faded and the price stabilised, another dealer commented: "Gold is always better than steel."

The expected flood of Iscor orders from private investors failed to materialise and trading tapered off after a frenzied first hour.

There were 710 deals in Iscor shares out of a total of 4 800 deals on the market. While this was significantly higher than the recent daily average number of deals, it was lower than during the height of the boom in 1987 when there were 6 000 deals a day.

Mr David Shapiro of stockbrokers Max Pollak and Freemantle said: "We thought we would have a much greater inflow of orders from private investors, but the market had gone fairly quiet after the first hour.

Enormous volumes

"This was because new shareholders will only take action after they have received their share certificates, which were only posted to them yesterday. Some probably did not know how many shares they had received.

"On the other hand, we have had very good buying orders at the 220c to 225c level from private investors which we did not expect. I think the price will hold at these levels for a few months before moving upwards."

Mr Shapiro added that the enormous volumes in Iscor shares suggested institutional participation.

The privatised former parastatal was officially launched at 11am with a roar of bids, a thicket of waving arms — and the aroma of a stinkbomb released by a frivolous dealer on the floor.

For an unprecedented 15 minutes the bidding stormed back and forth.

At 11.15am the master, mopping his brow, announced deals concluded in the 220c to 240c range. The first fixing to go on the board was buyers at 229c and sellers 230c.

Afterwards, as vendors, brokers and special guests nibbled at Cape lobster and sipped champagne, the Minister of Mineral and Energy Affairs and Public Enterprise, Dr Dawie de Villiers, said he was "delighted" at the scope and style of the opening.

Iscor managing director Mr Willem van Wyk said: "We are really happy and we think everything worked well right from the beginning.

"The price is more or less where we wanted to see it and from here on we are looking forward to a future where we will show the investors that they have made a good investment."

SHARES HYSTERIA . . . Traders on the Johannesburg Stock Exchange in frenzied bidding yesterday for Iscor shares. Picture REUTER

R70-m Iscor shares traded on JSE

By TOM HOOD
Business Editor

Argus 9/11/89

(260)

A RECORD volume of 32,4 million Iscor shares worth more than R70 million changed hands on opening day on the Johannesburg Stock Exchange

The final tally was confirmed today after computers and dealers caught up with the hectic trading after the steel giant made its debut on the share market

This makes Iscor the most traded new listing in the history of the JSE and beats the previous record of 5,2 million shares traded at the listing of the United Building Society in December 1986

The shares closed at 227c which was also the opening price today

The total volume of shares traded on the JSE rocketed to 62,2 million yesterday from Tuesday's 8,8 million The high gold price raised interest in gold shares

More than R200 million worth of shares of all kinds changed hands yesterday compared with R112 million on Tuesday

Pandemonium was reported for the first 15 minutes of trading but the expected avalanche of selling did not happen

A huge volume of 5 million shares changed hands in over 800 deals in the first two hours

Dealers expect the frantic trading to continue for the remainder of the week

The expected stampede of "stags" — small investors selling for quick profits — failed to materialise, according to stockbrokers, who reported buyers waiting in the wings to snap up any shares offered

Thousands of would-be sellers were prevented from selling because their share certificates were posted only yesterday But many obviously heeded appeals by Iscor executives to keep their shares for long-term investments

For about 300 000 individuals who paid R2 for each of their shares, their investment increased by 13,5 percent in a day to 227c

The listing represented South Africa's biggest privatisation launch and included an offer to the public of 150 million ordinary shares at R2 each

The offer was three times over-subscribed and it is believed that this figure could have been higher had the world markets not slumped a week before the offer closed

An Iscor spokesman said management was extremely happy with the opening price

R3-bn to cut taxes

Cape Times 10/11/89 260

Own Correspondent

JOHANNESBURG. — Finance Minister Mr Barend du Plessis has given the clearest indication yet that tax cuts are on the cards for the March 1990 budget.

At yesterday's handover of the R2,915-billion cheque from the privatisation of Iscor, Mr Du Plessis said the proceeds would mean benefits for both government and individuals

The government had also just received R90,2 million from the privatisation of the SA Mint

"Given current economic circumstances," said Mr Du Plessis, "we have decided to utilise these funds to reduce the public debt, as has been indicated in the past as the government's first choice

"This will have several important direct and indirect benefits for taxpayers, as will be evident from the next Budget"

GOVT DECIDES ON ISCOR PROCEEDS
— Page 12

He said a direct benefit from the Iscor proceeds would be the reduction of public debt, which would mean "a substantial saving in the interest cost of public debt

"In addition, this saving will be recurring annually in future. Based on current market rates of interest, this annual saving should amount to more than R500 million a year

"On the one hand, it could effect a reduction in government expenditure, in taxation — especially personal income tax — and in the deficit before borrowing, and consequently also dis-saving by the central government This means, among other things, tax relief and that the government will need to place less upward pressure on interest rates.

"On the other hand, it would also facilitate consideration or possible increases in a few urgent high priority expenditures, for example, the provision of low-cost housing or infrastructure Furthermore, a profitable Iscor will, through its corporate tax payments, contribute to spreading the tax burden over a wider base The effect of this significant interest saving will be reflected in the 1990-1991 Budget"

Privatisation needs co-ordination

THE privatisation of State enterprises should be controlled and co-ordinated from a single centre to ensure maximum efficiency and control of expenses, Thuys du Preez, director of Ernst & Young Management Consulting Services, suggests

Outlining the advantages of privatisation, in a statement issued yesterday, Du Preez said it was aimed at reducing the State's share in the economy, with the essential broadening of the tax base as an important by-product

Through this policy, the State would also "tap sources of finance not traditionally available, and would harness private sector experience and expertise, particularly budgeting and financial management expertise, in areas in which it lacks skills"

Du Preez said impatient critics had been asking why the State was not acting more quickly in disposing of such assets as the pipelines, airways and Post Office

"This sweeping and shallow criticism, frequently supported by quoting Britain's privatisation leadership, ignores the constraints within which SA must operate

"Limiting factors include

● Restricted financial resources

● Limited management skills

● A small economically active population

● Uncertainty of international participation

"Criticism also ignores that, in the UK, there are many cases of de-nationalisation rather than true privatisation, with the British government surrendering control of what had been private sector entities until the Labour government nationalised them

"The process of placing these operations back into private hands is less complicated, as proven business units mostly already exist"

"In SA," Du Preez continues, "the State must take the following into consideration

● It cannot be perceived to be in a hurry to sell the family silver to meet its debt obligations,

● It cannot destabilise the entire civil service through uncertainty and insecurity,

● It cannot sell assets or services until it has identified precisely what these are, their viability, and their strategic importance — when it goes to the market it must obtain the most acceptable price, while ensuring that the best long-term interests of SA will be served,

● It cannot be perceived as evading its obligations to citizens by disposing of assets or services to potential monopolies or exploitative capitalists,

● Any asset must be privatised only if it is to the benefit of all citizens

"The State has thus rightly proceeded with due caution and without fanfare or publicity

"Critics of the State's so-called tardiness in implementing privatisation ignore the joint efforts of the State and the private sector which are essential prerequisites before 'For Sale' notices appear throughout the country"

Du Preez said that Iscor and the toll roads both met State criteria for privatisation

"There is good reason to believe there will be a speeding up of the privatisation process in future," he continued

"Proof of this is the increased frequency of privatisation proposals in the market place and the new ministerial appointments Dawie de Villiers (Public Enterprises) and Wim de Villiers (Privatisation) It is also clear that State business units will come under even more serious scrutiny to evaluate their possible privatisation

"The State his clearly expressed its commitment, but will need to add internal resources to enable these Ministers to accelerate the privatisation initiatives One would hope that senior officials, even at Director General level, will be appointed to assist them

"It is, however, of cardinal importance that the State adopt and display business philosophies before privatisation will be accepted by State employees

"However, some words of caution for the government

● Skilful management consulting resources in SA are precious and limited and large numbers of proposals are requested for which documents take substantial time to prepare The State must therefore

— Avoid the temptation to call for privatisation proposals if it is not convinced and committed that privatisation in the particular instance can be carried out successfully,

— Not appoint consultants on price only, as this could have a negative effect on the success of the privatisation exercise, and

— Consider using a two-tier tendering system where credentials are first evaluated before final proposals are requested from a shortlist of consultants

● The public relations efforts, both internal and external, are of cardinal importance in every privatisation project, even in the early stages, to ensure acceptance of the goals of privatisation and the use of business philosophies in the privatised enterprise"

Finally, Du Preez says "The privatisation of State enterprises is currently not efficiently co-ordinated, as the Commission for Administration, the Privatisation Unit and State departments are all able to call for proposals and appoint consultants independently

"The privatisation of all State assets and services should be controlled and co-ordinated from a single centre to ensure an orderly and effective reduction of the State's participation in the economy

Two years late — TV show gets go-ahead!

By DOUGLAS GORDON: TV Correspondent

260

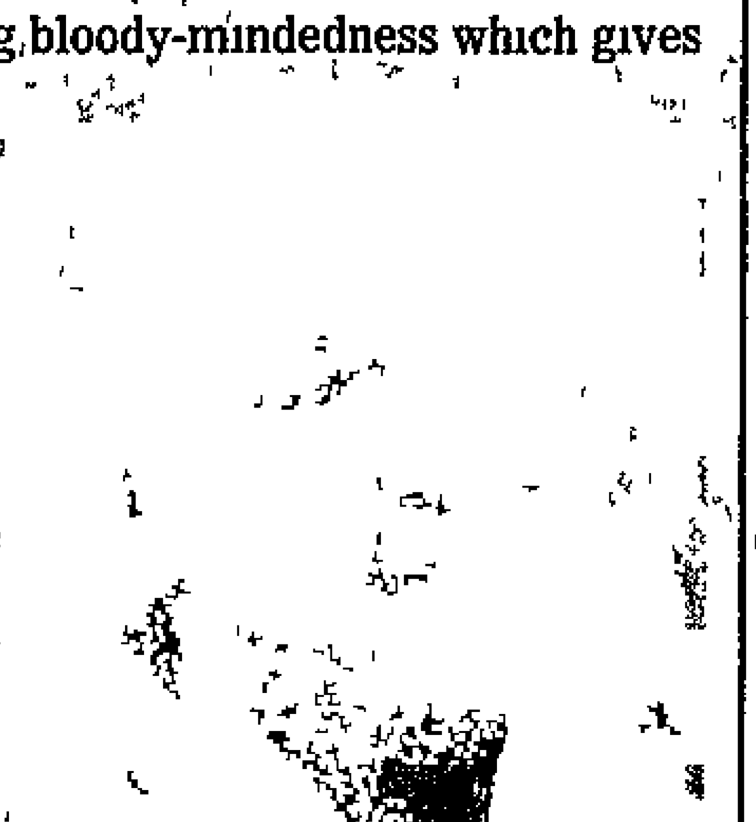
S Times 12/11/89

AFTER more than two years of dithering, the SABC has finally decided to screen its controversial mixed-race suburban TV comedy, People Like Us — starting two days before Christmas.

But it has been given a relatively safe late-night slot — 10.30 on Saturdays on TV4 — and some of its more provocative lines have been cut. The star of the series is an arch-bigot in the Alf Garnett-Archie Bunker mould called Barney Bosman — brilliantly played by Michael Brunner.

It is Barney's rightwing bloody-mindedness which gives the script much of its cutting edge. Other stars in the series are Simon Brunders and Wilson Dunster.

People Like Us was conceived by the award-winning team of John Cundill and Gray Hofmeyr. The first 26 episodes were written in 1985, shot in 1986 and delivered to the SABC in 1987.



Michael Brunner, who plays arch-bigot Barney Bosman

Since then it has gathered dust while decisions about screening times were put off again and again, elections came and went and controversy raged over the Group Areas Act.

Yet so well does it anticipate today's "grey" suburbs and proposed free settlement areas that it still looks brand new.

Barney hates the Progs and the coloureds next door and blames the Government for destroying his working-class suburb.

Sensitive

He hates teenagers for their tight clothes and loose habits. He hates his daughter accepting social change and he hates his son-in-law for supporting the wrong rugby team.

He only feels comfortable down at the corner pub. And there his bile really boils.

The first episode will be screened on December 23 in the "adult" time-zone currently occupied by the likes of Night Court and Miami Vice.

Producer Carl Fischer said this week: "The SABC has taken an encouraging step forward, but I'd prefer the series in an earlier time slot, and on TV1.

"It seems it's still too sensitive for the mass family audience. But we made it precisely to show that aud-

□ To Page 2

WHAT THEY SAW . . . saucy stripper Helen Aldridge goes through her paces

'We have had dinners with similar formats at the Elangeni for 15 years It's not sleazy — it's an elegant dinner supplying sophisticated

Colonel Charles ... was a Victoria Cross holder and was awarded the OBE by the Queen

Helen Aldridge of Mont-

Pictures: JIMMY HUTTON

Race comedy in safe slot

□ From Page 1

lence the funny side of our society"

However, SABC senior director (TV) Professor Hennie Human has vowed that if the show proves to be a hit he will switch the second series to an earlier, prime-time slot

He said this week "I rate this show as much funnier than even the pilot programme, Two Weeks in Paradise, which I commissioned before I left the SABC in 1982 "John Cundill's scripts are as up-to-date with today's open residential areas as if he had written them this month

"I have made a few cuts I'm playing it safe with the sensitivities of the mass TV audience

"Barney Bosman is a wonderful character, developed around a middle-aged, reactionary man whose response to any change is to attack it

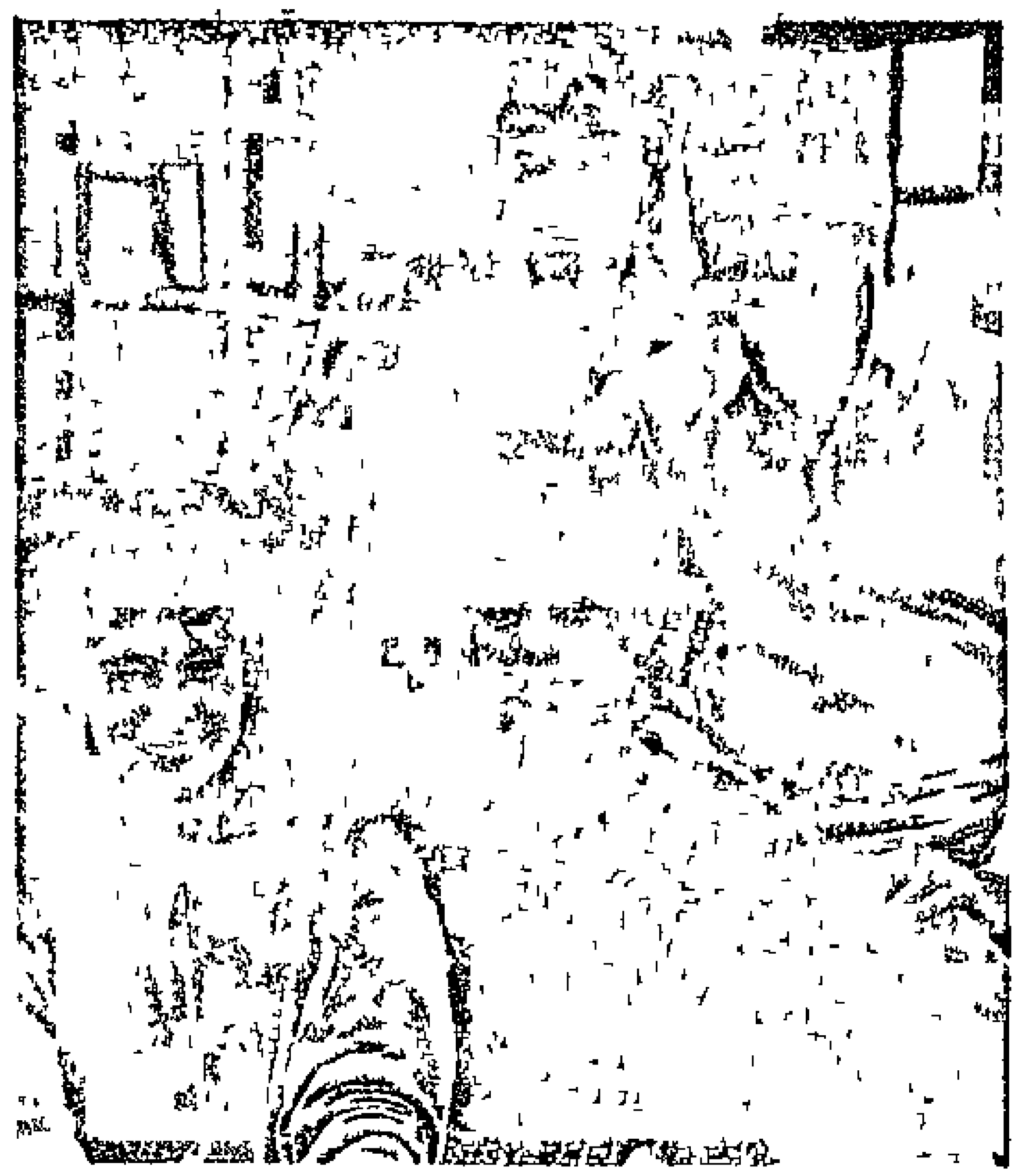
"But I am being careful with it by running it on TV4 Social developments are moving quickly I want our audience to be comfortable with our entertainment, not to feel bewildered by it

"I am confident this series will be a hit with the majority of our viewers and that we can show the next series at an earlier time"

Writer Cundill moved to Perth, Australia, two years ago to develop his career in television and films He is now in the R250 000-a-year scriptwriting league He said recently he was glad the series was finally ready to roll Another top scriptwriter, actor Paul Slabolepszy, has already written half of the next series — but shelved it until the first series was shown.

S. Times 12/11/88

260



PEOPLE LIKE . . the Kinnears: Mark (Matthew Oates), back left, dad Glen (James White), daughter Beth and mum Tessa, played by Jenny and Clare Marshall

PEOPLE LIKE . . the Paulsens: Dr Ben (Simon Bruinders), wife Nerina (Denise Newman), niece Jody (Elrene Simpson) and brother Russell (Kurt Egelhof)

Costs have doubled since 1986. Another series will cost R3-million to make next year

Meanwhile, several other "hot potato" series are due to hit SABC screens next year

- Heritage, about the arrival of the French Huguenots in the Cape, with love stories linking a sexy Malay slave girl with the bastard heir to a wine dynasty;

Lust

- Barney Barnato — the Jewish tycoon with a coloured mistress whose cut-throat battles against Cecil John Rhodes launched today's De Beers diamond empire,
- The Game — a steamy story about sex and corruption behind the Currie Cup rugby season,
- Whirlpool — a racy soap opera about a wealthy farmer and his ex-wives, with a plot about greed, lust and murder to rival Dynasty.

Whirlpool goes out on Mondays at 7pm from February, Barney Barnato follows it in May and The Game fills that slot from August

Heritage, already a top seller in Europe, will be screened on Thursday nights at 9pm from next September.

Coach fire

A PASSENGER coach was extensively damaged yesterday when it was set alight by vandals at New Canada station, Soweto

Close down

THE vice-chancellor ordered Uganda's main university to be closed indefinitely because of a 12-day strike "and the arrogant behaviour of spoiled students"

Business Report

Eskom's service ventures floundering

CAPE TIMES 13/11/89

260

Own Correspondent

JOHANNESBURG. — The future of joint venture schemes between Eskom and the private sector appears to be facing severe economic constraints, the latest issue of Update, published by the SA Institute of Race Relations, observes

The first such venture, established to service residents of KwaNobuhle near Uitenhage has achieved an extremely limited response

Eskom is attempting to establish a similar scheme for Soweto while another 14 similar ventures are being considered

Update, published today, notes that only 420 of the 17 000 shacks and houses in KwaNobuhle were now making use of the scheme

The limited response to the service, provided by Kwanolec, is attributed to the high tariffs and trade union opposition to the scheme

The tariff is 13,6c a unit, 42% higher than in neighbouring Uitenhage from whose municipality the electricity is purchased

The local Cosatu structure, while stressing residents' desire for electricity, has opposed the scheme on the grounds of unaffordability and the lack of negotiation between the initiators of the scheme and the community

In a separate article, Update says it is increasingly apparent that government and its parastatals are going to have to continue shouldering the burden of funding infrastructure in black areas

This, it says, is because the black local authorities do not have anywhere near the resources they need to do the job themselves and RSCs have so far not been able to back them up on the required scale

It notes direct government spending on upgrading is still more than ten times the amount spent by RSCs and still growing

Media curbs could be lifted shortly

260

MIKE ROBERTSON

THE lifting of media restrictions and an announcement on the amending of the Separate Amenities Act are imminent.

According to senior Cabinet sources, an announcement on both can be expected during the next month.

However, government officials said yesterday speculation that President F W de Klerk would disclose government's plans to amend the Separate Amenities Act when he addressed the President's Council on Thursday was premature.

Government's steps to get negotiations going are being co-ordinated by a special Cabinet committee headed by Constitutional Development Minister Gerrit Viljoen.

The committee met three times last week and is expected to meet again on Saturday.

Other members of the committee are Foreign Minister Pik Botha, Finance Minister Barend du Plessis, Justice Minister Kobie Coetsee, Education and Development Aid Minister Stoffel van der Merwe, Planning and Provincial Affairs Minister Hernus Kriel, State Enterprises Minister Dawie de Villiers and Deputy Constitutional Minister Roelf Meyer.

The committee is said to have asked Kriel to thoroughly investigate the Separate Amenities Act and come up with something new. He is reported to be examining not just the scrapping of sections of the Act, but the possibility of "privatising" certain amenities.

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14/11/89 Business Day

Media curbs

260

14/11/89

From Page 1

A spokesman for Kriel said yesterday that the Separate Amenities Act was receiving urgent attention. An announcement would be made as soon as possible.

A Cabinet source said an announcement on the Act could be expected before Ministers broke for the Christmas holidays in mid-December.

The same source said government was also reviewing media regulations, and that it was highly likely they would be lifted before the break.

Senior Ministers believe the restrictions have outlived their "usefullness". While some are said to favour retaining the ban on television coverage, others want the restrictions lifted in their entirety.

Home Affairs Minister Gene Louw said two weeks ago that the media restrictions were being investigated at official level.

He was not available for comment yesterday.

Business Day

SABC economic editor to quit

B Day 17/11/89 (260)

MANDY JEAN WOODS

SABC-TV economic editor Jerry Schuitema has resigned after 24 years' service.

Schuitema said in a telephone interview yesterday he had not officially resigned yet as he had a lot of leave due. He would officially tender his resignation at the end of February. "But I am leaving now to work on my business," he said.

He denied speculation he had been fired by the SABC. "I decided to leave, with regret, because I was frustrated," he said.

"There is incredible ignorance out there about economics and television and radio are just not the right mediums to enhance people's knowledge," he said

He would be working for himself and conducting seminars for companies to educate their workforce about the general principles of economics. He would work also as a communications consultant

Schuitema was the first economics editor appointed by the SABC. He has held the position for 12 years.

Deputy economics editor David Bamba will assume Schuitema's responsibilities until a replacement is appointed

Privatisation: 40 000 jobs lost in public sector

260

CAPE TIMES 20/11/89

Own Correspondent

JOHANNESBURG. — More than 40 000 public corporation jobs, 2,4% of the public sector have been eliminated by privatisation, most since March 1989, says the latest quarterly Central Statistical Service (CSS) survey of employment.

The survey, to June 1989, says public corporation employment has dropped by 23,5% since June 1988 and 22,3% since March 1989.

Public corporations are defined as enterprises in which the State has a majority interest and their subsidiaries. It excludes Sats and the Post Office.

Dramatic drop

The CSS figures show an immaterial decline until the quarter ending March 1989, which saw 173 652 employed, then a dramatic drop to 134 833 at the end of the June quarter. These figures do not reflect the period in which Iscor was privatised.

A feature of the figures is that the job reduction has been racially uniform. the proportions of whites and blacks employed by public corporations at June 1988 are virtually what they were at June 1989.

However, the wage bills of blacks, measured as a proportion of the total public corporations' wage bills, have risen slightly by 1,4%, while the white wage bill has dropped by about 2%.

Declining numbers

The overall wage bill is down by 14,75% from June to June, representing an annualised saving of R550 272 in wages and salaries alone.

Most sections of the public sector show signs of declining numbers and wage bills and rising vacancies, except for civil services of the homelands. There the wage bill has risen 39,2% on a 9,27% employment increase in the June to June period.

In the public sector as a whole, including universities, technikons and agricultural marketing boards, employment has decreased by 1,2% since June 1988 and 0,7% since the quarter ending March 1989.

Iscor share turnover soars to 5-million

NEWS 23/11/89

Business Staff

THE sale and demand for Iscor shares on the Johannesburg Stock Exchange continues unabated and yesterday turnover soared to more than five million shares

One of the sponsoring brokers, Mr Ed Hearn, said over 80 million shares of the 1,8 billion in issue had been traded since listing on November 8 and the country's major institutions remained firm buyers

The institutions, despite the size of the Iscor share issue, were unable to acquire as many shares as they would have liked and when the price moved above 230c any selling by the man in the street was quickly snapped up

Iscor was a long term investment stock and an ideal share for an institutional porfolio

Iscor share turnover soars to 5-million

NEWS 23/11/89

760

Business Staff

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Iscor was a long term investment stock and an ideal share for an institutional porfolio.

B/Day 24/11/89

260

SA prosperity vanishing — CSIR

EDWARD WEST

TO KEEP up with world standards, more money needed to be invested in research and development (R & D) and research equipment infrastructure was crumbling, the CSIR's Foundation for Research and Development found in a recent study.

The report said SA's unchallenged wealth and prosperity were vanishing gradually, and its rich natural endowment and cheap labour were no longer the ingredients of economic prosperity for the country

Internalised markets and increased investment in R & D by SA's competitors were dimishing SA's competitive edge The export of primary products could no longer support the economy.

Producers of primary commodities had to produce 40% more in 1986 than in 1900 to buy the same quantity of manufactured goods

SA's BoP was increasingly strained by high and medium technology deficits During 1987, the deficit in high and medium technology was nearly R10bn, more than 6% of the GDP

Productivity, which depended on R & D, had to be improved In recent years SA's productivity increases averaged a scant 1,1% while countries once in lower levels of development were doing four to six times better, the report said.

Australian researchers were endowed with 50% more funds than South African researchers while Canadians received seven times as much Only 18% of research equipment at universities could be considered up-to-date.

CSIR president Chris Garbers said yesterday the R & D funding mechanism for universities had as yet not been fully implemented, even though these funds had been increased by around 250% in the past few years

Universities needed to be maintained as centres of excellence, especially considering government rationalisation of spending which had placed universities under pressure.

The R & D Foundation report added it was not surprising so many scientists left SA for greener pastures More than 20 000 residents left the country permanently each year, a large proportion of whom took skills abroad.

National Productivity Institute (NPI) director for industries Jan Boer supported the view that not enough was invested in R & D Industrialists often purchased technology overseas not suited to SA conditions

Private businesses and government should work together on R & D programs, ensuring a focussed program which could be practically applied, said Boer.

Science and engineering were SA's only hopes to meet the challenges of international competition, the R & D Foundation report found.

Pay packet teaser for SABC staff

Sunday Times Reporter

SABC staff in Durban received an erotic teaser in their pay packets this week — a single condom

The rubbery reminder caused furtive blushes in Tannie SABC's hallowed corridors as eager staffers ripped open their packets — and out popped a pamphlet on the dangers of AIDS and the safeguard provided by the latex lifesaver.

The exercise was conceived by the SABC when a pamphlet — "AIDS. The more you know, the safer you'll be" — was received from the Department of National Health and Population Development.

No one is saying whether the condoms are the coloured variety The SABC has handed them out to all its black, white, Indian and coloured staff — women as well as men

A staffer said yesterday they had been told the condoms were part of the SABC's contribution to the national AIDS awareness campaign

260 S Times 26/11/89

/ 260 / 1989

Eskom buys 1 000-ha E Cape nuke plant site

JOHANNESBURG — Eskom announced yesterday that it had bought more than 1 000 hectares of ground in the Cape St Francis-Oyster Bay area to build a nuclear power station

Eskom was negotiating to obtain another 450ha, a spokesman said

He stressing that the acquisition of the site did not necessarily mean that South Africa's next nuclear power station would be built in the Eastern Cape

He said the property was being purchased to ensure that a suitable site is available when needed. — Sapa

TV man sued for libel

260

C. Press 26/11/88

CP Reporter

OFFICE cleaner Mabel Maqabi is suing the SABC television presenter David Hall-Green for R45 000.

The law suit follows an incident in March this year, when Hall-Green's background comment "... bet she's got 14 children, and each one's got a different father, probably ..." was heard by thousands of viewers during an interview with Maqabi.

Maqabi, a grandmother from Alexandra township in Johannesburg, was being interviewed on the difficulties she faced as a domestic worker in bringing up her own two children.

Hall-Green's comment was heard as Maqabi's face appeared on the screen.

In the furore which followed the broadcast, Hall-Green admitted he had made the comment, but claimed he had not been referring to Maqabi.

He immediately took leave from his job as presenter of the *Good Morning South Africa* programme.

But he was back within a week, and neither Hall-Green nor the SABC apologised to Maqabi for the incident.

In the summons served on him this week, Maqabi claims her feelings, dignity, good name and reputation were injured by the statement.

She is claiming R30 000 damages for defamation and R15 000 damages for injuria.

Mabel Maqabi

Music industry hits new note

260

Sowetan 30/11/89

By KENOSI MODISANE

THE Association of South African Music Industries and the South African Musicians Alliance have signed a pact whereby both parties will co-operate in preparation for a "post-apartheid music industry."

In the past the trend before has been for the giant "white-run" music industry to operate on its own without consulting the musicians.

Sama and Asami issued a joint statement where both acknowledged past mistakes and pledged to work together "for the sake of preserving and developing local music."

"It is is in each party's interest and in the interest of the South African music industry as a whole that we have jointly created this structure to serve all sections of the population which is necessary for a post-apartheid South Africa," read part of the statement.

Mr John Sturgeon, chairman of Asami, said his association was happy to work with Sama.

When asked if they would work with the SABC, Sturgeon said his association viewed the corporation as "an important part of the music machinery." The corporation was already contributing with it's involvement in the *OKTV Music* awards, he said.

Sama, however, said it felt the SABC was still "one of the problems" faced by the music industry because of its censoring of music.

Mr Jabu Ngwenya a Sama spokesman, said the SABC was against "progressive music."

*Sama will hold an executive meeting at their offices in Newtown at 10am on Friday.

Maths seminar

Sowetan 30/11/89

A ONE day seminar on mathematics for standard six pupils starts at Shareworld entertainment centre in Johannesburg tomorrow.

This bridging course is arranged by Educational Support Services in conjuction with *Sowetan*.

Said ESS director Mr Willy Boshoff:

"For pupils doing maths standard six is commonly a time of severe setbacks and misunderstanding."

He said such setbacks persisted throughout the year and this resulted in many pupils dropping the subject or repeating the year.

Pupils will be asked to pay R10 to cover tuition.

Lessons start at 9am

For further information contact Willy Boshoff at 886-6173 or 886-4414.

Row over royalties

Sowetan 1/12/89 260

Mzwakhe Mbuli recites one of his poems.

MZWAKHE Mbuli, dubbed "the people's poet" by his fans, is involved in a dispute with Shifty Records over royalties from sales of his recordings.

By KENOSI MODISANE

Mbuli, who has gained local and international recognition through his recitals of revolutionary poems to rhythms of drum beats and other musical instruments, alleges the company has not paid him for his recordings nor informed him about sales of his albums

Shifty disputes Mbuli's claims saying all money due to him has been paid. A statement released by the company said Mbuli had received all his overseas and local royalties from the first album, *Change Is Pain*

Mbuli's recordings are *Change Is Pain* and *Unbroken Spirit* which were recorded and released by Shifty.

"I have not received royalty statements or payments pertaining to the albums since they were released," said Mbuli.

Mbuli also demands the company return master tapes of the two albums and terminate the publishing contract he entered with them.

The company has said it would only correspond with Mbuli next March concerning the second album, *Unbroken Spirit*, which was released in July.

Mr Mark Bennett of Shifty Records said his company was not in a position to discuss the matter regarding the second album because its royalties would be paid out next March.

"Mbuli might as well forget about the master tapes because they were recorded and paid for by Shifty and therefore are owned by us," said Bennett

When asked to produce proof of payments made to Mbuli, Bennett said he could not discuss his company's financial issues in the Press. He, however, promised to prepare a financial statement to prove his company's innocence regarding the claims

Iscor listing gives little man bite at ownership

S Times 3/12/89

By Julie Walker

260

FOR THE first time since Sasol 10 years ago, the Johannesburg Stock Exchange witnessed the sale of assets by the State

It took the form of the giant Iscor privatisation Iscor is currently capitalised at R4,3-billion — around four times the size of Highveld Steel and Vanadium

The Iscor offer was made in several parts after an expensive publicity and educational campaign was undertaken to promote the concept of share ownership to South Africans

The man in the street did not have to compete with the institutions in the scramble for shares Institutions applied for 1,4-billion shares, which had been earmarked for them at the same R2 each paid by the public The public offer of 150-million shares attracted more than R1,2-billion of the savings of South Africans Those who applied for up to 1 000 shares got them all in an allocation which favoured the smaller investor The share register contains more than 100 000 names

On the day of listing, the JSE floor was almost as busy as the Berlin Wall at opening time Deals were struck between 220c and 240c, the price eventually settling at about 230c It picked up to 235c as the whole JSE rallied in line with a rise in gold late in the year

The rate of rise in interest rates accelerated towards the end of the year, with prime climbing to 21%

The JSE became an expensive place to be invested, and many share prices came off their highs reached in the middle of the year

As interest rates rise, the profits of companies with large borrowings are dampened because a higher interest bill has to be footed When earnings growth is expected to be retarded, share prices either stay put or fall

If there is no capital growth, investors are better off putting their money on deposit and earning 18% or more in interest. They tend to flee equities, returning when rates start to come down again The current sentiment dictates that rates could even rise before easing

This was witnessed in the decline in industrial share prices and indices over the last few months Mining shares had a run because of a rally in precious metal prices

Take Barlows, which announced wonderful results for the year to September, yet whose share price peaked at 4 625c on August 30 It came down to R40 and stayed there

The industrial index peaked late in August at 2 840, easing to about 2 570 by mid-November

SA Breweries was another yardstick stock, topping out at R28 before coming back to R25

Building & Construction is always one of the first sectors to move ahead of a downturn in the economy The index reached its high in May — well ahead of other sectors

The steel index is a classic example of the parabola It peaked in June at 1 611, having doubled in only seven months after Highveld s great performance But it eased to 1 157

Furniture & Household came down only after the latest rise in prime was announced early in October The index was at a high of 306 on October 11, having come up from 221 in December last year It is now 282 points.

Some large furniture retailers announced sharp declines in both sales and profits during the second part of the year as consumers feel the pinch of the climbing cost of living

On the other hand, the banks sector at above 1 400 is still close to its September high of 1 423, and is about 40% up on the year

Sector boosted

The sector has been boosted by some neat turnarounds among the leaders, notably First National The results from banks fall into two camps There are those which outperform whatever the market is doing, and those which will likewise underperform.

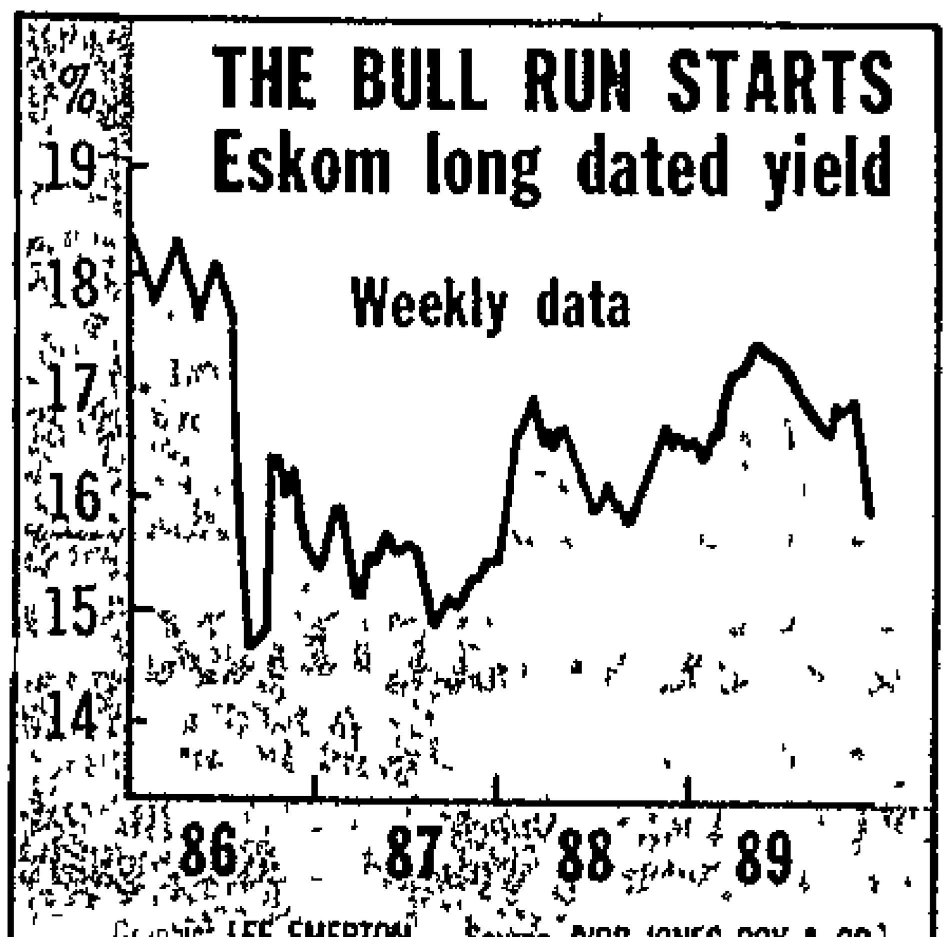
The former express satisfaction and optimism the latter bleat about bad conditions and point fingers at everybody else

The banks tend to do better when interest rates start to fall, so the medium-term outlook is fair although in the short-term there could be a few surprises

Property trusts tend to do better when interest rates are high They are not permitted to borrow, and deposit the rents collected in the bank until distribution time, so earning more interest.

Nevertheless, the current interest yield is only 9,5% — not enough to compete with a fixed deposit. The property trust index hit a high of 169 in August before coming down to 148 The expectations of capital appreciation from this sector are not high enough to attract investors

Next year could see a rush of takeovers of companies that became too highly geared before interest bills crippled their growth. Investors could do worse than to look for good shares trading at discounts to their net asset values



Graphic: LEE EMERTON Source: IVOR JONES ROY & CO

Rumours fuel interest rates crash

GRETA STEYN

BULLS went on the rampage in the capital market yesterday in a buying frenzy that sent interest rates crashing down 40 points in one day, to bring the plunge in a month to about 100 points

Rumours of massive foreign buying of SA gilts pushed rates into free-fall and the benchmark stock, Eskom's Loan 168, closed at 15,87% from Tuesday's 16,27% close The yield on E168 touched a day's low of 15,82% in hectic trading which saw volumes on the JSE gilts floor reach R1bn

The foreign purchases started the drop and frantic covering by dealers who had written call options at 16,50%, 16,25% and 16% pushed rates over the precipice

Supply is short as government has borrowed enough and the other major borrower, Eskom, is also not issuing paper

Further fuelling bullish sentiment was a widespread belief that the release of Nelson Mandela would be announced yesterday, along with the lifting of the State of Emergency. (260)

The proposed cutting of the Defence budget by up to R1,5bn was another factor.

The economic fundamentals, too, were signalling a bull market Latest figures, ranging from the money supply to real growth in GDP, show a signficant slowdown is under way

Gencor poised to deal with Sasol

AECI facing loss of huge contracts

B/Day 7/12/89

260

BARRY SERGEANT

GENCOR subsidiaries are negotiating to transfer some explosives contracts from AECI to Sasol, in a move which could cost Anglo American blue chip associate AECI R170m to R500m in lost sales.

A Sasol spokesman confirmed the negotiations last night He said the company had "recently had commercial negotiations with Genmin". But Sasol was "unfortunately not in a position" to comment further

All parties were tight-lipped on the issue as final details have not been resolved.

GenGold senior consulting engineer Kobus Olivier said "I can confirm that we are negotiating moving certain explosives contracts from AECI to Sasol At this stage, the question of how much will be moved has not been finalised"

AECI MD Mike Sander said there was "nothing that special about the negotiations They are just part of daily business".

Word that Gencor's mining interests were negotiating with Sasol started circulating on the JSE about a week ago

One source believed the Gencor-Sasol negotiations could affect more than half of AECI's explosives turnover.

Asked how much money could be involved, Sander said the relevant division's executives were out of town and would be available only today to supply details

Sandler referred Business Day to the latest AECI annual report for the year to end-December 1988. The report did not disclose separately its turnover from explosives, but it showed AECI Explosives and Chemicals Ltd produced R859m in turnover for the year

An explosives industry source said operating companies in the Gencor group could account for as much as 60% of explosives sales to non-Anglo-associated companies At best, AECI could retain as little as 30% (in money terms) of existing contracts, if the Gencor-Sasol deal was concluded

On a rough assumption that AECI's R859m turnover was all produced from explosives and explosives accessories, the company could lose R170m to R500m when the negotiations were concluded. But the true figures could be anything between R100m and about R350m.

Analysts said Gencor was a large user of explosives as it was exposed to more hard-rock blasting than other mining houses.

Gold Fields of SA moved most of its explosives business from AECI to Sasol about 18 months ago

Sasol has been in explosives for about three years and in its annual report to June 24 1989 it said "Sales of all explosives products showed satisfactory growth during the year under review. Increased marketing activities, on both the local and export fronts, enabled SMX (Sasol's mining explosives division) to contribute to group profits for the first time"

When the report was released, Sasol executives said an aggressive offshore marketing arm had been established.

Analysts said AECI's dominance in explosives had been linked to its supply of blasting accessories such as detonators. They believed Sasol had overcome this obstacle by importing technology and aggressively marketing its combination of products

The analysts said the imminent contractual arrangement between Sasol and Gencor could severely test the customer loyalty of Anglo mines

GILTS (260) Finweek

Taking stock

8/12/89

The nominal value of Eskom stock sold to foreigners this year is estimated at R1,5bn, or R1bn in cash, because stock sells below par Total nominal sales of gilts and semi-gilts to overseas buyers this year are said to exceed R4bn

The growing scarcity of bonds on international markets has caused buyers to look further afield for attractive investments In West Germany and Japan, for example, shrinking budget deficits make the raising of funds on capital markets less of a priority.

In Britain, Merrill Lynch forecasts the gilts market will disappear by 2003 if government keeps its budget surpluses and public-sector debt repayments at 1% of GDP

This shortage of bond supply has been compounded by a corresponding fall in both nominal and real yields on government bonds around the world — nominal yields in the US are around 7,8% (about 3% real), in Britain about 9% (1%); and in Japan 5% (2,5%). So the present 24,07% yield on SA gilts is difficult to resist

The recent rise in the gold price and improved political perceptions are adding impetus to buying of SA gilts Foreign interest last week triggered a series of local orders and sent Eskom 168 plummeting to a one-year low. It dropped nearly 30 points in one day from 16,65% last Wednesday to close at 16,39% the following day

But it will take up to six months before Eskom can establish how much of last week's gilt buying spree came from foreigners

First National Bank group treasurer Ken Russell confirms a foreign order of R200m-R250m but says "none of it was done through us" It is rumoured to have been shared between brokers and banks

It will be two months before the stock is registered When purchases are made through nominee companies, many months may pass before a twice-yearly Eskom survey reveals whether the funds were foreign or local, says treasury manager Willem Kok

An anomaly is that known net JSE foreign gilts transactions last week amounted to only R71m, about the same as the week before

There are two possible explanations. Says Kok· "A lot of overseas investors use nominee companies to register stock so purchases may not be made in their name."

8/12/89 (260) Finweek

Another explanation is not all transactions may have gone through the JSE. Banks use their own advice notes and these deals are not recorded until stock is registered

Institutions did not join the scramble for long stock though they showed enough interest to create a shortage of paper A disincentive was the carry costs of long stock If an investor borrows to pay for gilts, say at 19,5%, he would end up losing over 3% on a gilt which yields around 16,35% Money market instruments are more attractive

Jobbers who'd written naked call options at 16,50%, on the other hand, panicked and bought to cover, adding to the paper shortage Eskom closed at 16,34% this Monday

Says a dealer "Foreign buyers have decided a 20% yield is worth the lower political risk," a dealer says "They've also taken the view the finrand will improve which will make buying later on more costly" Firming of the commercial rand has added incentive because interest is paid in this unit

Though SA is seeing an increase in foreign investment foreign interest in gilts has, however, some negative implications November's Bank of Lisbon report says foreign interest payments could build up as a result "This is a definite drain on reserves," a banker says However, one economist believes this is not of major concern as it is offset by increased repayments of foreign debts

Of major concern is the danger foreigners could sell as quickly as they bought "If one big buy order sends rates down so fast, one can only imagine how rates will shoot up if there is significant selling," a dealer says

"Holders of public-sector securities are sensitive to political developments and any negative developments could see major off-loading by foreigners," an economist says "This would cause greater volatility in the finrand and make it more difficult to abolish the dual currency system" ■

Finweek 8/12/89.

MARKETING 360

Reaching blacks

The SABC's report on "Reaching Critical Mass" (*Business* December 1) reveals a greater understanding of English in the black community than was at first apparent.

The report claimed that 19% of blacks had a full understanding of English. This was the percentage who could answer the question. "When you hear a piece of music on the radio or at a party, what musical instrument do you like to hear?"

But the question was on tape, rather than on the usual show card, and Gail York, Times Media's marketing services manager, says the question is obscure and irrelevant to most people

What SABC didn't highlight is that later in the survey it asked on a show card: "Which type of sport do you like to play?"

The response to this was much higher. Only 0,9% of those with no schooling could answer the question but, as education levels rose, so did the level of comprehension. Of those with some primary education, 20,8% read and answered the question; 73,7% of those who completed primary school; and 98,5% of those who completed high school.

The figures are almost as high in the most lucrative market segments. In the PWV, 71,4% of blacks read and answered the question — as did 81,2% of A-income blacks

Newspaper Marketing Bureau chairman Noel Coburn says the survey has some encouraging news for print. "I'm encouraged by the high literacy levels. Blacks had more problems with broadcast English than written English There is a large sector of the black market that can be reached through English-language publications."

SABC marketing manager Bruce Coldwells says, however, it's difficult to compare the literacy and aural tests. "There's usually more time to answer a written question and, anyway, the questions weren't identical."

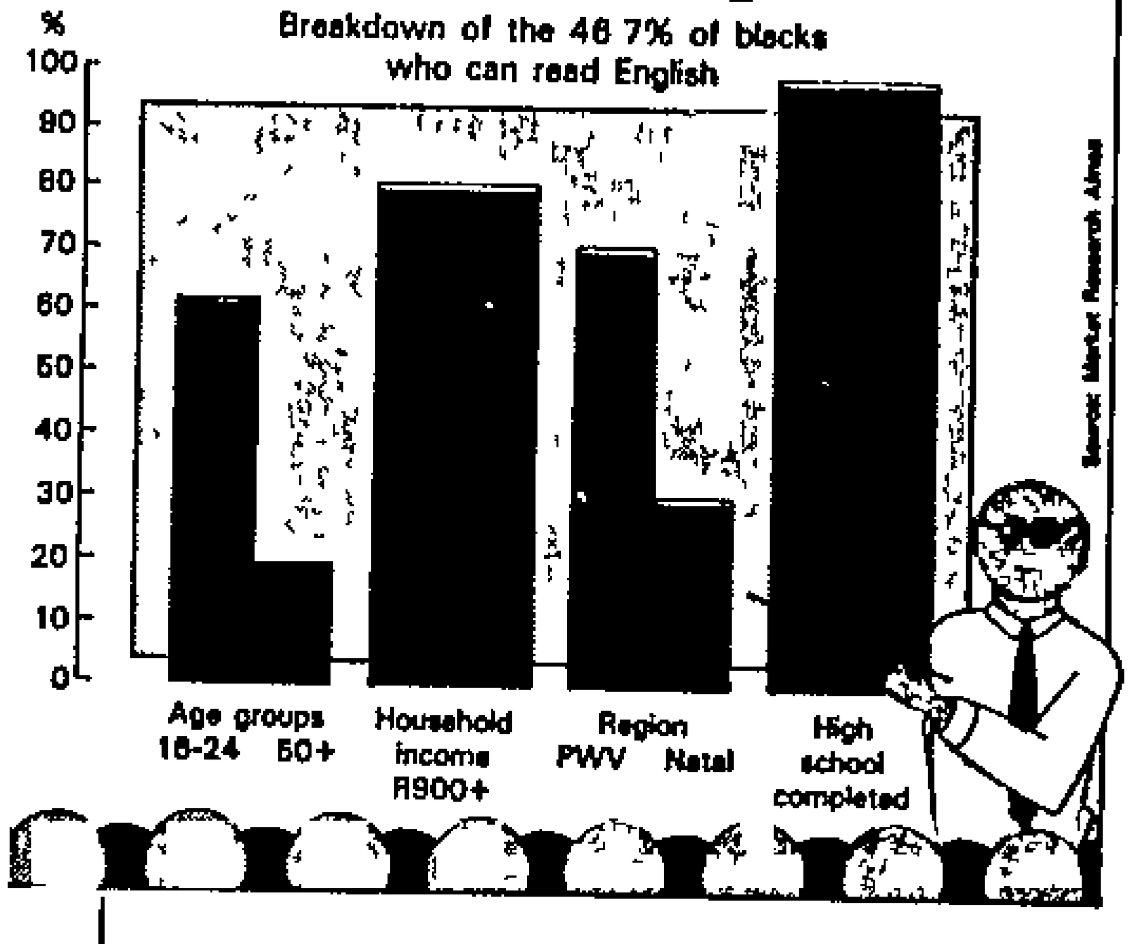
He adds that it was never SABC's intention to persuade advertisers to ignore other media: "There needs to be a media mix but the black market should be reached through its own media and not just grey media." (Grey media are those read widely by blacks and whites.)

Coburn admits, however, most blacks are not regular readers of English-language publications.

"We might have to wait for the first genuine (mass-market) black publishers before this market's tapped. Even the black publications often have a white editor-in-chief, though he's usually behind the scenes." ■

Learning English

Breakdown of the 46 7% of blacks who can read English



(260) Star 8/12/89

Major shake-up on the way for SABC-TV

By Ian Gray

Major changes to all SABC television channels, which will affect programmes, sports coverage and screening times, were announced by Director-General Mr Wynand Harmse yesterday

The changes come into effect on March 5 on TV1, and on April 2 on TV2, TV3 and TV4 They were made, Mr Harmse said, on the strength of ongoing research

But the controversial question of a sports channel has not been resolved

Curtailed

"The SABC acknowledges the need for extended sports coverage," said Mr Harmse.

Although TopSport's weekday transmissions will be curtailed from March, provision has been made for special late night broadcasts

Major changes announced yesterday were

- The dropping of TV1 magazine programmes "Graffiti", "Potpourri", "Uit en Tuis", "Silhouette" and "Sundowner", and the introduction of one family oriented magazine programme, still unnamed, at 6 pm from Monday to Thursday — broadcast alternately in English and Afrikaans
- The axing of TopSport from its late night spot on Tuesdays, Wednesdays and Thursdays. TopSport will be screened on TV1 from 9-10 pm on Mondays, 6-7 pm on Fridays, and from noon to 6 pm on Saturdays TopSport on TV2/3 will be extended by one hour on Saturdays, from 3-6 pm
- TV2/3 transmissions will start earlier from Monday to Thursday, at 4 15 pm
- TV4 will take over the TV2/3 channels between 5-6 pm from Monday to Thursday, and resume at 9 pm
- The early news bulletin on TV1 will be at 5 45 pm on weekdays, and the news on TV2/3 will be screened at 6 30 pm
- TV1 children's programmes will be screened at 3 30 pm Monday to Friday
- TV1 will open at 12.30 pm on Sundays, and the popular "50/50" programme will be extended to an hour and screened at 7 pm. The religious programmes will be screened earlier, at 5 45 pm.
- TV4 will screen a feature film at 9 pm on Sundays
- "Beyond 2000" will move from Saturday to Sunday at 4 45 pm on TV1.
- An in-depth news programme, "Nuusoosig/News Review" will be screened at 10 pm on Wednesdays on TV1
- The consumer programme "Forum" moves to 5 pm on Thursdays, and "Diagonal Street" to 10 pm
- The Indian programme "Impressions" will be broadcast every Sunday on TV4 and not just once a month

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TV chiefs battle over news

AND EON DE VOS IS TIPPED FOR TOP ROLE IN NEW MAGAZINE SHOW


EON DE VOS


ELSABE DANEEL


PENNY SMYTHE


BARRY RONGE


DAVID HALL GREEN

By DOUGLAS GORDON

THE SABC board has given more money for brighter TV shows on all channels next year

The booming competition between TV1, TV4 and M-Net will provide rich pickings for top presenters and producers next year

Auckland Park is snapping up talent for its new daily magazine on TV1 from March.

Graffiti, Potpourri, Silhouette, Uit en Tuis and Sundowner shows are axed from this week.

From March 5, the 6pm news bulletin moves to 5 45pm — clearing the way for a new, hour long family magazine at 6pm from Mondays to Thursdays.

The programme runs in English on Mondays and Wednesdays and in Afrikaans on Tuesdays and Thursdays.

Star presenter Eon de Vos, the former glamour boy of Potpourri and Breakfast TV, is tipped to return to rejoin old partner Elsabe Daneel on the Tuesday magazine — at a record R1 500 a show

Miss SA show host Eon would not comment on the rumours, but said that he's keen to get back to TV next year

The Tuesday night show is expected to remain aimed at the glitzy city market, and the Thursday show to stay pitched at the platteland

The English evenings will expand the role of Sundowner glamour girl Penny Smythe

As the new leading lady of TV, the elegant blonde will double her salary and head an outside broadcast unit covering society events and celebrities in the major centres and the most chic of country events.

M Net's Revue Plus anchor Barry Ronge and Carte Blanche producer Pieter Cilliers — formerly at the helm of Potpourri — have also been sounded out for a return to the SABC's new shows

David Hall Green, who quits as Breakfast TV's senior anchorman this month, is negotiating a return to Police File, when it resumes in mid January

Auntie asks staff: Do you like me?

By CAROL KERRIGAN and STEPHANIE HULL

AUNTIE SABC wants to know what her staff think about her

But before the SABC sends out the probing circular, it has asked its own workers to help compile the questions!

The organisation refuses to disclose how much the exercise in gobbledegook is going to cost, but 6 000 employees are included in the scheme which is being handled by communications experts at the Human Sciences Research Council.

Explained HSRC project leader Johan van Rensburg:

Such studies are carried out on a regular basis by many major organisations as part of their personnel management practices."

Staff were given three days to reply to phase one of what the SABC calls its "Organisation Climate Study"

The replies will be analysed by computer before a full-scale questionnaire is sent out early next year

SABC board to check that viewers will accept a later slot

By DOUGLAS GORDON: TV Correspondent

THE SABC will press on with plans to expand family TV viewing time — despite bitter resistance from its powerful News directorate.

This week's board meeting approved sweeping changes to programmes, putting more entertainment into early evening prime time.

The brighter face of national TV confirms forecasts in the Sunday Times since September — including a full list of the expected changes last weekend

But plans to move the 8pm news bulletins to 9pm on week-nights were sent back to the SABC's management.

The present board, which ends its tenure in March, wants assurances that the majority of the TV audience will accept the change.

In Britain and the US, the main evening news runs at 9pm or later But moving the main news for the first time in the SABC's 14-year TV history apparently requires another look at viewing patterns.

Dumped

The board wants to know if adults go to bed at the same time in Cape Town as they do in Pretoria.

Meanwhile, the nightly Network/Netwerk magazine is a bargaining chip in the power struggle between News chiefs and TV programmers

- The News side will accept a half hour bulletin if it stays at 8pm,
- In return, they want Network/Netwerk to run at 10pm as a specialised magazine.

The 10pm slots on Tuesday, Wednesday and Thursday evenings are up for grabs from March, when the nightly Top Sport shows will be dumped

So far, the board has given the News chiefs a single magazine on Wednesdays at 10pm, for a half hour show called News Review or Insig

The financial news magazine Diagonal Street moves to Thursday nights at 10pm

Those concessions, plus Human Sciences Research Council studies showing that most of the TV audience wants a shorter evening news bulletin go back before the board in February

Fee

The inside betting is that the evening news will move to 9pm in March.

The present board wants to leave its audiences happy — and it will not consider raising the annual R80 licence fee.

A proposed hike to R120 next September will be top of the agenda for the new board in April

R1m backing for the horses

S/Times 10/12/89 (260)

By DAVID JACKSON

SABC-TV has defied Afrikaner churches and conservative academics by going ahead with its plans to pour money into sports sponsorships, including its record backing for a horse race

With a year of belt-tightening facing the man in the street, big-money sports events on the box will not be strapped for cash in 1990.

Auckland Park bosses have voted to co-sponsor the R1-million for South Africa's first "Bloodline Million" horse race at Turffontein on March 31

And as the race for TV sports rights hots up, other sports such as boxing are in line for big sponsorship

The SABC — which admitted this week that it was "the biggest single financial contributor to sport in South Africa" — insisted the Bloodline sponsorship would not come from viewers' licence fees

Protest

The SABC reportedly agreed to the racing sponsorship package in the face of stiff competition from its rival, M-Net

The decision to sponsor major sports events — and in particular horse-racing — has drawn fire from Dutch Reformed Church and other influential figures in the Afrikaans community

Dutch Reformed Church bodies have written to the SABC to protest and Stellenbosch University theology Professor Danie du Toit told the Sunday Times this week

"I think it is ill-advised for the SABC to be connected in any way with horse-racing and that this decision has not been properly thought out

"It's not a good decision because increasing numbers of people are becoming very sensitive to all sorts of luxuries like this

"Millions of rands are spent on schemes like this, while all around us people are in great need for basics such as food, housing and education

Stance

"To my mind, and as a Christian, I feel it is simply wrong"

Professor Du Toit said it appeared as if the SABC had decided to ignore the Dutch Reformed churches' opposition to gambling and horse-racing

But the SABC this week vigorously defended its stance on sports sponsorship

A spokesman said "The SABC spends a considerable amount of money every year to secure television rights to sports events — sometimes these fees are regarded or branded as sponsorships

"It should be borne in mind that we are a co-sponsor together with the Thoroughbred Breeders' Association and the Turffontein Turf Club.

"Horse-racing rates tenth on the popularity list of what the viewer wants to see on television.

"Co-sponsorship cannot be linked to an increase in the licence fees Pure mathematics make nonsense of such an assumption"

He said the sponsorship would entitle the SABC to link the name of the sports programme Top Sport to the Bloodline race, unlike other events which also use the name but did not pay for the privilege

Events linked to the programme "with or without sponsorship" included the Top Sport/Super C soccer event, the Top Sport/National Panasonic cycling team, the Top Sport/Boardsailing championships and the recent Centenary rugby match at Kimberley, the spokesman said

Arguments

"As the biggest single financial contributor to sport in South Africa, the SABC cannot be blamed for sometimes linking the Top Sport name to certain events to secure and maintain its name in the broadcasting marketplace."

Stellenbosch's Professor Du Toit said "I have heard all these arguments before . but then the SABC must get down from its little morality throne.

"If they really did think this through, then they have decided cold-bloodedly to ignore the needs of the people and to go for fancy luxuries such as horse-racing."

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Race sponsorship: SABC-NGK row

Staff Reporter

A ROW is brewing between the SABC and the Ned Geref Kerk over the corporation's million-rand sponsorship of a horse race.

In a letter to the SABC, the church expressed its disappointment with the sponsorship, saying that the "wasting of money by unsuccessful betters should be regarded as a sin".

A Stellenbosch University theology professor, Professor Danie du Toit, has also warned that serious tension could arise between the church and the SABC over the sponsorship of the horse race next year

SABC chairman Professor Christo Viljoen announced last week that the SABC was to sponsor the Topsport Bloodline Million in March, 1990 to the tune of R1 million

An NGK general commission had also written a letter to Professor Viljoen and the SABC council in which they said that some families were in financial difficulties because of breadwinners betting "their income in a reckless way on horse races".

Professor Du Toit said the decision had not been thought through properly by the SABC, but Professor Viljoen said he took exception to Professor Du Toit's statement.

The SABC had looked at the matter "from all sides", he said

The letter to the SABC stated that the commission was perturbed over "the immeasurable effect the sponsorship will have on South Africans".

"The striving towards a Christian lifestyle is not promoted by it (the sponsorship)," the letter said further

Professor Viljoen said there was a difference between horse racing as a sport and betting on the races, adding that the sponsorship would also go toward several other activities related to horse racing

Now, back to justice

THERE is no doubt that in a normal society a newspaper should heed a request from the police to withhold information from the public when it is suggested this will help justice. The SA Media Council followed this normal logic in finding against The Star for publishing a picture of Mr Ferdinand Barnard who has been publicly identified as having knowledge of alleged "hit squad" murders

But is this a normal society? And does secrecy currently serve justice? Is justice protected by meeting a police request (which is not legally sanctioned) to stay silent about a man secretly imprisoned for a month without any charges being put to him — and with no assurance as to whether he ever will be charged, or when he will be released?

"No" says The Star

"Yes" says the Media Council ... though it recognises the dilemma and the distrust caused by suspension of the Rule of Law through emergency rule and parliamentary statutes.

The sensitivity and balance which the council has displayed in dealing with this dilemma is obvious. Now that it has supported the request of the SAP in this matter, its own request for a return to normal justice should be attended to by the Ministers concerned. They should remember that if today's ruling "group" is to be protected in tomorrow's South Africa, the Rule of Law must be established right away.

Meanwhile The Star will continue to oppose, without compromise and wherever it can, all actions by the State which clearly infringe the basic principles of justice.

1000 needed to fill jobs on Mossgas

260

16/12/89

Weekend Argus Correspondent

PORT ElIZABETH. — About 1 000 men are needed to fill jobs on a huge new Mossgas contract worth R170 million.

"I would like to think that we can fill most of these jobs with men from Port Elizabeth," said Mr Dave Stewart, construction dir ctor of Babcocks Engineering

The 87-week contract starts next month and will provide welcome jobs for new trained people in the city

It is for the mechanical, electrical and instrumentation construction work for the synthol refinery plants at mossel Bay

Extensively involved

Babcoks is already extensively involved in Mossgas assembly work in Port Elizabeth, building four modules for the ofshore right in the city's harbour

"I am sure there will be many from Port Elizabeth getting involved in the refinery work from now on," Mr Stewart said.

"Our personnel people have just arrived in Port Elizabeth and started recruiting

"We hope to find most of our labour there"

Mr Stewart said Babcocks was satisfied with the men taken on after training at the Eastcape Training Centre

"They have mastered the necessary skills and we give them further on-site training," he said.

He said men employed on the modules in the harbour would most definitely be used on the refinery work as the module contracts came to an end