PUBLIC SECTOR GOVT. STATE ENTEPRISE

1991

JULY — NOVEMBER

Promoter sues SABC after cancellation of sponsorships

BDay 3/7/91 (260)

MARCIA KLEIN

FEBRUARY's aborted plan to screen a discussion between the chief executives of Allied Group, United and First National Bank on TV will have a sequel today when the SABC is served with papers alleging that spin-off events cost a small sponsorship company its business and taxpayers large sums in lost revenue.

The papers will be served by Peter Mancer and his sports promotion and sponsorship companies, Diversity Management & Productions and Tytherley Investments

The companies claim to have suffered damages of about R1m through the cancellation of a Wimbledon sponsorship, and a further R900 000 through lost sponsorships for Junior Wimbledon and TV2/3 Junior Sport

Mancer claims to have fallen foul of the SABC after he suggested that FNB's Barry Swart, Allied's Kevin de Villiers and United's Piet Badenhorst appear together on the Good Morning SA show at the height of United's battle with FNB for control of Allied The show was scheduled but aborted when Badenhorst expressed his reluctance to participate

At that stage in February, Mancer claims, he and his companies had binding contracts with the SABC covering sponsorship of the Comrades Marathon, Wimbledon, Junior Wimbledon and TV2/3 Junior Sport Mancer, in turn, had sold the Comrades sponsorship to Allied which he had previously assisted in sponsoring John Martin and Allied Bank in the BOC round-the-world yacht race

In the event, Mancer agreed to an SA Breweries sponsorship of the Comrades in exchange for other TV slots being given to Allied But he claims less fortune with the other events, and says the SABC unilaterally cancelled his rights He believes the SABC used its "monopoly" powers unjustly

In addition and because of the dispute, Mancer claims the SABC has failed to find a sponsor for Junior Wimbledon and Junior Sport This lack of sponsorship is estimated to have cost the taxpayer R2,4m in lost sponsorship revenues

Mancer is claiming R1m for cancellation of his Wimbledon sponsorship contract and R900 000 for cancellation of the Junior Wimbledon and Junior Sport contracts

Protection: 'Iscor uses scare tactics'

B/Day 4/7/91 (260)

BRENT VON MELVILLE

SMALL steel manufacturers claim Iscor is using "scare tactics" to pressure the Board of Trade & Industry (BTI) into ruling in its favour on import protection.

Iscor is working through the Rolled Steel Producers' Council, which is recognised as a powerful lobby Its chairman, Iscor MD Willem van Wyk, has warned that unless import duties are raised, up to 600 000 jobs could be directly and indirectly lost Iscor has threatened closures, higher imports and reduced exports

The BTI would not comment on which way the decision will go, but the Independent Wire Converters' Association (IWCA) says Iscor's claims are a pressure tactic of a protectionist lobby

Certain manufacturers claim steel tariffs have bred complacency and inefficiency throughout the industry and should therefore be eliminated

Local tubular steel manufacturers, for instance, are still unable to cope with drilling industry demand, or produce the quality required

Smith Mining Equipment MD Brian Coetzee says tube suppliers are enjoying protection despite the fact that they are unable to produce As a result local manufacturers are forced to import steel tubes

IWCA chairman Robin Bosomworth says internationally competitive domestic prices imply more low cost jobs in manufacturing, less incentive to import and greater support for beneficiation, as cartels are replaced by domestic competition.

The IWCA maintains that internationally competitive domestic steel prices should also stimulate exports of raw materials

SA exports 2,5-million tons and imports are minimal The IWCA claims SA is itself open to dumping criticism with two-tier pricing structures that serve only to encourage smaller steel manufacturers to move elsewhere.

"In the wire industry, the motives of the rolled steel producers are suspect, applying for particularly high protection levels only on selected wire rods — only those we use

Double

"The products they import are omitted It is clear abuse of a system intended as an 'anti-dumping' measure," said Bosomworth

The IWCA says the protection levels requested would lead to domestic wire rod prices at double the export price of R750 a ton, effectively eliminating smaller wire competitors and domestic competition among steel producers themselves

"In Germany mesh quality wire rod is R850 a ton and can be freely imported Germany's steel industry was liberalised decades ago In SA, we have both import control and formula duty protection but only on those products harmful to the rolled steel producers' interests"

Gqozo purges ANC from the airwaves

W/Mail 5/7 - 11/7/91

260

By FRANZ KRUGER Grahamstown

THE "Bisho Spring" is over at Radio Ciskei, where military ruler Brigadier Oupa Gqozo has barred mention of any political groups he doesn't like.

While Ciskei officials flatly denied that such a ban had been declared, it is clearly reflected in minutes of a June 22 meeting involving top management, the programmes section and the news team, which were obtained by *Weekly Mail* reporters.

The minutes said there was "an urgent need to change programmes due to a call from the head of state and Cabinet of dissatisfaction on our news and programmes content".

Among the resolutions taken were that the station would now be "highly musical", and that there would be "no mention whatsoever of any political organisation including PAC, ANC, Azapo, etc."

Yet, at the same time, Gqozo is attempting to expand the station's audience.

He has been involved in discussions with the SABC to have the station's signal extended right across the Cape, to reach Port Elizabeth and Cape Town.

The move is being linked to reports that Gqozo is setting up his own party, the Ciskei Freedom Party. Sources close to Radio Ciskei say the extended listenership, coupled with tight control over content, will be used to boost the party.

Observers point to the similarity in name with the Inkatha Freedom Party, and to Gqozo's sympathies with Inkatha leader Mangosuthu Buthelezi. They believe the party is intended to build a base for Gqozo to pit against the ANC, and earn him a place at the negotiating table.

The Ciskei government has so far been silent on the party, but there have been many reports of recruitment going on in the rural areas, and of membership cards being printed in Dimbaza in black, green and gold.

The chief executive of Radio Ciskei, Fikile Lubisi, confirmed a meeting was held late last week to discuss the extension of the Radio Ciskei's signal.

Lubisi said the Radio Ciskei delegation, which included military ruler Brigadier Gqozo, had met "top brass" of the SABC. He said he was optimistic the request would be granted.

In response to a series of faxed questions, the SABC's chief executive of radio, Carel van der Merwe, said only that the Ciskei Broadcasting Corporation "has approached the SABC with certain proposals. We are discussing it in consultation with Foreign Affairs".

Lubisi denied the move had anything to do with the Ciskei Freedom Party.

"Our sole intention is to boost revenue which will result in less dependence on government," Lubisi said.

The crackdown on Radio Ciskei comes after a series of conflicts between Gqozo and news staff. In February, news presenter Lindile Silimela was suspended on the direct orders of Gqozo for showing too little respect to him.

In April, disc jockey Mputumi Mafani was detained by Ciskei police for three days after allowing an official of the National Education, Health and Allied Workers Union (Nehawu) to telephone in and announce a union meeting over the air

During the visit of former British Prime Minister Margaret Thatcher in May, two news actuality presenters, Nomava Didiza and Mziwubanzi Tshikazana, were suspended for inviting Transkei ruler Major General Bantu Holomisa to comment on the visit. — Ecna.

● Sapa reports Gqozo as blaming "political opponents" of Ciskei for an incident in which soldiers forcibly removed Pan Africanist Congress leader Barney Desai from Radio Ciskei studios last month.

Canners to save R26m

S Times 7/7/91

(26) (Bus Times)

Business Times Reporter

ISCOR's R125-million tin-free-steel (TFS) line at Vanderbijlpark will save the canning industry R26,5-million a year because it is cheaper than the imported product

It became clear in 1987 that domestic demand for tinplate would soon exceed Iscor's capacity of 26 500 tons a month Iscor's plant is one of the largest in the world

It was decided to add 10 000 tons a month in the form of TFS because capital expenditure for equivalent tinplate capacity would have been much higher

TFS is electrolytically coated with a thin layer of metallic chrome and chrome oxide The buyer must apply a layer of lacquer Although the price will be 6% to 10% lower than tinplate, the lacquer raises the cost to the equivalent of tinplate

TFS can replace tinplate in some applications It is used for the ends of food cans But it cannot substitute tinplate for the body of the can because it is not practical to weld TFS

Media 'NP organs or monopoly-controlled'

(263) (260) CT 8/7/91

From ANTHONY JOHNSON

DURBAN — The ANC was "most disadvantaged" by its relations with the media in South Africa, the organisation's new president, Mr Nelson Mandela, told a rally at King's Park stadium yesterday

Mr Mandela said to cheers from the 50 000 crowd that the state-controlled radio and television services "at the end of the day are organs of the National Party"

"Most of the nation's newspapers are in the hands of a few monopolies," he said to more applause

But Mr Mandela said that this criticism should not be taken too far

"We must accept the press has every right to keep us under scrutiny. Of course we have the right to object to misinformation, disinformation and manipulation by the media"

But it was dangerous for the ANC to try to deny the press the right to criticise through their own eyes

"Our job is to answer them — not just swear at them"

● Mr Mandela cut his speech short to allow the crowd of ANC supporters to get home before darkness fell

Earlier, the ANC's deputy president, Mr Walter Sisulu, announced that "hooligans have been at work and some people who were coming to the stadium were assaulted"

Iscor set for orderly entry into US

260

B/Day 11/7/91

BRENT VON MELVILLE

ISCOR is well positioned to take immediate advantage of the re-opening of the US steel market, it believes

Iscor spokesman Piet du Plessis confirmed yesterday that Iscor's marketing network in the US was extremely well established and that despite lack of sales through sanctions over the past several years, those contacts had been maintained

He said that the US Voluntary Restraint Agreements allowed Iscor to export 263 000 tons of steel in 1986 to the US Actual tonnages that year reached 243 590 tons, compared with 230 345 tons in 1985 and 242 276 tons in 1984

Iscor's sales to North America fell to practically nothing in the interim period Du Plessis was reticent about what levels sales could reach with sanctions lifted

There is a worldwide glut of steel and prices are accordingly very weak

He said that Iscor's re-entry into the American market would be orderly and well-planned

"Our primary focus nevertheless remains local industry and when the expected upturn comes, our emphasis will remain on supplying local demand," Du Plessis said

"Despite this, exports will continue to help spread our fixed costs over an optimal level of production, thus keeping prices as low as possible for both local and overseas markets.

"The lifting of US sanctions will also benefit customers such as steel fabricators who will now be to export more of their ue-added products at margins," he said

The steel produce share hit its highest leve well over a year yester following a week of str gains ahead of yesterda announcement that the had scrapped sanctions

It jumped 16c yesterda to 251c.

Market analysts said I cor was attracting stron European interest as a pre lude to strong buying fron American investors

'Big boost to confidence'

B/Day 11/7/91

BRENT VON MELVILLE

THE lifting of US sanctions was a catalyst towards building confidence among the business community in SA and the restabilising of international commercial relationships, SA Sugar Association (SASA) chairman Glyn Taylor said yesterday

Since the loss of the US quota in 1986 the industry had actively pursued other international markets

"Nevertheless, the US market has always been attractive to the industry for traditional and commercial reasons, and we would be keen to re-establish our presence in this market."

The 1986 US quota for 40 000 tons would be worth $10,1m at today's spot sugar price of $253,50 a ton

Usko sells the family steel, but debt lingers

(Bus Times) (260) S Times 14/7/91

DIAGONAL STREET by Julie Walker

USKO firmed this week after the R50-million voetstoots sale of its steel division to Iscor and the R5-million on investments sold to Macsteel.

After the announcements on Tuesday, the shares and convertible prefs perked up 20c to 150c before cooling. The recent low was 100c, but only two years ago Usko was 500c.

After the disposals Usko will have two operations — non-ferrous and special metals, which holds the vanadium interests.

Usko has warned shareholders that its vanadium division may be merged with Rhovan, the mining partner in the joint venture.

The intention was for Rhovan to become one of the world's cheapest producers of vanadium pentoxide, but the process has been plagued by problems and delays and the collapse of the commodity price.

Money from the two sales will be used to repay debt. At March 31, the Usko balance sheet showed interest-bearing debt of R183-million, with a note that this figure is reduced with funds on deposit.

The operating loss for the six months to March on turnover of R294-million was R3,4-million, halved by income from investments. But debt servicing cost R9,5-million.

Commissioning of the vanadium plant led to an extraordinary loss of R20-million. The contract with Rhovan provides that Usko pay cash penalties if it cannot deliver the flake.

If the deals had been in place from October 1 last year, Usko's interim loss of 41,5c a share would have become a profit of 12,9c.

If Usko's 14% prefs had been converted, the earnings a share would have been 10,9c. Usko passed the last pref dividend.

At the interim to March 1991, chairman Floors Kotzee expected the steel division to remain under pressure in the current six months. The vanadium plant was expected to improve and the non-ferrous division continue with a positive contribution.

If the vanadium division is sold, Usko will have little in the way of operating assets, but will still have a pile of debt. The whole of Rhovan is capitalised at only R20-million on the JSE, so Usko's share will not fetch much.

Usko's net tangible asset value takes a dive after the steel sales. On a fully diluted basis at March 31 this year net asset value a share would have been down by 60% to 93c.

Shareholders are not told what else Usko aims to do to reduce the high debt, or indeed to generate income. Permanent capital could be sought through a rights issue.

If Usko sells all its assets, its technical worth at net asset value is 93c a share. If it makes acquisitions, they will be outside the core and probably need time to yield a return.

Perhaps minorities are hanging in for a delisting at a premium to net asset value — in vogue at the moment on the JSE.

The major shareholders are Iscor with almost 30% and Rembrandt through Metkor's 27%.

800 000 in unit trusts

THE number of investors in unit trusts has jumped to almost 800 000 and the market value of funds is nearly R10-billion.

As normal in bull runs on the JSE, investors buy into unit trusts at high prices. Sales reached R735-million in the three months to June.

Perhaps the smart guys cashed in units worth R285-million as share prices soared. On aggregate, the funds reduced liquidity from 24% to 18%.

The average return from the 16 general equity trusts in the past year is 20,6%, but the range is astonishing — the top was 29,6% and the worst 7,1%.

SA parastatals back in world bond markets

260 280 CT 15/7/91

Own Correspondent

JOHANNESBURG. — SA parastatals are returning to international bond markets after years of financial isolation and the lifting of sanctions is expected to accelerate the trend

Investors who have shunned SA for more than five years are being tempted back, with mainly Swiss and German interests involved

The latest in a series of overseas loans is a $40m new bond placement secured by Eskom through Swiss banks in London

Other public corporations have also broken into international bond markets this year. Transnet placed DM50m of four-year bonds in June and Posts and Telecommunications secured a DM150m four-year private placement in May

Figures compiled by the London School of Economics' Centre for the Study on the SA Economy and International Finance show that in the first half of this year SA borrowers had 10 international bond issues valued at $600m falling due. The centre estimates half had been refinanced.

Although few details are available, most of the deals secured are with private individuals But with the lifting of sanctions many expect foreign institutional involvement in the SA bond market to rise

But market analysts warn that falling foreign yields on capital market stock, in line with the narrowing of the financial rand discount, and economic and political uncertainty may dampen foreign enthusiasm for local bonds

Trade-linked financing is rising The largest deal this year was a $600m loan to the Industrial Development Corporation by the Export-Import Bank of Taiwan

Parastatals return to bond markets

15/7/91

SHARON WOOD

SA PARASTATALS are returning to international bond markets after years of financial isolation and the lifting of sanctions is expected to accelerate the trend.

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Free the airwaves

Soult 18/7 - 24/7/91.

By Enrico Kemp

260

SABC chief Professor Christo Viljoen has hinted at far-reaching recommendations which will restructure the entire broadcasting industry in South Africa

These recommendations will be contained in the final report of the controversial Task Group on Broadcasting in South and Southern Africa to be submitted to the government at the end of this month

The report is likely to be the catalyst for a "battle of the airwaves" between the government and SABC on the one side, and groups like the ANC and the Film and Allied Workers Organisation (Fawo) on the other

The task group, appointed last year by the Minister of Home Affairs, was the target of immediate attack over its composition and modus operandi

Viljoen, chairperson of the SABC and head of the task group, said this week the group would hold its final meeting next week

Its report was being printed and would be submitted to the government before the end of this month

"I'm very excited about the report and its recommendations. I believe it will precipitate an entirely new situation in the broadcasting industry in South Africa.

"We want to achieve a democratisation of the airwaves. I believe in a multiplicity of voices and we have tried to give effect to this in our recommendations," Viljoen said

While he declined to speculate on specific recommendations, Viljoen said he personally believed the country's advertising industry could support only one more television channel.

"Radio is of course a different matter. It is cheap and comparatively easy to set up Besides national and regional radio stations, the development of local radio has become well-established overseas and I believe we in South Africa cannot avoid this trend," he said

On the future of the SABC itself, Viljoen said it was unlikely that the corporation would become a non-commercial public service broadcaster.

"The SABC is at present a public service broadcaster which also sells advertising to obtain additional revenue and I can see no possibility of a change in the status quo," he said.

The task group was appointed by the government in May last year to formulate a new strategy.

Fawo and the Committee for Open Media (COM) have consistently argued that the future of broadcasting and the role of the SABC as a statutory

• TURN TO PAGE 2

• FROM PAGE 1

Airwaves

260

South 18/7- 24/7/91.

body should be the subject of negotiations on the constitutional future of South Africa

On the question of the task group's composition, Viljoen said the task group was meant to be a gathering of experts in the fields of communication and broadcasting technology and, as such, could not possibly be representative

ANC spokesman Mr Carl Niehaus said the organisation rejected the task group as an "unrepresentative initiative of the State" and wanted an independent inquiry into broadcasting in South Africa

"The body was obviously not representative of all the interest groups and certainly not of the democratic forces in the country As such, we consider it entirely unacceptable "

He said, however, the ANC would not reject out of hand any positive recommendations made by the group with regard to deregulation and privatisation in the broadcasting industry.

On the future of the SABC, Niehaus said the ANC would like to see the corporation become a public service broadcaster run by an independent and non-aligned board, with editorial freedom guaranteed.

Star 20/7/91

(26)

‘Agenda’ debate

A QUICK word with Minister of Law and Order Mr Adrian Vlok, less than 30 minutes before the SABC's "Agenda" TV programme was aired on Thursday night, led to the immediate scrapping of a three-sided live debate on police links with Inkatha

"Agenda" at 10 pm on Thursday night was to have featured a controversial live debate with Weekly Mail editor Anton Harber, Law and Order spokesman Captain Craig Kotze and Inkatha press liaison officer Suzanne Vos

But at the last minute "Agenda" staff at the SABC's Auckland Park studio were told it had been axed

The debate was based on the Weekly Mail's latest exposé, which alleges that the South African security police paid a quarter of a million rand into an Inkatha bank account to help Inkatha oppose the ANC.

"At about 9 pm we were all powdered up and ready to go on the air when suddenly there was a snap decision and it was called off," said Weekly Mail editor Mr Harber.

No reasons

"The executive producer gave no reasons for the cancellation. She didn't say anything about legal problems. She just said it wasn't her decision," said Mr Harber.

He said that it seemed the move to axe Thursday night's debate and rewrite the "Agenda" script followed a hurried telephone call made by fellow participant Captain Kotze after he had seen the front page of the latest edition of the Weekly Mail

Approached last night, Captain Kotze admitted that he had called Minister Vlok prior to going on the show and had "obviously been in consultation with the Minister" concerning the Weekly Mail allegations.

"But I want to stress that the final decision to cancel the debate rested with the SABC," said Captain Kotze

Denying he had been pressured by Minister

OFF THE AGENDA: Mail editor Anton Harber

PAT DEVEREAUX

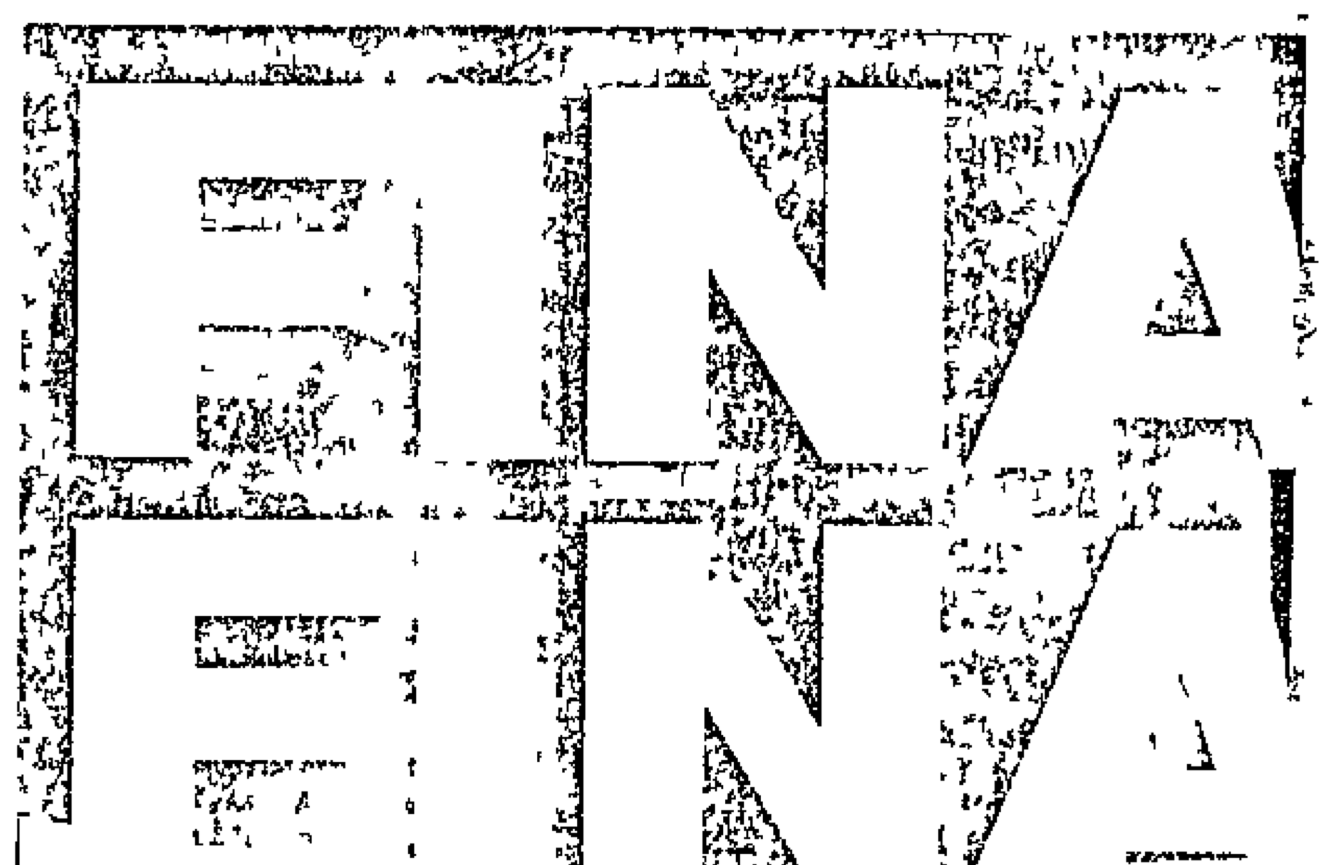
Adriaan Vlok to pull the debate off Agenda, the SABC's executive editor of television, Christo Kritzinger, said· "I exercised my right as an editor in deciding not to go with that story

"There was no pressure by the Minister But obviously I spoke to Minister Vlok (Thursday) last night as he was involved. However, it was my decision not to go with it

"It was decided to follow up the story in a responsible manner and that the relevant parties should be given time to establish their facts before we ran with the story."

"Some documents shown to us by the Weekly Mail were marked top secret, and there were possibly legal implications in exposing them," said Mr Kritzinger.

● TO PAGE 2



Agenda

(26)

● FROM PAGE 1.

However, other SABC sources, who asked not to be named for fear of repercussions, disclosed that they were horrified when the debate was called off at the last minute.

"Weekly Mail documents supporting the allegations were being filmed and all the participants had been made up, when suddenly we were told it was off," said one SABC employee.

Another said it was clear "the snap decision to cancel the debate had come from high up, possibly from the Minister himself".

"This is not the first time National Party members have intervened in broadcast matters. The same thing happened during President P W Botha's era," added the source

Agenda producer Ms Ina Joubert was not available for comment

"Agenda" presenter Pat Rogers said he had no idea who had decided to cancel the debate

"Mr Harber, Mr Kotze and myself were all made-up and ready to go. As far as I knew Suzanne Vos couldn't make the debate so we were going to go on without her. But suddenly the show was cancelled"

Mr Rogers added that he couldn't say what the reasons were for cancelling the show but would have to consult with SABC management first

Ms Vos said· "I was called to comment on the allegations on Thursday night But I couldn't go on 'Agenda' without consulting with Chief Gatsha Buthelezi first

"I managed to get hold of Chief Buthelezi who stated that he knew nothing of the allegations and denied any involvement"

Star 20/7/91

SA Press, SABC allowed headway

CT 23/7/91

LONDON — One consequence of the events of the past few days concerning security police funding for Inkatha has been the enhancement abroad of the reputation of the South African Press and, for once, the SABC.

Though it took Weekly Mail editor Anton Harber to get Law and Order Minister Adriaan Vlok to state publicly that he was considering resigning, the mere fact that the SABC provided the forum for this sort of debate did not go unnoticed.

Both the BBC and Independent Television News carried clips of the television debate which for once, showed a South African Cabinet minister subjected to questioning from journalists who aren't on their knees.

This sort of television is taken for granted in the United Kingdom, where people like Jonathan Dimbleby have made ministers squirm visibly before millions of viewers.

The underlying premise is that ministers are accountable to the public who elected them, and the journalists operate on behalf of the electorate.

In South Africa's case where the majority do not even have the vote, the role of sharp, independent journalists tackling ministers on key issues becomes that much more important — **Daily Telegraph**

'Encouraging' 30% hike in ad spending ~~bucks trend~~

B/Day 23/7/91

MARCIA KLEIN

A MARKED rise in advertising expenditure in May saw media investment increase by 30,5% to R193,7m compared with May 1990, the latest Adindex figures show.

The increase bucks the trend of average growth rates of just over 20% from January to April this year, and The Media Shop MD Dick Reed said yesterday recent figures were "encouraging".

The strongest growth categories were cinema and TV, with a 44% and 46,8% rise respectively. Print and radio followed at a growth of about 22% each.

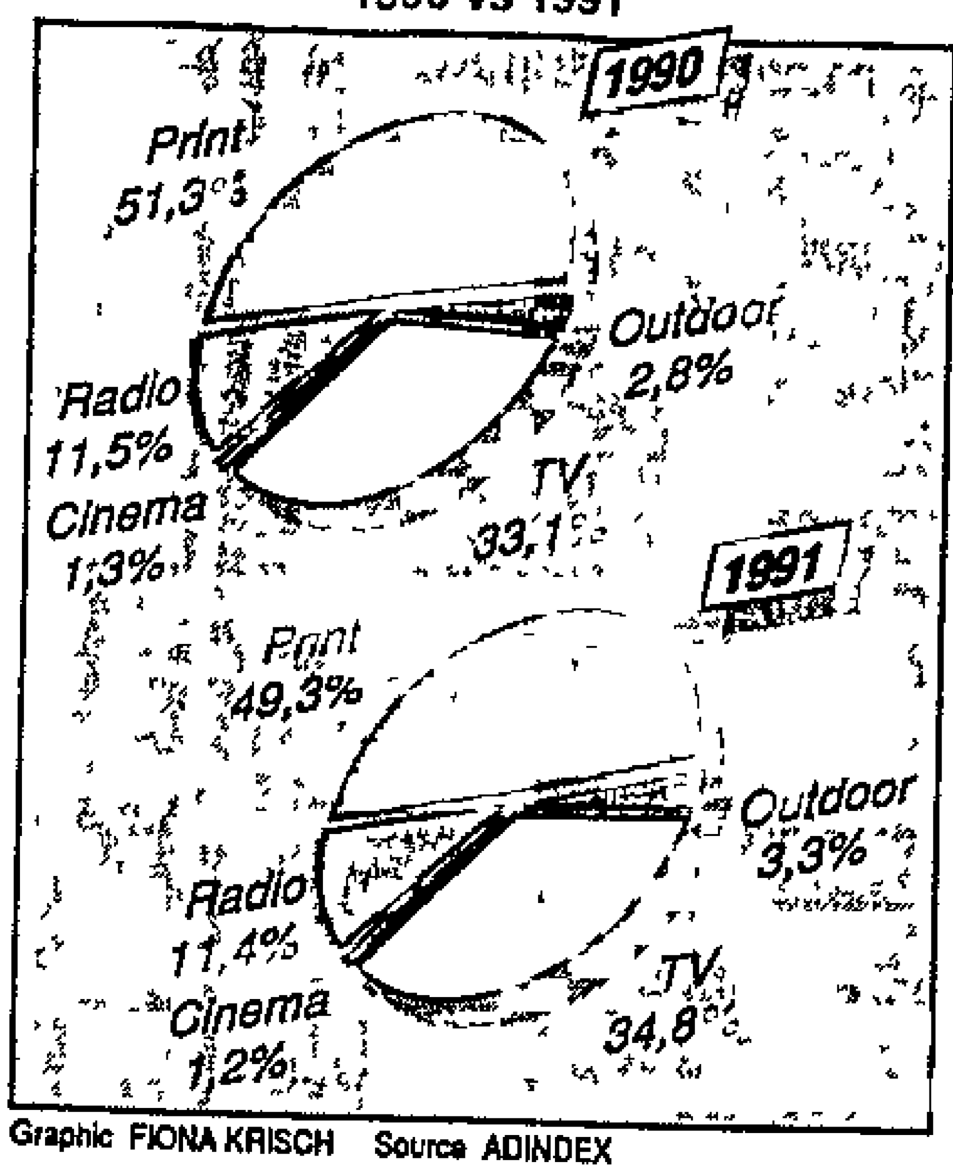
Reed said M-Net was "star performer", recording a 166,6% growth in adspend. It was followed by the SABC's Nguni/Sotho radio services at 48,9%. SABC TV stations 1,2 and 3/4 all showed growth of over 25%.

Other media types which showed growth of over 20% were English and Afrikaans dailies and consumer magazines, magazines directed at black, coloured and Asian readers, trade and technical magazines and financial journals.

Adspend declined in the Afrikaans weekend Press and SABC's regional radio stations, while black, coloured and Asian orientated newspapers and English weekend papers showed only 3% and 9,6% growth respectively. Radio 702 showed a 29% increase and Radio 5 growth of 8,3%.

Reed said outdoor advertising grew 39,5% for the period from January to May,

1990 vs 1991



Graphic FIONA KRISCH Source ADINDEX

"although it is understood to be off a different base".

TV continued its strong growth with a 35,8% increase over the five-month period, but Reed said "the new discount systems are likely to cause this to be an over-reading of actual money invested". 260

Print's share of the adspend cake is running at 49,3% for the year to date compared with 51,3% in 1990 TV's share is 34,8% (33,1%), radio's is 11,4% (11,5%), outdoor accounts for 3,3% (2,8%) and cinema for 1,2% (1,3%).

Ex-chief minister joins trust to aid very poor

Argus 24/7/91

(260)

Political Staff

MR Enos Mabuza, former chief minister of KaNgwane, and Professor Wiseman Nkuhlu, principal of the University of Transkei, have been appointed additional executive directors of the Independent Development Trust

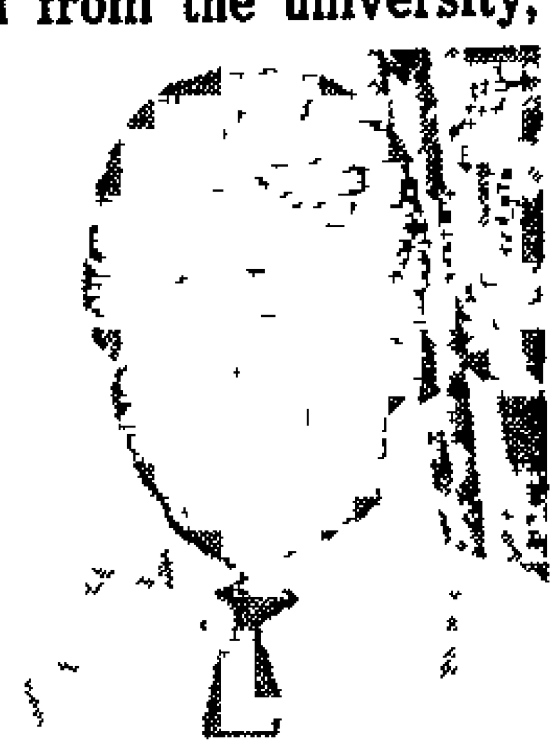
Mr Mabuza

Their appointments bring the number of IDT executive directors to eight The trust administers the R2 billion given by the government last year to address the plight of the very poor.

Mr Mabuza, a business consultant, will join the IDT in August and will be based in Johannesburg.

IDT chairman Mr Jan Steyn said "We shall be seeking to benefit from Mr Mabuza's considerable experience, judgment and knowledge in many fields which are relevant to the work of the IDT."

Professor Nkuhlu, already an IDT trustee, will spend a year's sabbatical from the university, starting in January next year, to work as executive director of project development



Professor Nkuhlu

He will work in the education portfolio in the planning and evolution of a national community learning centre programme with special responsibility for implementing community trusts

Professor Nkuhlu will also be involved with the IDT's health portfolio in the planning and evolution of a national clinic-building programme which will have links with the school-building project

The first black chartered accountant in South Africa, Professor Nkuhlu worked at the Loraine Gold Mines from 1965 to 1967

SABC not yet decided on video

260

Sowetan 25/7/91

THE SABC is in possession of a video recording of an extensive interview with Sergeant Felix Isaias Ndimene.

Ndimene, who claimed he was a former South African Defence Force Special Forces unit operative, gave detailed accounts of alleged SADF involvement in violence on the Reef

Executive editor of television news production, Christo Kritzinger, said the corporation was still considering whether to screen the 30-minute material.

"We will make a copy of the video and give the cassette back to Zwelakhe Sisulu, *New Nation* editor, so that they can also make it available to other journalits.

"We still have to make a decision on whether we are going to broadcast the material.

"There is nothing new in the video. Everything in the cassette was reported in the *Sunday Star*," Kritzinger said

The video was originally offered to the SABC by Sisulu on Tuesday for screening last night.

Sisulu said former Sergeant Ndimene says in the interview that much of the senseless township violence and train massacres had been planned and carried out by SADF Special Forces units

Sisulu said yesterday. "We believe it is within the public's interest that the SABC screen this video and so let the public judge for themselves"

Developing comunities — anywhere

260

Star 25/7/91

By Louise Burgers

The Development Bank of Southern Africa has contributed to the improved living conditions in many communities, but this was still only a drop in the ocean as far as the national need was concerned, says chief executive Dr Simon Brand.

The bank made about R1 billion available to projects in the 1991/92 financial year and in the past eight years it spent some R4 billion on 750 projects

The largest project the bank is involved in is the provision of R600 million worth of infrastructure for the Lesotho Highlands Water project. In KwaZulu and Natal, it is providing about R70 million towards industrial infrastructure.

Dr Brand said the Development Bank had often faced the criticism that it was seen to be supporting apartheid structures by providing assistance in the homelands and TBVC-states "The money is there for the upliftment of communities," he said, adding that the Bank was prepared to help regardless of political affiliation

The bank has also played an important role in changing the approach to agricultural development in black areas

"We have shifted it away from a situation where you have the development corporations farming on a large scale with the local people involved as labour — and shifting that towards an approach where one supports the small farmer to get a more meaningful involvement of people in agricultural development."

Important to the bank is its support of education and training and health care facilities — such as technikons and teacher and nursing training colleges

The bank has also acted as a facilitator in getting the private sector involved with the provision of housing and commercial facilities in disadvantaged areas

With promises of a huge influx of foreign funding, the bank stands poised to redress the multi-billion rand backlog in development.

This is the scenario Dr Brand sees evolving as overseas governments shift their emphasis from funding traditional "apartheid victims" to funding development projects in Southern Africa.

"We have been discussing co-operation between the bank and Western European governments and multi-national institutions such as the United Nations development programme and the World Bank.

"The work of the bank is well-known and appreciated in many of these institutions and our impression is that there is quite a keen interest They (developed countries) are all looking at their involvement in Southern Africa and also South Africa."

However, the bank did not want to enter into any international agreements on foreign funding until it had the support of extra-parliamentary movements and other institutions in the country. "We keep the extra-parliamentary movements informed about what we see as the future of development

The Development Bank was established on June 30 1983 by the governments of South Africa, Tanskei, Bophuthatswana, Venda and Ciskei to mobilise and provide loan finance, technical assistance and advice for sustainable development projects It has increasingly become involved in economic reform issues.

During the eight years of its existence, services have been extended to neighbouring countries such as Lesotho, Mozambique and Namibia

The ultimate clients of the bank are the economically disadvantaged people in Southern Africa. Its direct borrowers are central, regional and local governments, their development agencies and non-governmental agencies fulfilling a developmental role.

Funding is from parliamentary grants and the capital markets

Dr Brand said that increasingly, in the past few years, the bank had not always been able to identify the technical capacity of the borrower to implement projects — whether it be a homeland authority, local authority, para-statal body or non-governmental organisation.

When the bank was first approached to provide assistance in Soweto, it was clear that the town councils did not have sufficient support from the community

"Therefore, before we could get involved in a project, one had to work towards establishing more legitimate, representative structures with which we could co-operate We suggested to the Transvaal Provincial Administration that they had to be prepared to bring the civic associations in"

This is how the Development Bank got involved in the Soweto Accord and the Witwatersrand Metropolitan Chamber where it has observer status and provides technical assistance

Govt is foiled in bid to boost stock

B/Day 25/7/91 (260)

ANDREW GILL

GOVERNMENT's attempt to bring its capital market rates in line with other gilts has been blocked by a fundamentally bearish market and investor uncertainty over the Budget deficit

The marketer of government stock, the Reserve Bank, last year moved to become a market-maker in the same way as Eskom had done

Eskom has become known as "the buyer of last resort", making sure its paper is always tradeable.

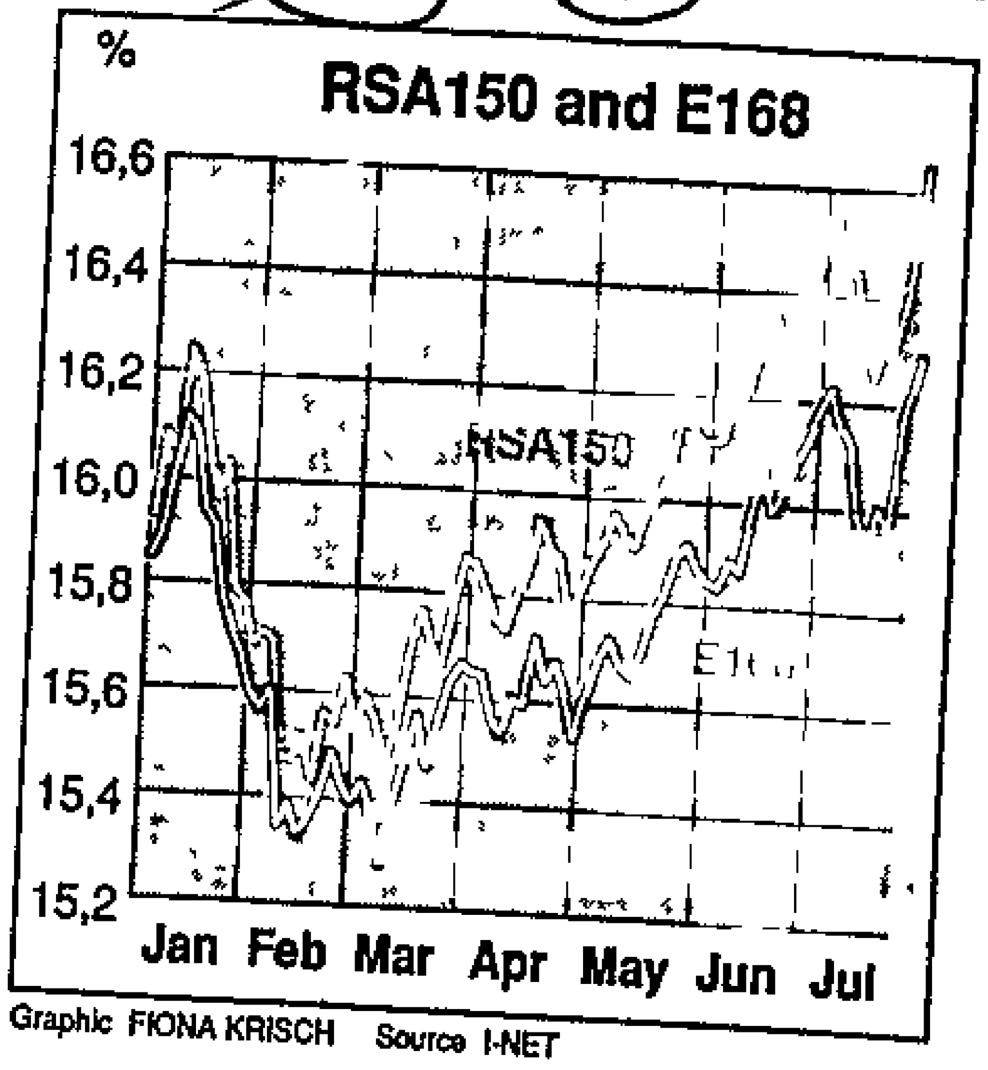
However, because of the much larger size of government's borrowing commitments relative to Eskom's, it has become difficult for the Bank to make significant inroads when large sellers are present.

The differential between the two has climbed to more than 35 points from February's seven-point low.

The Eskom 168 ended at 16,290% yesterday Government's R150 closed at 16,635%

Analysts said Eskom's funding requirements had shrunk, resulting in the stock becoming more scarce Government stock had become more available as its funding requirements grew.

One of the mechanisms the Bank uses to make government stock more attractive is the options market Turnover has averaged R1,2bn a month from an average R0,3bn a month in the first half of 1990.



Graphic FIONA KRISCH Source I-NET

Some analysts suggested the growth in the market had forced the Bank to buy back far more stock than had been expected with investors exercising sell options

Investor nervousness, already exacer-

☐ To Page 2

Stock

B/Day 25/7/91 (260)

☐ From Page 1

bated by the revelations of secret government funds for Inkatha, was compounded by Finance Department director-general Gerhard Croeser's reported comments that a 5% deficit before borrowing was possible, but that it was still too soon to tell

The analysts said the average rate at which government funded itself last year was 16,39%, at least 15 points above Eskom

ROBERT GENTLE reports the bill to the taxpayer for the Inkatha revelations could run into millions of rands because it has sent interest rates on government stock soaring

Capital market traders, working on the recent rates surge, estimated that at current rates government would have to pay between R20m and R25m extra for every R1bn of new borrowings through its benchmark R150 stock.

They said the figures would probably be higher because rates were likely to harden even further once borrowing started

The 12% interest on the R150 meant a further R3m every year, approximately, in interest payments until maturity in the year 2005

Simpson McKie gilts trader Marilyn Visser said these figures were "not unreasonable"

Analysts vary in their estimates as to just what proportion of the recent rates surge was due directly to the Inkatha scandal — as opposed to government overspending

Some traders said the rise was only partially Inkatha-driven, others that it was totally Inkatha-driven

THE MEDIA (TEB) 260 CT 26/7/91 James McClurg

SABC's treatment of scandal builds hope for new era

IF THE SABC's handling of the government funding scandal is any guide, there are grounds for hope that it has finally turned its back on an era of timidity and subservience

After a shaky start the corporation evidently decided to meet a difficult situation head-on No holds were barred either in a discussion by three foreign correspondents in Nigel Murphy's radio programme, The Editors, or, more significantly, in the key TV programme Agenda

Particularly telling — and an example to most of the SABC's own interlocutors — was the courteous but insistent questioning of the Minister of Law and Order, Mr Adriaan Vlok, by Mr Anton Harber, editor of Weekly Mail, which had revealed the scandal

This produced a moment of genuine drama when Mr Vlok disclosed that he was "reconsidering his position"

There was drama, too, from Ulundi, with Chief Gatsha Buthelezi fighting for his own political life and that of his movement, Inkatha

In most democratic countries television has shown that it can make history as well as reflect it For good or ill — mostly, we may hope, for good — that day may now have dawned in South Africa

— How Fred Mouton of Die Burger saw Mr Adriaan Vlok's plight

Moment of truth all round

NOT less than for the SABC, this was an uncomfortable moment of truth for the editors of the government-supporting newspapers Would they funk it? If not, how far would they go?

In Rapport, Naas Botha and his "brand-new" wife reigned supreme over the front page Readers who might have been interested in the scandal had to content themselves with a long, exculpatory discussion between Mr Vlok and the recently-appointed editor, Mr Izak de Villiers "At the time it was justified", said the headline, summarising Mr Vlok's case

In contrast, Beeld accused the government of "shooting itself in the foot" and said it was clear that the help to Inkatha was concerned with much more than the fight against sanctions

The revelation would cause greater credibility to be attached to the allegations that the SA Police had been in cahoots with Inkatha over township violence

Die Burger, always more cautious than its sister of the north, said the affair was "not exactly an elevating story at this stage of South Africa's history"

Although the ANC was in no moral position to throw stones, the donation to Inkatha was "troubling" and President De Klerk would do well to consider changes in the Cabinet

Dawie, political commentator of the Nasionale group, said it was "generally expected" that heads would roll

A price would have to be paid for what was "widely regarded as a wrongful action in support of a single political party"

Die Volksblad said the government's judgment and even its integrity were being widely

Sayings of the Week

☐ In all his letters Jan van Riebeeck pleaded for more slaves Since that time many of us here have had no enthusiasm for manual work. — **Rapport columnist Pollux.**

☐☐☐

☐ Unfortunately for President De Klerk, the perception has arisen among many people that his government is perhaps not to be trusted He ought to be worried about that. — **Mr Cyril Ramaphosa, secretary-general of the ANC, as quoted in Die Volksblad.**

☐☐☐

☐ I believe South Africa should be bombarded with ideas rather than that the narrow-mindedness and old-fashioned thinking that caused so many problems should be reinforced by isolation. — **André P Brink, author, in an interview with Vrye Weekblad.**

BROADCASTING FM 26/7/91 (260)

A LIGHT TOUCH

The most important recommendation the Task Group on broadcasting will make in its report, to be presented to Cabinet this week, concerns the nature of future regulation

Regulation is necessary, most experts agree, because of technical limitations on bandwidth Unlike print, which has no physical restriction on the number of publications which may be set up, TV and radio stations have to be accommodated within a finite spectrum of frequencies

Bernstein Loxton Golding & Klein media director Roger Garlick says, however, it is fallacious to suggest that there are insufficient frequencies for genuine free enterprise to prevail Each available frequency, for example, could be divided among several broadcasting contractors Rights could be awarded to one for weekday news programmes, to another for weekend news, to a third for prime-time entertainment programming, and so on

Somebody has to decide whom to license as broadcasters so the make-up and powers of that body are of critical concern

SA needs an organisation along the lines of the Federal Communications Commission of the US, independent of government and commercial pressure groups It must operate within certain statutory parameters but, like good government, it should reduce to a minimum its interference in market processes

"It should regulate with a light touch and encourage the broadcast industry to regulate itself," argues Radio 702 GM Stan Katz "Self-regulation is necessary to keep the airwaves free of obscenity, incitement to crime, racism and sexism But control over station format, programme content or language choice is not desirable "

Bop Broadcasting director-general Jonathan Proctor agrees "Government control of broadcasting cannot be allowed International trends are towards allowing increased private-sector participation Broadcasting must be made independent of government "

The method, he believes, should be to free the market by pulling not pushing — through incentives rather than subsidies "Subsidies simply encourage mediocrity and unfair business practices and are a burden on society in general "

Nobody favours an unregulated free-for-all such as that which occurred in Australia and resulted in several broadcasters going bankrupt

A proposed plan of action could involve.

☐ Establishing an agreed declaration of principles for radio and TV broadcasting as a framework within which the broadcasting commission would operate,

☐ Set up a truly independent broadcasting commission comprising appropriate individuals of standing and credibility It should not be answerable to any political party nor commercial interests,

Garlick *let's have more advertising*

☐ The powers of the commission would be to license broadcasters for a fixed period (say five years) but licences should not be arbitrarily revokable except as a result of transgression of licence conditions,

☐ Conditions for the granting of licences should include the availability of frequencies, competence and financial adequacy of the applicant, and geographical limitations Thus a broadcaster might be licensed for the Cape peninsula only, and

☐ Once a licence is granted, there should be no interference by the commission Market forces should be the only influence on the broadcaster's choice of programming, language of transmission or station format

The weakness of leaving broadcasting totally at the mercy of market forces is that quality tends to descend to the level of the lowest common denominator and that minority interests are ignored The solution is to set up a noncommercial public broadcasting service, the problem is how to fund it

Licensing has proved to be a leaky process in SA There are already large numbers of pirate viewers, effectively subsidised by those who pay their fees "Heaven forbid," says Garlick, "that licences are retained as a source of income, or worse that they increase dependence on licences and reduce reliance on advertising

"To lessen the reliance on advertising would reduce income from the one source which is more than happy to increase expenditure More broadcast hours, more diversity and more advertising potential means increased income based on wider programming and bigger audiences "

Experience in countries such as the US, however, provides little confidence that commercial TV is synonymous with quality Garlick suggests standards could be maintained by making broadcast rights conditional on meeting certain quality criteria

A better idea would be to leave market forces untainted and to run a separate public station on a limited budget, funded either directly by government with taxpayers' money, or by subscribers to an encoded transmission along the lines of M-Net ■

Star 26/7/91 (260)

Reserve Bank retrenching

By Maggie Rowley

CAPE TOWN — About 37 percent of the Cape Town staff of the Reserve Bank are to be retrenched

Regional manager Brian Winn says the retrenchments are part of widespread rationalisation.

The Reserve Bank has said it will discontinue its normal banking services to clients at all branches with the exception of those in Johannesburg and Pretoria from January 1

The move is the result of, among other things, the privatisation and commercialisation of government enterprises, the centralisation of government accounts and technological developments.

However, branches will continue to supply and handle banknotes

Johan Terreblanche, assistant general manager, says the rationalisation means fewer jobs; but that no staff will be summarily dismissed.

"Those personnel who wish to further their careers at the bank and who are willing to accept a transfer will be accommodated at head office or another branch."

Other staff will be offered a severance package.

Political changes open new vistas for Development Bank

Star 26/7/91 (260)

By Barney Mthombothi
Star Africa Service

The Development Bank of Southern Africa (DBSA) is looking forward with undisguised relish to developments on the continent.

Since President FW de Klerk fired his starting gun on February 2 last year, political developments have been flitting past at bewildering speed.

New vistas are opening up, doors that were firmly shut for years are opening, some admittedly reluctantly, and foes are suddenly discovering they have had lots in common all these years.

No institution has metamorphised as rapidly in the eyes of its critics as the DBSA.

Misfortune

Founded eight years ago by the South African government and its satellite homeland states, it soon received a reputation as an apartheid bank.

It was also the bank's misfortune that its launch coincided with the heat generated by P W Botha's tricameral constitution and such government initiatives as the Koornhof Bills.

To government critics, therefore, the bank was indistinguishable from the nuts and bolts of Mr Botha's total strategy.

General manager Nick Christodoulou EC is saying "Please talk to each other"

February 2 1990 changed all that. Senior bank officials now talk enthusiastically, and openly, about its projects in neighbouring countries.

Two of its officials a few weeks ago returned from the annual meeting of the African Development Bank (AFDB) in Abidjan, Ivory Coast, elated by their reception.

The thaw here also co-incides with a new realism in Africa and an emphasis on economic integration.

Regional institutions like the Economic Community of West Africa (ECOWAS) are being strengthened and are playing an increasingly important role in foreign policy and security matters. There are also attempts to resuscitate the East African Community.

It is expected that these regional organisations will form a firm foundation for the new African Economic Community (AEC) launched at the OAU summit in Nigeria.

Co-operation

These developments therefore augur well for future co-operation between the DBSA and other institutions on the continent. The key is the normalisation of political life within SA.

Within the country itself foes are becoming friends. The bank is discussing with Kagiso Trust co-operation in rural development projects.

Kagiso Trust, funnellers of EC funds to help victims of apartheid, would not have touched the bank with a barge pole two years ago.

"Isn't that amazing?" says Nick Christodoulou, one of DBSA's general managers.

"We have lunch together nowadays with Eric Molobi and Achmat Dangor (Kagiso officials) and we laugh about it because it's crazy. We were doing the same thing all along.

"But now the EC is saying, 'The DBSA and Kagiso are doing the same thing, please talk to each other,' and we are."

Even before the thaw flowing from Mr de Klerk's reforms, the bank was already involved in projects in Mozambique, Lesotho (mainly to do with the Lesotho Highlands Water Project) and Namibia.

In fact, the bank has had approaches from almost all southern African countries, except Zimbabwe.

The bank's chief executive, Dr Simon Brand, is now having talks with the new administration in Windhoek to see what role it could play in the changed environment there.

"We could be funding projects in Zaire tomorrow if we had the resources," Mr Christodoulou says.

Were hostile

In most of these projects the bank has found itself in parallel funding arrangements with agencies like the World Bank, the African Development Bank, the Commonwealth Development Corporation and the Southern African Development Co-ordinating Conference (SADCC).

This therefore allowed the bank an opportunity to establish contact with institutions it would not normally meet and which in the main were hostile towards the Republic.

On almost virgin land ... the Midrand headquarters of the Development Bank of Southern Africa lie alongside the Pretoria-Johannesburg highway, probably the busiest road in southern Africa

"There was always clearly a strong argument for economic co-operation. But it was impaired by the political situation. The moment that some relaxation on the political front takes place, the economic co-operation will take a leap forward."

So far there has been limited contact with SADCC but as events continue to unfold the two organisations may find themselves covering pretty much the same patch in future.

This may require some rationalisation or one being swallowed up by the other.

But Mr Christodoulou says the functions are so broad and the geographic area so vast that the resources of both organisations put together may not be enough to address the region's problems.

The belief also that South Africa will be the engine that would revitalise the entire continent — which seems to be behind the stampede by some African countries to establish contact with SA despite sanctions — is also misplaced.

South Africa simply does not have the resources to play such a role and, secondly, a new majority rule government will have its own backyard to sweep first.

Basic needs

DBSA's Johan C van Zyl says in a discussion paper: "A post-apartheid SA would have to pay serious attention to the alleviation of poverty at home and the elimination of major socio-economic backlogs in education, health, welfare and housing.

"In fact, to stand any kind of chance of meeting these basic needs, SA would have to improve its own recent poor economic performance very significantly."

It's a point that seems to have been well-taken by SADCC's senior officers. Kgosukwe Moesi, of SADCC, said in an interview recently the advent of majority rule in SA would not necessarily change the unequal relationship between SA and SADCC countries.

"The new government will obviously pursue policies that in its opinion best serve the national interests of the country," Mr Moesi said.

"With the complexity of socio-economic problems that will confront a post-apartheid SA, it is likely that the country will be a competitor for aid, and not a donor."

Takeover

The exaggerated perception of SA's economic might is also linked to the fear among SADCC countries of an economic takeover of the region by the Republic, flooding the markets with its products.

"That's not true," Mr Christodoulou says. "But where SA and organisations like the DBSA could be of enormous assistance is in acting as a channel for international aid to all countries in southern Africa."

Trust names two more executive directors

Enos Mabuza . ex-Chief Minister now business consultant

Own Correspondent Star 26/7/91 (260)

CAPE TOWN — Enos Mabuza, former Chief Minister of KaNgwane, and Professor Wiseman Nkuhlu, principal of the University of Transkei, have been appointed additional executive directors of the Independent Development Trust (IDT)

Their appointments bring the number of IDT executive directors to eight The trust administers the R2 billion given by the Government last year to address the plight of the poor

Mr Mabuza, a business consultant, will join the IDT next month and will be based in Johannesburg

IDT chairman Jan Steyn said "We shall be seeking to benefit from Mr Mabuza's considerable experience, judgment and knowledge in many fields which are relevant to the IDT's work"

Professor Nkuhlu, already an IDT trustee, will spend a year's sabbatical from January 1 next year as executive director of project development

He will work in the education portfolio in the planning and evolution of a national community learning centre programme and be responsible for implementing community trusts

Professor Nkuhlu will also be involved with the IDT's health portfolio in the planning and evolution of a national clinic-building programme, which will have links with the school-building project

The first black chartered accountant in SA, Professor Nkuhlu worked at Loraine Gold Mines from 1965 to 1967

Iscor shares peak as steel sales rally in SA

S|Times (Bus Times) 260 4/8/91

By DAVID CARTE

DOMESTIC demand for Iscor steel had held up better than feared, managing director Willem van Wyk reported this week as the share price hit a high of 250c

Only six months ago the share was at 170c — 15% below its listing price of 200c The increase has been nearly 50%

Mr Van Wyk says SA demand hit a low in February and March, but picked up slightly in May, June and July Although demand is still weak, it is better than he feared

Stockbrokers report strong buying interest from abroad after a favourable report on Iscor by London broker Cazenove It found Iscor to be an extraordinarily low-cost producer

Cazenove made its recommendation even though British Steel profits were down 60%

Another London broker, Williams de Broe, says world steel will remain sick and British Steel will lose £125-million this year

A Johannesburg broker speculates that the formation by Old Mutual of a unit trust in the Channel Islands specialising in SA shares could have led to orders

Old Mutual, he says, is a big holder of Iscor shares

Although the depressed SA economy is likely to dent earnings this year, Iscor looks good in this week's Fortune Global 500 companies It ranks 240th biggest company in the world by sales ($4,7-billion)

The SA steel major ranks 25th in the world among metals producers Thanks to its low costs, it boasts the best return on assets in world metals — and the second best on sales

Longer

An analyst says that because of the depressed economy, SA sales would have declined from well above 60% of Iscor's total to slightly more than 50%

"Margins are far better on domestic sales, so this trend will result in poor earnings I would not expect more than 30c to 35c a share compared with 50c last year But we are advising institutions to take a longer view

"When Iscor is selling 70% of its production to the SA market — as it will in better conditions' — it will be extremely profitable In the meantime, any dollar price increase and any weakness in the rand will help.

"The company will obviously push higher-value products in foreign markets to maximise profits "

The high cost of transporting steel to the coast and then shipping it to foreign markets is the main reason SA margins are so much better

The Wire Converters Association is getting restless and wants to import cheap foreign steel, but Iscor says it receives tariff protection of only about 5%

It claims steel is being dumped internationally and this level of protection is hardly adequate

A spokesman for the Rolled Steel Producers Association says the cost of transporting a ton of steel to Europe is R200, or roughly $70

But the current value of a ton of steel is $300 Sixty percent of the transport cost is railage to the coast.

An Iscor spokesman says the corporation cannot immediately benefit from the lifting of sanctions It is already selling every ton of steel it can make

Mr Van Wyk will not be drawn on upcoming earnings or dividends, but he thinks the one to two-year view has brightened

"I see Dr Bruggemans of First National Bank says the local economy is bottoming Everyone is looking for an upturn overseas

"I can state that everything here is working well and that our performance will be determined entirely by economic performance

Upturn

"The R3,3-billion we have spent on upgrading plant and adding value to product is all working well All units are operating smoothly and our production is running at 640 000 tons a month, which is 8-million tons a year, a good increase on last year's 7-million tons

"We are about to cut back sharply on capital spending "

Mr Van Wyk says Iscor will feel any upturn here or abroad immediately because high-value-added products, such as tinplate for canning and rolled steel for white goods and the motor industry, will react nearly instantaneously to an uptick

Netherlands hosts meeting on SA media

Bus Day 6/8/91

SOME SA broadcasters and people and organisations involved in the electronic media are travelling to Doorn in the Netherlands this week to attend a conference on the future of SA's electronic media.

About 40 delegates have been chosen to attend the Jabulani Freedom of the Airwaves conference organised by Omroep Voor Radio Freedom and the Anti-Apartheid Movement in the Netherlands.

Organisers said the conference was "to give South Africans an opportunity to formulate a strategy to free the airwaves"

The 40 delegates were from "democratic organisations and/or individuals who play an important part in the discussion on democratising the electronic media" 260

Conference topics include the task group on broadcasting's report on deregulation of broadcasting in SA, the future role of the SABC and the composition of an envisaged independent broadcasting authority

The long-awaited report by the task group was expected to be published before the conference, but the findings have not yet been made public.

Radio 702 GM Stan Katz said he would restate 702's views on deregulation at the conference "We seek a free market system with minimal state intervention. Licences should be granted, and subsequently renewed, by an independent authority, to which the SABC should be answerable."

Katz said 702 also believed the SABC should not compete with the private sector for advertising revenues but that it should play a chiefly cultural and educational role

Tuning in for sounds of freedom on the airwaves

South 8/8/-14/8/91.

(260)

Delegates from a wide range of South African organisations meet in Holland next week to discuss broadcasting in a democratic South Africa. BBC radio journalist **AKWE AMOSU** reports.

DELEGATES from about 40 organisations are meeting in Holland next week to hammer out a strategy for ensuring that the airwaves of a new South Africa are liberated and liberating

The conference, "Jabulani! Freedom of the Airwaves", is being hosted by a Dutch pressure group called Omroep voor Radio Freedom

Among media organisations sending representatives are Radio 702, the Weekly Mail, the Cape Town community radio and video groups ...set and Cvet, Capital Radio, Bop TV, Radio Transkei, the Film and Allied Workers' Organisation and the Video News Service

Others attending include the African National Congress (ANC), the Congress of South African Trade Unions (Cosatu), the National Council of Trade Unions (Nactu), and the National Association of ...ics

The idea is to work out what broadcasting in a democratic South Africa ought to look like and then to work out how to get there

Delegates will also discuss how to respond to the findings of the broadcasting task group headed by SABC ...f Christo Viljoen, whose report just been handed to Home Affairs Minister Gene Louw

Also on the agenda will be the question of what to do with the SABC Many people feel that although things have improved since February 2 1990 the state corporation still tends to be a mouthpiece for the National Party

So one central issue is control — how to protect the public broadcaster from manipulation by politicians

Another is whether the public should go along with privatising the SABC — selling off the most profitable parts to the highest bidder and leaving the state to foot the bill for the rest

There are presently about 30 radio stations in South Africa, with the SABC controlling 23 of them.

These include the two national white stations, the nine black stations, the regionals like Good Hope, the Radio 5 music station, the Radio Lotus Indian station, and a few others like Radio 2 000

These stations have a huge number of listeners — over 12 million every day Some 82 per cent of urban blacks have listened to radio in the past week Radio Zulu has over 3 million listeners — more than half the country's Zulu population — while the biggest white station is Radio Suid-Afrika with nearly 900 000 daily lis...

Christo Viljoen

The law currently bars everyone except the SABC from radio broadcasting in South Africa Stations like ... Thoyandou or Capital Radio operate from the "homelands", but they may broadcast only on medium wave, which limits their range and forces them to compete at a disadvantage with the SABC which uses the higher quality FM signal.

That's why many people want to see some deregulation of the airwaves — so that people other than the SABC can get a look in

However, there's concern that the big media houses like Argus, Nasionale Pers and Times Media will end up dominating commercial radio just as they dominate the newspaper industry

So next week's conference will be discussing ways to limit their power.

Setting up commercial stations might be a way to challenge the SABC's monopoly, but nobody wants them to turn out to be carbon copies of the daily newspapers.

That means that we'll need restrictions on cross-ownership, making it impossible for a newspaper owner in one town to hold a majority stake in ... stat...

We'll also need to set a limit on the number of radio stations any company or individual can own

Another way of curbing monopoly is community radio — radio run by local people for local people.

It has an obvious role to play in a society where there is so much grassroots organisation and such a need for debate of local issues

But it also is a great training ground for people who want to move into broadcasting full time

Certain measures will be vital if we are to have freedom of the airwaves. For example, there seems to be almost universal agreement that we need an Independent Broadcasting Authority (IBA)

The tasks of such a body would include protecting broadcasters from state interference, overseeing quality in radio and television broadcasts, and ensuring a right of reply to listeners.

It would have to be a body committed to change

We would need to hear black people's voices on what were previously white radio stations and vice versa, for instance

We would need culturally varied content and impartial news reports on all stations

The fear is that if the government restructures broadcasting unilaterally, some of these issues will not be tackled.

"Next week's conference aims to make that impossible ...

Ethnic TV takes a nose dive

South 8/8 - 14/8/91 (260)

SABC planners are moving ethnicity from its structures with the launch of a new channel early next year. JUSTIN PEARCE reports:

THE SABC IS TO combine TV2, 3 and 4 into a single channel and move away from the situation whereby one airwave is shared among three separate stations catering for different ethnic groups.

The new policy recognises that most black South Africans are familiar with more than just the ethnic languages ascribed by apartheid educational and cultural policies.

Programmes in African languages will be interspersed with programmes in English and Afrikaans

Furthermore, languages will be mixed within particular programmes.

More extensive use will be made of subtitles and simulcasting in order to enlarge the potential audience of each programme

Game shows are also to be desegregated

Madala Mphahlele, new head of TV2/3/4, says "contemporary common values" will be emphasised, looking at what South Africans have in common rather than what divides them The new channel will attempt to address the nation as a whole.

The changes are not without financial motive

Advertisers are expected to welcome the fact that at any one moment, the new channel will have more viewers than any of the ethnically-based stations

The new channel is to be launched in January 1992 under a new name

According to a SATV spokesperson Shaun Anderson, the only reasons for waiting until then are logistical, and the effects of the change in policy will be felt before the end of the year.

The three channels, which were previously administered separately, have been brought together under Mphahlele's leadership.

They will operate as a business with their own departments for administration, marketing, finance and programming

TV1 and "Good Morning, South Africa" will constitute an independent business run along similar lines, as will the SABC radio services

This business-oriented approach does not, however, mean that the services are to be privatised

Already the new policy is being manifested in the Saturday lineup with a new feature film in what was previously TV2/3 time, and the moving of "Juke Box" into a later slot formerly occupied by a TV4 programme □

Sasol, IDC plan acrylic fibre plant

ANDREW GILL

SASOL and the Industrial Development Corporation (IDC) are planning a R320m acrylic fibre plant with a view to replacing SA's estimated imports of 35 000 tons a year.

Weekend reports said the two were in the final stages of negotiations on setting up the plant, which could save SA R110m a year in imports

The Durban-based plant would have an annual capacity of 36 000t but this could be increased to 50 000t

Industry members, however, expressed concern that the final product could be more expensive than the imported product. B/Day 12/8/91

Acrylic fibre is used extensively by the local textile industry and, the planners believe, the new plant could see transport costs fall and eliminate the need for large stockpiles

Sasol would run the venture, which should reach full production by 1993

Market expects a strong performance from Sasol

BDay 13/8/91 (260)

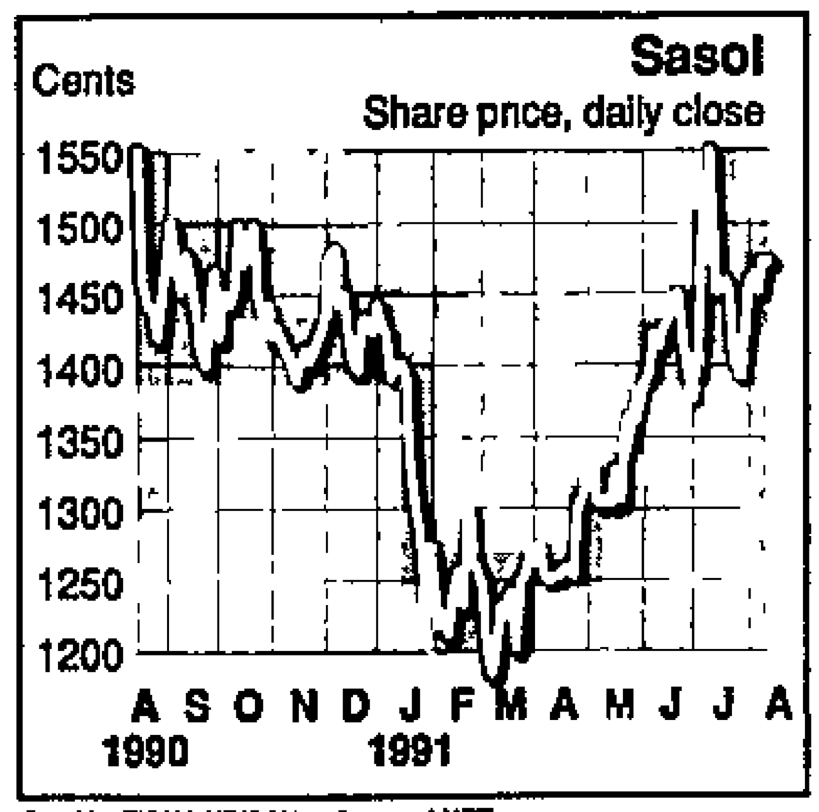
BRENT VON MELVILLE

THE market is expecting big things from Sasol for the year to June, based on better margins on oil refining and higher synfuel volumes.

Investment analysts yesterday said they expected a 24% to 32% rise in earnings to between 164c and 175c a share. The dividend payout is expected to be in the region of 70c.

The variation in forecasts is due to the unknown level of taxation. Last year Sasol changed its policy for deferred tax, and there is uncertainty about what the tax rate will look like this year.

On a fundamental level, analysts believe a strong factor in favour of Sasol — which derives its profit about equally from synfuels, petrochemicals, fertiliser and explosives, and oil refining — is the rand/dollar exchange rate, and first-half oil price which was well above the notional floor price of $23 a barrel. Crude oil is



Graphic: FIONA KRISCH Source: I-NET

currently at about $21,75, allowing Sasol variable tariff protection

Analysts also suggest that while the price Sasol is entitled to for synfuels dropped from an effective 64c/l during the first half to about 60c/l currently, volumes have improved.

The feeling is that Sasol has not enjoyed such good margins since two explosions (apparently due to corrosion) caused extensive infrastructural damage in 1989 An expensive maintenance programme to rectify the damage is nearing completion.

Analysts also argued against speculation that Sasol's balance sheet may suffer because of the ambitious capital expenditure programme embarked on this year They claim Sasol's cash flow is more than adequate to compensate for last year's R2,9bn takeover of Sasol 3 and for current and envisaged expenditure — capex will be well over R1bn for the year.

As a result the debt to equity ratio is not expected to be much higher than the interim level of 40%

The market also feels Sasol is undervalued relative to other industrial counters Sasol yesterday attracted strong interest on the market, with about 127 000 shares trading hands in 18 deals worth R1,9m

Assuming earnings of 175c a share and a dividend of 70c, the current share price of R14,70 rates Sasol on a forward price to earnings ratio of 8,4, and a dividend yield of 4,8%. This compares to the sector averages of 11,5 and 3,7%, respectively.

Honest TV viewers 'sponsoring pirates'

260 Star 14/8/91.

By Shirley Woodgate

The SABC's latest 25 percent increase in television licences is a bonus to thousands of pirate viewers, but honest paying consumers are being hard hit, claim consumer organisations.

Reacting to the latest R30 increase in fees, pushing the total annual cost to R150 from October, inclusive of VAT, consumer bodies have urged tough action against airwave pirates

Housewives League president Lynn Morris slated the SABC for taxing viewers without any apparent attempt to catch fee dodgers now responsible for annual losses in the region of R100 million

"I can accept the inclusion of VAT, but it is time they clamped down hard on pirate viewing before hitting the honest payers," she said.

Consumer Council director Jan Cronje claimed the increase would encourage pirate viewing and was totally unacceptable to his organisation.

Reviewed

He added that there had not been a noticeable improvement in the quality of programmes since last year's R40 increase

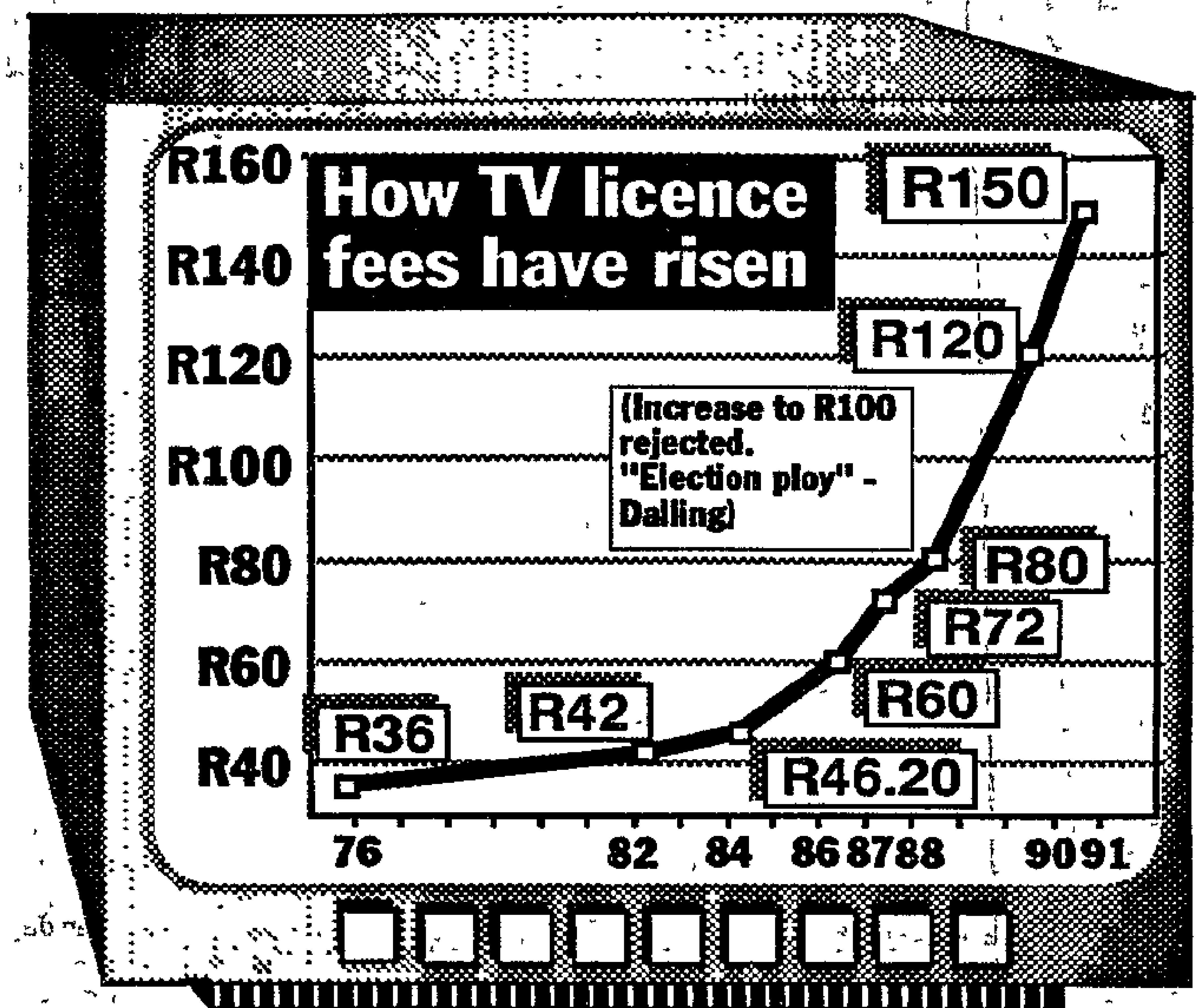
Black Housewives League vice-president Adronicah August said the increase was totally out of proportion with salary or cost-of-living increases and should be reviewed.

She said half the black population did not have television because people lived in shacks without electricity or because they could not afford to pay licence fees from salaries of R500 a month

Labelling the increase "shocking and disappointing", Conservative Party broadcasting spokesman Dr Pieter Mulder said it was time the Government paid attention to rivalry between the SABC and M-Net which was supposed to ensure better and cheaper television, but achieved the opposite

He said the SABC was paying up to 10 times more for rights to certain programmes than before it competed with M-Net

Many licence-holders did not have access to M-Net, but the additional costs were being passed on to them through increased licence fees.



(260) ARG 14/8/91

Images — CP threatens to charge SABC

The Argus Correspondent

DURBAN. — The Conservative Party will lay a criminal charge against the South African Broadcasting Corporation unless it stops flashing hidden pro-government messages on television in the titles of the main news bulletins, Mr Gunther Gathmann, Natal vice-chairman of the CP, promised today

An examination of the introduction to TV news broadcasts has shown that the faces of President De Klerk and Soviet President Mikhail Gorbachev do in fact flash on the screens of millions of viewers watching television daily.

Mr Gathmann revealed the existence of the hidden images at the CP's Vryheid congress at the weekend.

The use of this type of subliminal message was illegal, Mr Gathmann said.

"The SABC must stop immediately or we will lay a criminal charge against them," Mr Gathmann warned.

Govt considers major IDC plan to replace export incentive scheme

(260)

B Day 14/8/91

LESLEY LAMBERT

TOP-level Industrial Development Corporation (IDC) proposals are being considered by government as part of an overall industrial strategy likely to be unveiled during the next session of Parliament

The IDC report, which emphasises the improvement of SA's international competitiveness, is being studied by government and organised commerce and industry However, a Cabinet decision is likely to be delayed for about a month while Sacob formulates its response, a Department of Trade and Industry (DTI) spokesman said yesterday

The report emphasises the reduction of protective import tariffs in line with the liberalisation of international trade But it also contains a comprehensive package of economic recommendations aimed at improving SA exporters' competitiveness

The IDC suggests in its report that if its proposals are implemented, they should replace the General Export Incentive Scheme (GEIS) introduced by the DTI in April last year

This, and the fact that the GEIS incentives contradict GATT rules, has caused concern among exporters who fear that they may lose the financial assistance without adequate warning

But in a statement yesterday Trade and Industry Minister Org Marais reassured exporters that the GEIS programme would remain in force until April 1995 and then be comprehensively reviewed

Marais said the programme, which will have replaced all previous export incentives by March 31 next year, would be continually monitored and evaluated to ensure that it remained cost effective

A senior Trade and Industry official confirmed yesterday that the five-year limit had been placed on GEIS because of its contravention of the GATT subsidy code

He said SA hoped to justify the short-term measures on the basis that they were necessary to help overcome the distortions sanctions had caused in the economy

The IDC report supports moves towards lower company tax and greater savings It urges the authorities to maintain exchange rate stability and to address low productivity and market overregulation

IDC proposals for tariff policy include the abolition of import surcharges and the reduction of customs duties, coupled with the improvement of anti-dumping legislation Draft anti-dumping legislation is expected within weeks

The proposals are expected to dovetail with new technology and industrial policies which are being formulated They emphasise the need for industrialists to produce more value-added products with a high local content for export

The draft technology policy has been revised to include input on developments in foreign technology and research and development It should be released soon

But the industrial policy appears to have been delayed by resistance to DTI proposals for tax incentives to kick-start new beneficiation projects If these proposals are rejected by Cabinet, other stimulatory measures will have to be found to replace them, says a DTI spokesman

IDC investment earnings dip

Finance Staff Star 14/8/91

(260)

The two investment companies of the Industrial Development Corporation's (IDC) companies, Industrial Selections and National Selections both reported lower earnings, but unchanged dividends for the year to end-June

National Selections recorded a drop in after-tax income to R37,9 million (R43,1 million), which translated into earnings a share of 16,47c (18,74c).

A unchanged final dividend of 7,5c was declared making a total of 14c for the year

Industrial Selections reported a decline in taxed income from R42,7 million to R38 million, while earnings a share fell to 13,88c (15,61c)

Both the final dividend and the total dividend for the year were unchanged at 6c and 11,5c respectively.

'Subliminal' TV images analysed

260

Star 15/8/91

Own Correspondent

DURBAN — The Conservative Party would lay a criminal charge against the SABC unless it stopped flashing hidden pro-Government messages in the pre-play to the main news bulletins, Gunther Gathmann, Natal vice-chairman of the CP, promised yesterday

An examination of the introduction to TV news broadcasts has shown that the faces of President de Klerk and Soviet President Mikhail Gorbachev do in fact flash on the screens of millions of viewers watching television daily

The review of the pre-news logo was begun after a photographer on The Star's sister paper, the Daily News, took pictures of it this week and was surprised to discover how many images were reproduced

On Tuesday, at the request of the Daily News, video experts closely examined the few seconds of TV footage of the antennae used in the pre-play to the news broadcasts — and found it contained 25 images of political leaders, war scenes, coins, an oil rig and sport stars They are invisible to the viewer

Mr Gathmann revealed the existence of the hidden images at the CP's Vryheid congress at the weekend He claimed that the SABC's purpose in flashing the images was to further the NP's political ambitions

"The SABC must stop immediately or we will lay a criminal charge against them This is something that goes completely against normality, democracy and against common decency because a subliminal message is so effective," he said

The CP alleged that the SABC was using subliminal advertising to promote the "new world order" headed by presidents de Klerk, Bush and Gorbachev

Mr Gathmann said split-second flashes of Mr de Klerk and Mr Gorbachev were an illegal attempt to get people "accustomed to accepting these two gentlemen"

Sources within the television industry, who did not want to be named, said yesterday that the images portrayed a "feeling of television news" rather than being subliminal propaganda

The SABC's editor-in-chief of television news has rejected as "nonsense" claims that images flashed behind the news logo were intended as subliminal advertising for the Government

Johan Pretorius said the images in the pre-play to each bulletin were simply cuts from visuals of the top stories of the particular show which then followed

"They will change for every show depending on what is in the news For instance, if there is a story about Margaret Thatcher resigning, part of the tape showing her will be flashed The gold bars and coins are just slides which we use later during the business news

"It is just a way of making the presentation more visually attractive It is a widely accepted practice used by TV companies in Britain and the US"

According to a Natal psychologist, the collage of news photographs which flash during the news flash were at a slower rate of frames per second and would not have a subliminal effect on audiences

The "subliminal" pictures depicted a collage of international coverage of news events throughout history

The images, as recorded on the 10 30 pm news broadcast on Tuesday night, were

- A satellite dish
- Two men in dark suits facing each other
- Big Ben
- A man in a space-suit standing on the surface of the moon
- The Statue of Liberty
- A man's face covered by a gas mask
- The outline of an oil rig against a sunset sky
- A Palestinian with outstretched arms
- A tarred road with green hills and blue sky in the background
- A soldier holding an M16 rifle
- An audience of people wearing 3-D glasses at the cinema
- A bomb explosion
- Various coins
- President Gorbachev
- President de Klerk
- Gold bars

It appears as if the last two or three frames depict Margaret Thatcher and ANC president Nelson Mandela, but the faces are difficult to identify because the images get progressively smaller

Pay early to save VAT, says SATV

(260) ARG 15/8/91

SHARON SOROUR
Staff Reporter

TELEVISION viewers can save more than 50 percent of the increase in licence fees if they pay before before Value Added Tax (VAT) is implemented, Minister of Home Affairs Mr Gene Louw said today.

Ordinary licence holders could save R16,07, while concessionary holders could save R4,82 by paying on or before September 28

Increased licence fees will be promulgated by Mr Louw in a special Government Gazette today.

Mr Louw said because VAT came into effect only on September 30, the SABC could pass on a considerable saving to TV licence holders who paid their full annual licence fee on or before September 28. September 29 was not a working day.

The SABC announced on Saturday that television licences would go up by 25 percent, of which 6,6 percent emanated from VAT after savings on GST had been accounted for.

Mr Louw said the fee for the new licence year, starting on October 1, would be R133,93 instead of R150 for licence holders paying before or on September 28.

The fee would then increase by only R13,93 on the present licence fee, he said.

The increased fee for concessionary licence holders paying on or before September 28 would be R40,18 instead of R45, an increase of R4,18 on the present fee

"In order to qualify, it is of the utmost importance that payment be effected on or before September 28. Cheques posted before then but not received in time will in no circumstances qualify for the discount," Mr Louw warned

Fees paid after September 28 would be R150 for ordinary licence holders and R45 for concessionary holders.

The reduction would not apply to monthly debit orders coming into effect on or after September 30. These were fully subject to VAT and remained R13,50 a month for ordinary licence holders and R4,25 for concessionary holders.

If licence holders wished to qualify for the discount and pay the full annual licence fee by debit order, they should notify the SABC before September 17 so that debit orders could be processed before September 28.

Mr Louw said the SABC could not accept responsibility for cheques delayed in the post and not received on or before the due date.

"In such a case, the SABC remains liable to the Commissioner for Inland Revenue for payment of the statutory prescribed VAT in full and the licence holder holder will therefore not be able to avoid subsequent legal obligations

Pay as you watch TV

(260)

ARG 15/8/91

Picture: ROY WIGLEY, The Argus.

BLOOMING MISLEADING: Traditionally the first harbingers of summer in the Cape are the delicate pink blossoms of almond trees But don't break out the bikinis just yet — In spite of Tanya Weber's confident grin as she admires almond blooms in Duke Road, Rondebosch Jack Frost still has more than one unpleasant trick up his sleeve, the first being an approaching cold front later today with cold and rain tomorrow.

Decoder plan to beat the pirates

HANS-PETER BAKKER, Staff Reporter

ALL owners of TV sets could be forced to get decoders.

Legislation to this effect could come before parliament next year

A task group appointed to investigate broadcasting completed its probe on July 22 and a radically new form of television financing is expected to result

According to task group chairman Professor Christo Viljoen, the group agreed on recommendations for establishing a "proper policy with regard to the development and management of broadcasting in South Africa"

A statement from the SABC said a report on the group's findings was being finalised and would soon be delivered to Minister of Home Affairs Mr Gene Louw and that legislation for a "new dispensation" would probably be tabled in the next parliamentary session

'Pay-as-you-watch'

The report is expected to result in a form of "pay-as-you-watch" system

According to an SABC spokesman "various forms of encripting television signals" are being considered

However, any move to encode existing SABC channels would be a long-term operation as it would mean that all set owners would be forced to get decoders

In the meantime the SABC is losing more and more potential licence revenue as a result of increasing pirate viewing, especially in black urban areas

The 25 percent increase in television licence fees — from R120 to R150 a year, effective from October — is likely to increase the more than one million pirate viewers, who represent lost income of more than R100 million a year

In the nine months to June, the SABC traced more than 17 300 pirate viewers, compared with only 9 000 in the same period last year

The increase yielded nearly R2 million in licence and penalty fees

Monthly accounts

Some of the shorter term solutions the SABC is considering to curb pirate viewing includes increasing the number of inspectors

Licence inspectors of the Post Office, which acts as an agent for the SABC, visit addresses which do not appear on a computer list of people in possession of licences

Another way of ensuring payment of licence fees, to come into effect within the next two months, is that the SABC will link the existing licence records to an accounting system

This will result in monthly accounts being sent to viewers who are in arrears

SABC in bid to stop pirate TV viewing

Star 16/8/91 (260)

Own Correspondent

CAPE TOWN — Legislation requiring all television viewers to get decoders could be passed during the 1992 parliamentary session

But any move to encode existing SABC channels would be a long-term operation, because it would mean all set owners would be forced to get them

A task group appointed to investigate broadcasting finished its work on July 22, and a radically new form of TV financing is expected to result

According to task group chairman Professor Christo Viljoen, it had agreed on recommendations for establishing a "proper policy with regard to the development and management of broadcasting in South Africa"

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Post Office licence inspectors visit addresses which do not appear on a computer list of people in possession of licences

About 480 000 reminders were sent to suspected pirate viewers, resulting in additional income to the corporation of more than R8 million

...o m...ons o' South Afr cans. But behind it there lurk mystery images. A subliminal message, say the Conservative Party, which indoctrinates the public into supporting the National Party.

Do they have a point? Ja, well, no, fine. But the SABC, pressured this week to explain the images, now say the logo will be scrapped

The logo — and the hidden 'messages' behind it — caused a furore this week when a top CP official claimed subliminal pro-government images were being screened on TV.

A furious Mr Gunther Gathmann, Natal's CP vice-chairman, threatened to lay criminal charges against the SABC.

He claimed the SABC was promoting a "new world order" headed by Presidents de Klerk, George Bush and Mikhail Gorbachev.

'Nothing evil'

"There is nothing so unfair and evil to do as a thing like this in a democracy, because you can brainwash people against their own free will," he said.

The logo is a graphic of a spinning satellite dish over which 25 images of political leaders, war scenes, coins and sports stars are laid

It was made by a top advertising agency because the SABC did not have the sophisticated technical equipment to produce it.

An investigation showed the faces of President De Klerk and Cassius Clay (Muhammad Ali), an astronaut, soldier, battleship, helicopter, gold bars, oil rig, the Statue of Liberty and people watching a 3D movie were among the images.

"It is amazing that the logo can be linked to subliminal propaganda. It's merely a collage of news images," said the editor-in-chief of TV1 news, Mr Johan Pretorius.

Soft drinks

CNN uses the same technique, but the images are flashed slower than the one twenty-fifth of a second on the SABC's logo and CNN's logo has no graphic overlay

"I'm not sure how subliminal imagery is used, but I imagine the messages would have to be far more simple and directed to be successful," said Mr Pretorius

A new news logo which would fit in with the character of the re-vamped TV 1 channel was likely to appear on screens in October The decision to change the news logo and several other TV logos was made months ago

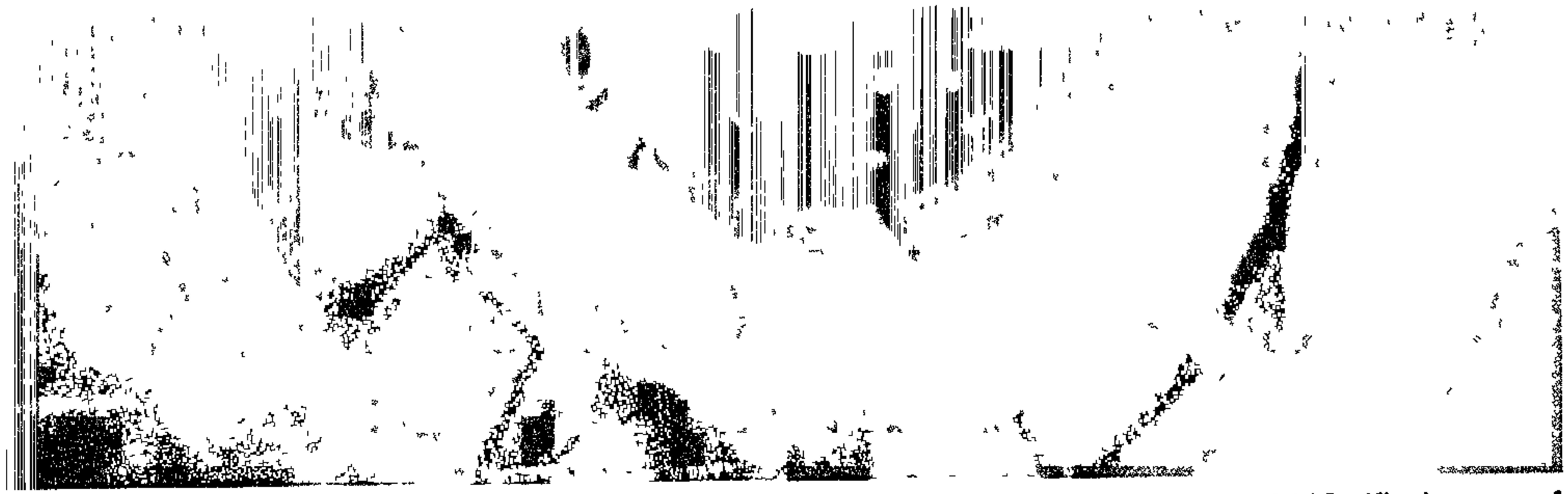
Subliminal advertising was first used experimentally more than 20 years ago by a group of psychologists who found they could boost the sale of soft drinks in cinemas by flashing the logo of the drink on the cinema screen.

Much research followed, including one study which found a 30 percent decrease in in-house theft at a company where the words "Don't steal, it's dishonest" were played through a loud speaker

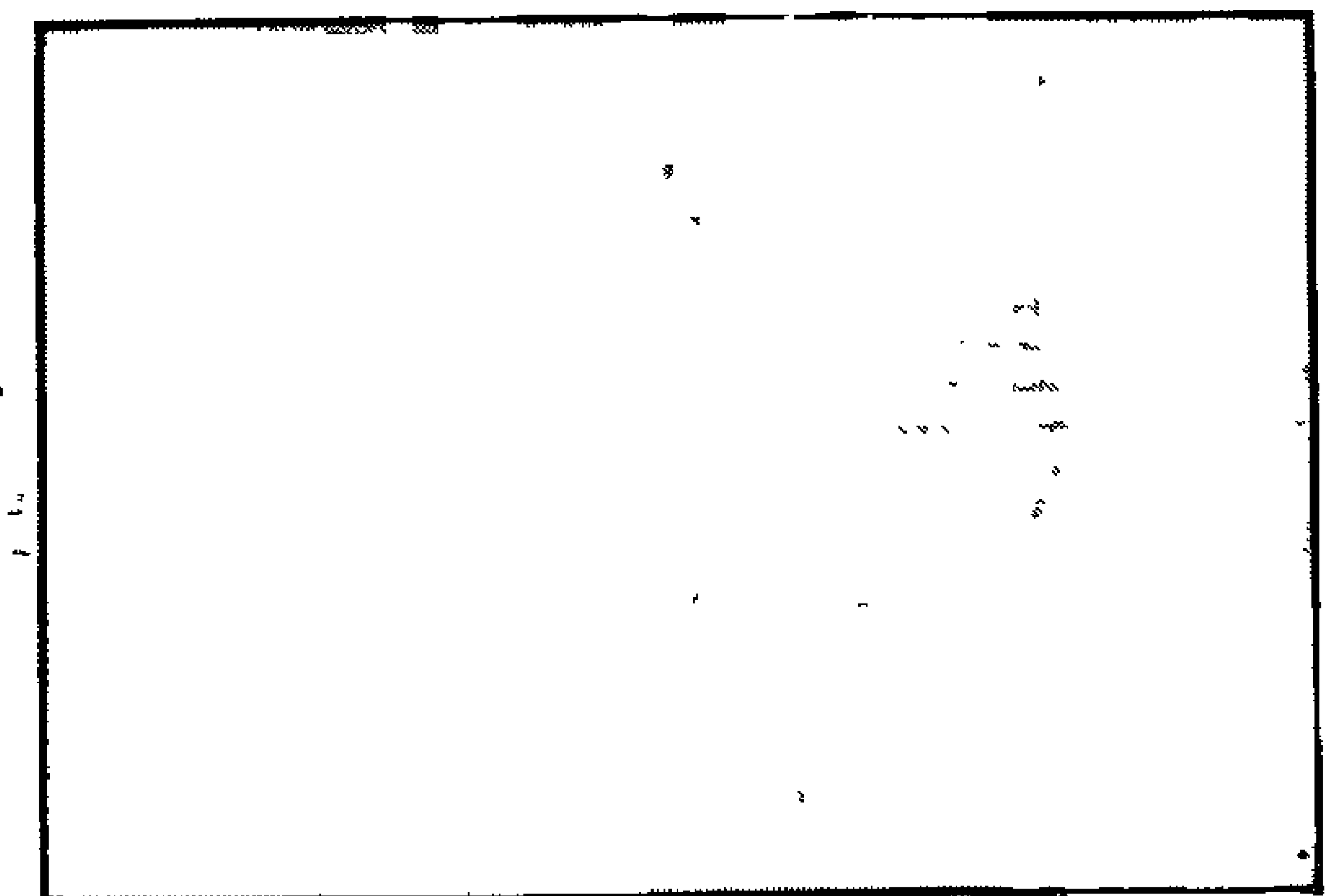
Although subliminal stimulation was banned in some countries, no researcher was able to prove conclusively that the technique could alter behavior.

Professor Jan du Toit, lecturer in consumer behavior at Stellenbosch University, said subliminal stimulation was flashed at 1/25th of a second and absorbed by the viewers' subconscious.

"Some people pick it up, but it depends on where your attention is at the time of the flash Repetition is very important for subliminal advertising to be effective," he said



☐ **NEWS FLASH:** A picture of a soldier holding what appears to be an American M16 rifle is one of the images seen on TV 1's controversial news logo.



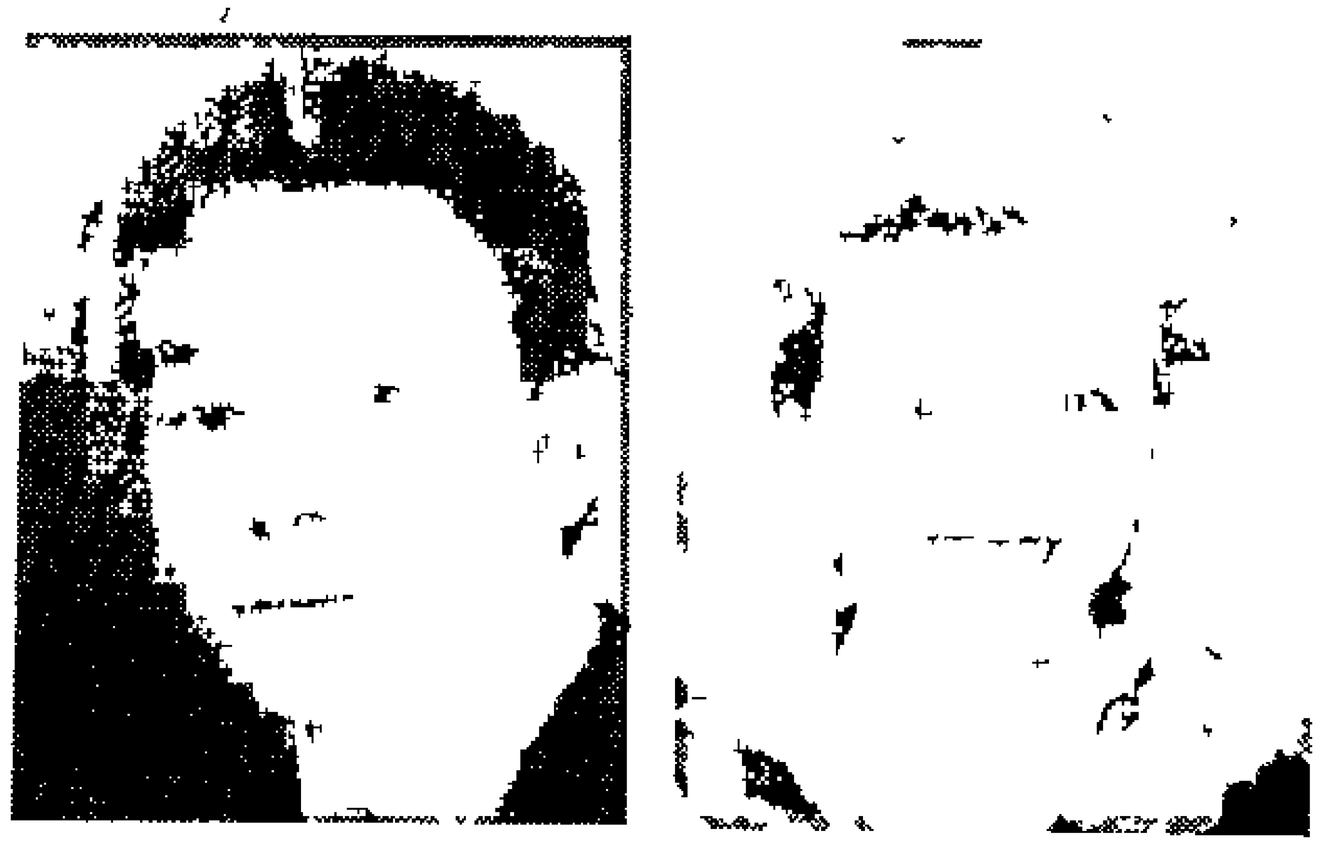
☐ **Coins can be seen (above, left) behind the satellite dish in the TV 1 news logo. Is this an attempt to promote compulsive consumerism?**

☐ **It figures that Cassius Clay (Muhammad Ali) would appear on the box. But SABC officials are ready to pull out their hair because of the controversy.**

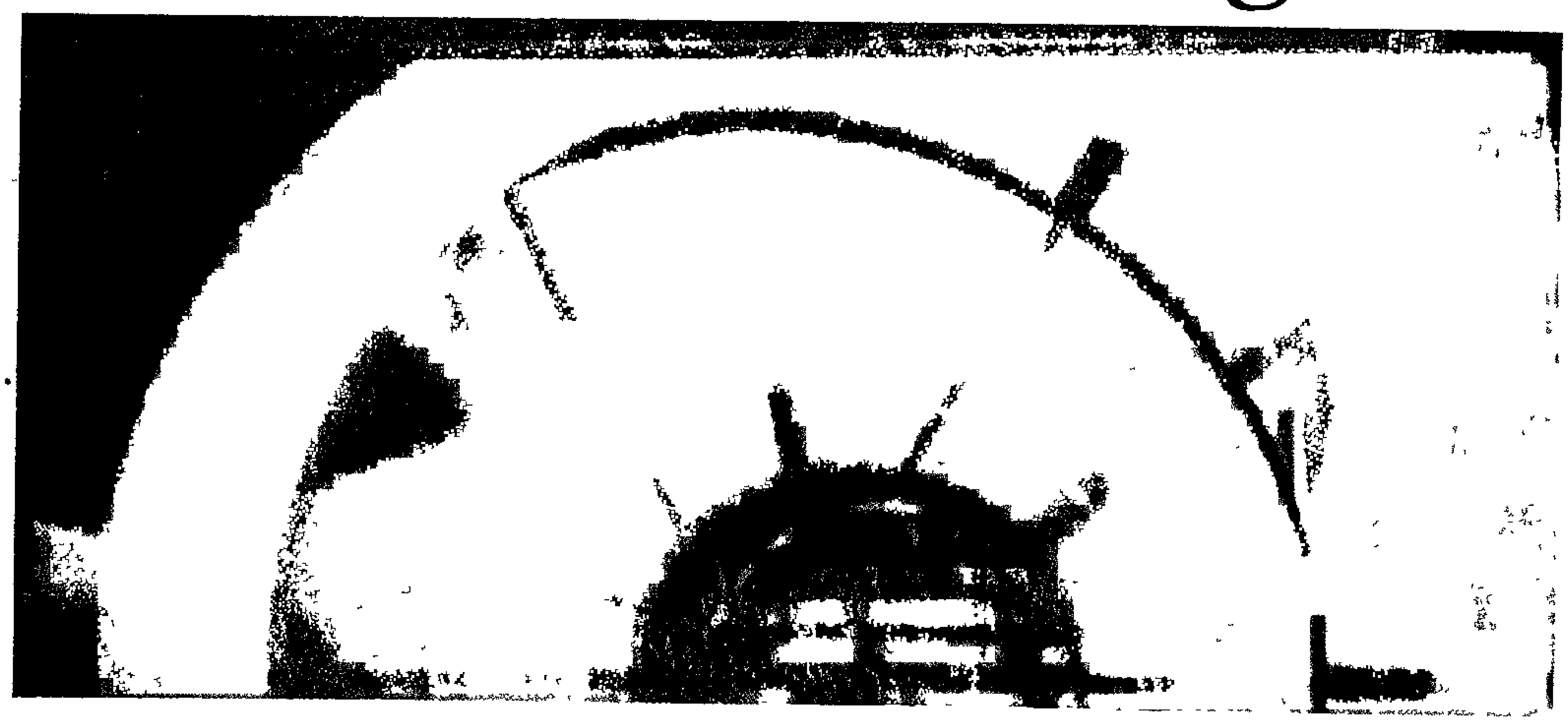
EXPOSED:

260
ARG 17/8/91

Images you might have missed on the SABC's Ruse at Eight



NEWSCASTERS: John Bishop and Ellen Erasmus before they begin reading the news, some images that are not in the script



IT'S 8pm and here is the news as John Bishop and Ellen Erasmus never intended.

This the television news logo known

Probe into broadcasting could affect other media

B Day 20/8/91

THE media industry could "slide back into the past" if the Viljoen task group's recommendations on broadcasting did not lead to government relaxing its stranglehold on the medium, Media Directors Circle (MDC) chairman John Montgomery said (260)

Montgomery said in his 1990/91 chairman's report that the MDC was anxiously awaiting the findings, which would be presented to government on August 27

If the group recommended higher licence fees and a reduction in dependency on advertising revenue, this would be "a retrogressive step toward the dark ages"

Any changes would have to endure political change and the broadcasting system in SA had to be in the hands of a credible, independent broadcasting authority

It seemed the recommendations would encourage the establishment of additional electronic media Although there would not be a proliferation of TV stations, there could be as many as 200 radio stations by the end of 1992 This could lead to greater specialisation

While the investigation had been billed as the most important thing to happen to broadcasting since the introduction of TV, Montgomery said its effects would be felt by most other media

Print was ideally positioned to play a stronger role following rapid urbanisation and increased education and literacy levels Overseas publishing groups were looking at SA with great interest in terms of investment and the introduction of established titles

The Newspaper Press Union was about to release important research that would "confirm print's indispensable contribution as an advertising medium"

The MDC committee is Montgomery of Ogilvy & Mather RST & M as chairman, Chris Eyre of Partnership as vice-chairman, Elana de Swardt of D'Arcy Masius Benton & Bowles as secretary, John Barham of the Media Shop as treasurer and Roger Garlick of Bernstein, Loxton, Golding & Klein as past chairman

MEDIA SPOT

SABC breaks ground by screening Radio 702 ads

(260) BDay 20/8/91

IN A break with the past, the SABC decided last week to allow independent station Radio 702 to advertise on TV1 and Good Morning SA

Radio 702 station manager Rina Broomberg said that in the past the SABC had "steadfastly refused to accept commercials advertising Radio 702" Not only did the SABC not accept Radio 702 advertising but it also did not give it news coverage

The SABC had even barred adverts for other companies which featured 702 personalities, including a Sunday Times advert featuring Gary Edwards, and a furniture ad featuring Rob Wheatley

Radio 702 had previously flighted its corporate advert on M-Net and in cinemas

Reports by MARCIA KLEIN

However, Broomberg said the SABC had opened up following its "repositioning", and last week it accepted a spot for 702 Options, the station's 44-page home shopping catalogue

Adverts began flighting on Thursday night and Friday morning, drawing attention to the catalogue's promotion and its competition

The ad, which was written in the context of 702's Eyewitness News, featured Radio 702 personalities Alyce Chavunduka, John Berks, John Robbie and Denis Smith, cutting across to their shows

It advertised not only the catalogue but also the on-air Options contest, with cash, merchandise, travel and vehicle prizes

Broomberg said Radio 702 was using the ads — by agency Ogilvy & Mather RST & M — to promote the fun aspect of the station

The 702 Options catalogue was published by arrangement with the Edgars Group company Decisions, which handles the administration and orders for 702 Options

The catalogue was posted to about 120 000 "frequent listeners"

The SABC's more open approach was evident some months ago, when it helped promote M-Net's Comic Relief day in aid of Child Welfare

Iscor pegs price

S/Times (Bus) 25/8/91

(260)

By DIRK TIEMANN

ISCOR will not consider another increase in the steel price until January, says deputy managing director Nols Olivier

His statement follows charges by a motor manufacturer that some batches of imports at 30% below the SA price were Iscor steel

Mr Olivier says cheaper steel can be imported only at dumped prices "If we are going to bring in steel at dumped prices, we might as well import cars too."

He denies talk that Iscor is considering supplying steel to motor manufacturers at its export prices.

"Commercially there is no justification for such a move The motor industry claims that Iscor's prices are the cause of their uncompetitiveness in spite of the small steel-sheet content in a car"

But Iscor may cut prices by R15 to R20 a ton — equal to the railage cost of export steel to the coast — to help SA customers.

Nissan director Andries du Toit calls it "a nice gesture, but not very significant", on a cold rolled-steel price of R1 600 a ton

Mr Olivier says Iscor's increases have been below the producer price index for years The increase at the beginning of the year was 14,52%.

He says a study by London stockbroker Cazenove showed Iscor to be one of the lowest-cost steel producers in the world But unlike many producers in the developed world Iscor has easy access to cheap iron ore and coal

Buiness Times Reporter

New look for broadcasting

S Times (Bus T) (260)

25/8/91

BROAD agreement among several parties on the re-regulation of the South African electronic media was achieved at a conference held in the Netherlands

The week-long conference, organised by Omroep voor Radio Freedom and the Anti-Apartheid Movement Netherlands, was attended by 40 delegates from SA.

Among them were representatives of the ANC, Cosatu, Nactu, the NECC, Radio 702, Capital Radio, the Bophuthatswana Broadcasting Corporation and the Transkei Broadcasting Corporation

Christo Viljoen, chairman of the SABC and the Government-appointed task group on broadcasting in South and Southern Africa, which has been charged with making recommendations for a new broadcasting dispensation, addressed one of the conference sessions He was not a delegate

The conference declared its support for an independent broadcasting authority to regulate all broadcasters, including the SABC. Both the regulatory authority and the SABC should be free of government interference

It was agreed that there should be three broadcasting sectors — public, community and commercial. The SABC would act as the public broadcaster Community stations would provide additional educational and informational services and would be owned by specific communities.

"Most significantly from the private sector's point of view," says conference delegate and 702 general manager Stan Katz, "the conference agreed that private enterprise in broadcasting should be encouraged and expanded. The role of commercial stations as pursuers of profit was fully accepted"

The conference decided there should be limitations on cross-ownership of print and electronic media in geographical markets

Monopolies

Mr Katz says: "This is in accordance with the systems employed in most Western democracies where monopolistic media situations are avoided."

Many delegates strongly opposed privatisation of the SABC and held that any such move would be an alienation of public assets They rejected the legitimacy of the task group and said its work would have to be repeated by a commission of inquiry to be appointed by an all-party conference.

"My reservation in this regard," says Katz, "is that the task group's recommendations are being prejudged. We should await its report, which could well reflect thinking in line with what is already generally agreed."

IDC earmarks R69m for export companies

(260)

B Day 20/8/91

SHARON WOOD

THE Industrial Development Corporation (IDC) had approved R69,2m in low-interest loans to export companies by June 30, IDC general manager Jan De Bruyn said yesterday.

The IDC introduced an export incentive scheme in May this year which provides R100m a year to companies for the next five years

De Bruyn said the money had been given to eight firms, but could not name the companies because this was confidential information.

Companies would only qualify if they exported more than 30% of the additional capacity created by the loans.

If the export capacity was 30%, a company would receive half the loan at 9% for three years, while at 60% the full loan would qualify for the lower interest rate.

After companies applied for loans the IDC would conduct a feasibility study to determine which companies qualified for a loan

The feasibility study determined the economic merit of the company, based on marketing, financial and technical aspects

It also looked at the return for shareholders and the ability of the company to service its debts.

The IDC had not targeted the funds to specific industries but had given across the whole spectrum of export companies

The loans were specifically intended for export promotion and not import replacement, De Bruyn said

When asked whether the IDC planned to increase the assistance if the scheme was successful, De Bruyn said it was too early to say, but it had no plans at this stage

But the scheme might change depending on the progress made, he added

BUSINESS

Low growth a constraint on more nuclear power

(260)

BIDay 27/8/91.

BRENT VON MELVILLE

ESKOM has again confirmed its willingness to embark on an extensive nuclear power scheme costing billions of rands

Eskom CE Ian McRae reiterated Eskom's support for a programme to expand SA's nuclear energy capacity, building a new nuclear power station every few years

In an interview, McRae conceded, however, that the current economic situation militated against any short-term decisions

He said several factors had to be taken into account One was SA getting back to a GDP growth rate of 4% to 5% a year "At that level it would make sense to maintain a nuclear bridging programme, weaning SA off its total reliance on coal"

McRae, who this year won Harvard's Business Statesman Award for his contribution to the SA economy, believes it is important to maintain a strong nuclear programme as SA's coal reserves wind down As for alternate sources, he said SA could not depend on its limited hydro-electric potential

Eskom spokesman Andre van Heerden estimated that Eskom's last coal-fired power station using local coal would have to be commissioned by 2040 Eskom has already surveyed sites for possible future nuclear power stations The most likely site is a stretch along the Eastern Cape coast at Oyster Bay

But the cost of increasing SA's nuclear power is likely to be prohibitive Koeberg, which came on stream during the mid-1980s, cost R3,2bn

McRae said that building one new nuclear power station roughly every five years would maintain nuclear potential at about 10% of total electricity capacity At present Koeberg represented about 8% of capacity

However, Van Heerden said the existing situation within southern Africa — and in particular Eskom's excess electricity capacity — meant Eskom would not be embarking on any programme until the end of this century

Sagged

Excess capacity has forced Eskom to mothball several of its older coal power stations. Eskom has six stations mothballed — Taaibos, Highveld, Ingagane, Komati, Grootvlei and Camden — with the capacity to generate a total of 5 260 Megawatts

And despite mothballing these older plants, Eskom's total power capacity last year moved up to 33 843Mw compared with 32 403Mw the previous year, although peak demand sagged slightly to 21 863Mw (21 371Mw) McRae said this was the first time that peak demand had dropped on a year-on-year basis

But with current technologies it was inevitable that SA would have to go the route of nuclear energy

Van Heerden said it was critical that Eskom was not left in a similar position to France, which was forced to develop its entire nuclear facility in a very short space of time Nuclear power now accounts for more than 70% of France's total capacity.

An advantage of nuclear fuel is that it is far more environmentally friendly than coal Koeberg's emissions of sulphur dioxide and nitrogen dioxide (the two principal offenders) for instance, are far lower than even the newest of Eskom's coal-fired power stations

Eskom spends about R400m a year on environmental controls, and some of its older stations still exceed legislated pollution limits

If these stations are brought back to full capacity in the future, the cost of "scrubbing" them to make them environmentally friendly has been estimated at between R1,5bn and R2bn each, a total cost of about R12bn to bring them all back on line

But McRae said the costs of bringing the stations to environmentally acceptable standards would have to be weighed against the opportunity cost of providing electricity to those at present without

Minister gets broadcasting report today

MARCIA KLEIN

THE Viljoen Task Group on broadcasting in South and southern Africa today hands over its findings to Minister of Home Affairs Gene Louw.

A task group spokesman said yesterday that the Minister would study the report and submit it to Cabinet.

Cabinet would then decide on the recommendations and on whether they should be made public.

The task group had been asked to investigate and make recommendations on broadcasting policy and strategy.

It also looked at future broadcasting needs, international trends, commercialisation and regulation, frequencies, sources of finance, a controlling structure and legislation.

Radio 702 GM Stan Katz urged government yesterday to make the findings public as soon as possible.

21/8/91

(260)

High capex, world steel glut hit Iscor

(260)

B/Day 30/8/91

BRENT VON MELVILLE

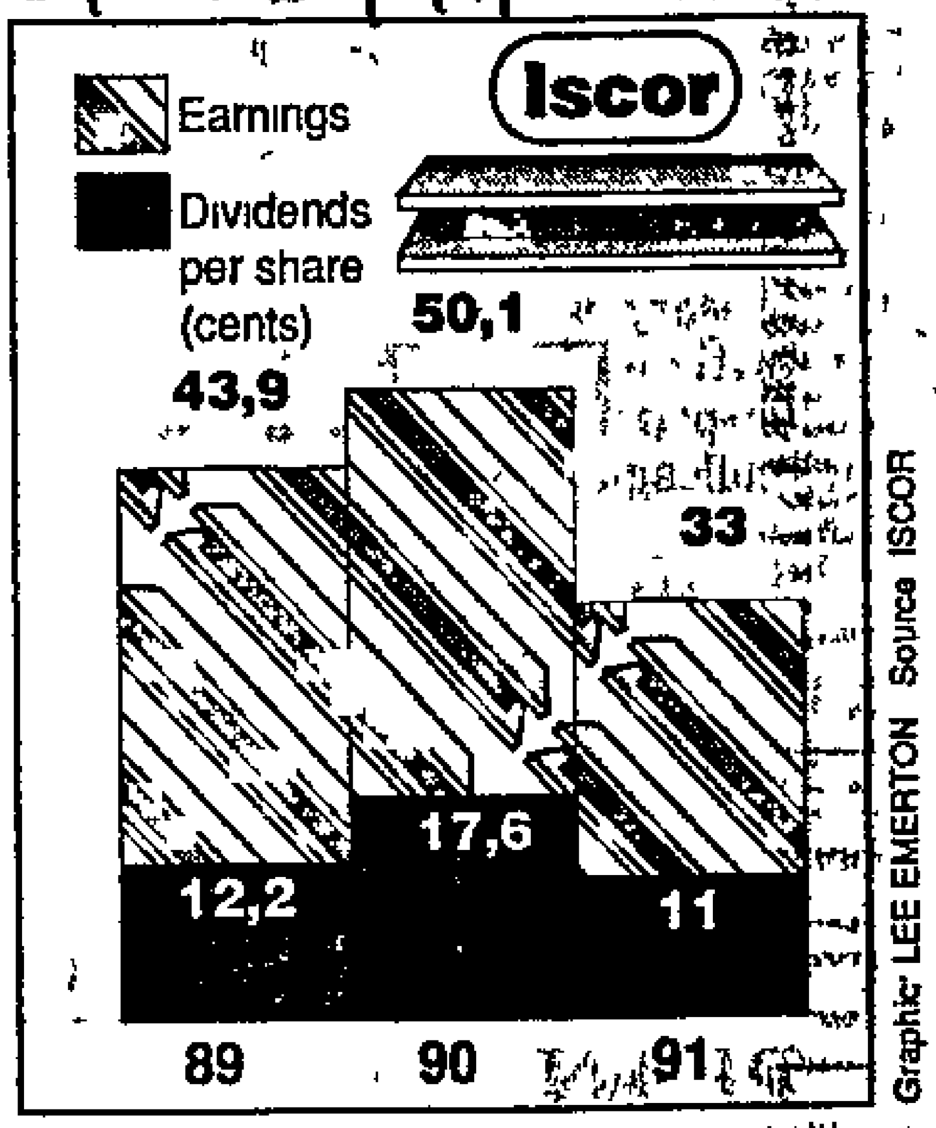
THE glut on world steel markets, stumbling domestic demand and an ambitious capital spending programme have taken a severe toll on Iscor, which yesterday reported a dramatic drop in earnings for the year to end-June

Reduced margins saw attributable profits slashed 33,6% to R617m (R929m), translating into earnings of 33c (50,1c) a share. Dividends were down to 11c (17,6c) a share, increasing cover to 3,0 (2,8) times.

MD Willem van Wyk attributed the poor showing to recessionary conditions in the group's local and overseas markets, as well as the increase in costs associated with the financing of its capex programme He said the results were generally in line with forecasts.

Van Wyk also warned that because no improvement had been detected in demand for steel, it would be hard to repeat this year's results

For the year under review the poor trad-



ing conditions were reflected in the fact that while turnover for the year increased 6,5% to R7,4bn (R6,9bn), poor margins hampered operating income to the extent

☐ To Page 2

Iscor

B/Day 30/8/91 (260)

☐ From Page 1

of a 31% drop to R890m (R1,3bn) Financing costs jumped to R257m (R100m) off a dramatic R1,1bn surge in debt to just under R2bn Gearing more than doubled to 29% from 12%

Capex for the year amounted to a hefty R1,4bn (R1,3bn) and pushed up fixed assets by R1bn to R5,9bn Van Wyk said this related mainly to the construction of a coal beneficiation plant at Grootegeluk, a 120 000 tons-a-year electrolytic chroming line at Vanderbijlpark and the upgrading of the Vanderbijlpark hot stripmill

He said the majority of the projects in the current programme had now been completed and capex was expected to decline to about R800m for the current year

He added that steel production was now running at maximum capacity

For the year under review liquid steel production was up slightly to 7,2-million tons (7-million tons) while total steel sales volumes climbed a commensurate amount to 5,6-million (5,4-million) tons

But with local steel sales down 13,6% at 3-million (3,4-million) tons, Iscor was forced to pick up exports, which rose appreciably (34%) to 2,6-million (2,0-million) tons — 47% of total sales

Iron ore exports meanwhile climbed to 14,3-million (13,5-million) tons, although Van Wyk said this was still shy of the targeted 15,5-million tons, while coal sold to Eskom increased 21% to 9,8-million (8,1-million) tons

At its current price of 220c, the results put Iscor on a p e of 6,7 times and a dividend yield of 5% Iscor's balance sheet puts net worth per share at 348c

Call for interim control of broadcasting

SUSAN RUSSELL

THE ANC and 46 other organisations which attended the SA broadcasting conference in Holland earlier this month have called for the formation of an interim committee to control and regulate TV and radio during negotiations for a new constitution. B Day 28/8/91

Delegates, who included journalists, academics and representatives of commercial radio stations, trade unions and civic associations, recommended that the all-party conference appoint an interim broadcasting consultative committee.

The committee would be responsible for the control and regulation of broadcasting until a democratically elected government replaced it with an independent broadcasting authority.

In a 15-page document setting out its recommendations, the conference said the interim committee would undertake "limited re-regulation" of broadcasting in SA. Another of its responsibilites would be to ensure that SABC news reporting was fair, impartial and balanced during the interim period. (260)

Delegates also wanted the all-party conference to appoint a commission of inquiry to survey public opinion and produce recommendations on the re-regulation of broadcasting under a democratic constitution.

Delegates decided that funding should come from the public and private sectors, with the public sector forming the core of the broadcasting sytem.

The conference accepted the commercial sector had a role in SA broadcasting and was under as much obligation as the public sector to maintain a high standard of programming

Recession eats into earnings at Iscor

Star 30/8/91. (260)

By Derek Tommey

Iscor's 220 000 shareholders are likely to be disappointed that the company has almost halved its final dividend to 6,5c a share from 12,2c a year ago.

This brings the total dividend for the year to June to 11c — 37,5 percent less than a year ago

This is a result of a decline of 33,6 percent in attributable income from R929 million to R617 million, equal to 33c a share

The hundreds of thousands who subscribed for Iscor shares when the company went public almost two years ago have not yet seen much profit from their investment

But as MD Willem van Wyk says in the preliminary profit statement, Iscor is not shielded from the general economic climate

Iscor, in fact, appears to have fared rather well in tough times Although sales volumes in the South African market declined 13,6 percent, the loss in revenue was more than made good by a major export drive which saw foreign sales tonnages rise 47 percent

The overall result was a 6,5 percent rise in turnover to R7,26 billion, despite a 10 percent drop in dollar export prices

An increase in unit costs and a jump in the cost of borrowings reduced pre-tax income by 47 percent to R633 million from R1 194 million last year

A sharp drop in tax paid from R259 million to R32 million helped narrow the difference

The steep rise in the cost of borrowing reflects the high level of new investment

Reviewing the company's prospects, Mr van Wyk says no improvement in demand for steel has been seen in either the local or international market

"In fact, there has been no indication of the end to the downward tendency of the past two years

"In these circumstances it will be difficult to repeat this year's results."

All Iscor needs to show better results is an improvement in the market

Competition Board to probe Kentron

ROBERT LAING (260)

ABOUT eight electronics firms are petitioning the Competition Board to halt Armscor subsidiary Kentron's participation in the telemetry market.

Competition Board chairman Pierre Brooks confirmed that the board was to investigate the sector

Brooks said he had spoken to representatives of the industry and had asked them to prepare a submission.

"We receive a host of complaints resulting from the privatisation and commercialisation of state assets. Some are well founded and we have managed to stop state and parastatal organisations taking business from private companies.

"The board advises the relevant Minister on what appropriate remedial action he could take. We have no power to impose a solution upon the parties concerned," Brooks said. B\Day 23\9\91

The companies allege that Kentron has been competing in the market for about a year via an Industrial Development Corporation wholly owned subsidiary, Irene Commercial Enterprises (Irenco).

Directors of smaller companies — Adolph Numerical Systems, Istron Electronics, Prodesign, Omnicon and Telemetria — said they would ask the Competition Board to investigate Irenco.

Sources close to larger firms, Siemens and Altron's subsidiaries BBT and Alcom, said they were considering joining the peti-

☐ To Page 2

Kentron B\Day 23\9\91

(260) ☐ From Page 1

tion

Prodesign's Peter Cherry said "I don't like my competitors, but at least they are not backed by an endless pit of the state's funds. This market is overcrowded already — none of us can survive competition from Kentron with its army of engineers whose salaries are paid with our taxes"

Outlining the criteria used to establish whether unfair practices were being conducted by a state enterprise, Brooks said it depended how long the state company had been in the market, how well established its competitors were and the extent of its financial assistance from government.

The board also had to establish whether the state-sponsored venture was expected to fulfil commercially non-viable functions, whether its competition was cross-subsidised by activities in which it held a monopoly, and whether it precluded private firms tendering for in-house business

If unfair competion was found to exist, the responsible Minister would probably issue a cease-and-desist order, Brooks said

Richards Bay gets steel export terminal

BRENT VON MELVILLE

ISCOR, in a move intended to capitalise on increasing export potential, has entered into an agreement with Rennies for the development of a dedicated terminal for the export of steel at Richards Bay

Industry sources say the move will dovetail neatly with the joint Iscor-Safmarine venture for the construction of a new $50m bulk iron ore-steel carrier

The deal will also see Rennies clearing and forwarding a much bigger volume of Iscor steel

BDay 26/9/91

At a presentation to analysts in Johannesburg yesterday, Rennies CE Pete Steyn confirmed plans for the terminal, but did not divulge its size

According to Iscor figures, current steel exports account for about 46% of sales, or 2,6-million tons.

Iron ore exports have increased over the past few years, with 1991 levels reaching 14,3-million tons, compared with 7,7-million tons four years ago.

260

The new bulk iron ore carrier, in which Iscor will have a 60% interest, will be built in Romania

Slow market forces a cutback

B/Day 27/9/91 (260)

ISCOR has decided to cut back on its capital spending over the next few years due to the depressed state of the market

This comes after spending R3,5bn in a capex programme involving new plant and upgrading of works over the past three years

Capex over the past year amounted to a record R1,4bn, which MD Willem van Wyk says underpins the company's corporate objective of further beneficiating products to increase the value-added component of turnover

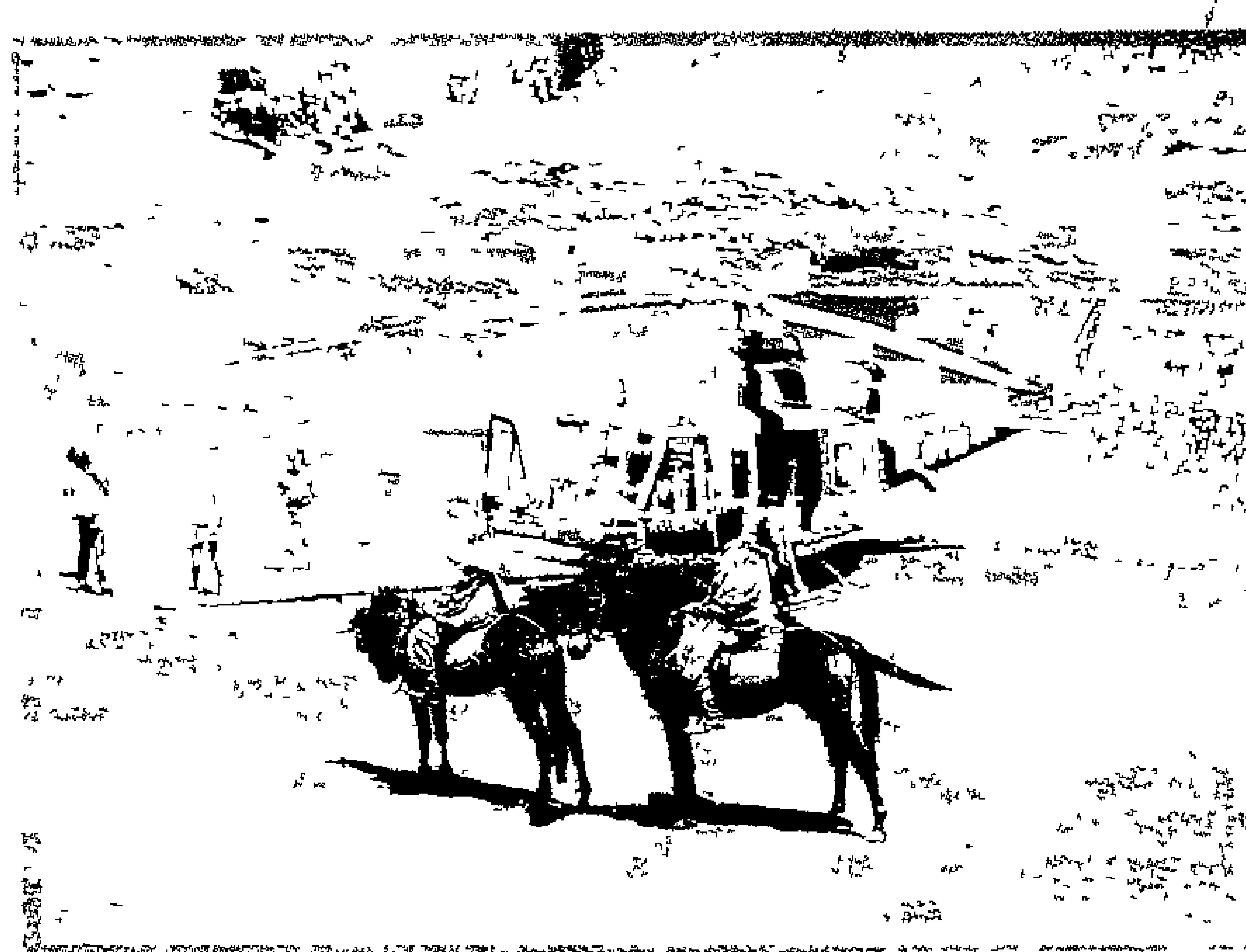
But the majority of the projects in the programme have been completed and capex is expected to decline to about R800m for the current year

Much of the spending over the past year related to

- The commissioning of the second beneficiation plant at Grootegeluk Coal Mine, which doubled capacity for power station coal to 8-million tons,
- Completion of the 120 000 tons a year electrolytic chroming line at Vanderbijlpark for the production of chroming plate to supplement tinplate for the can manufacturing industry,
- Relining, refurbishing and modernisation of blast furnace D at the Vanderbijlpark works, which has improved production levels by 25%,
- Upgrading of the Vanderbijlpark hot strip mill north, which will increase capacity by 60%,
- Rebuilding of haul trucks, which has so far saved about R63,4m compared to the replacement cost of such vehicles

Business Day SURVEY

After the boom years of the late '70s and early '80s, capital spending slumped But with beneficiation a key concept in the new industrial SA, sanctions on the way out and government committed to incentives for multi-billion rand projects, there is much to be optimistic about. ***BRENT VON MELVILLE*** *reports.*



The Lesotho Highlands water project continues in spite of legal hiccups.

Sasol heads the league of big spenders

B/Day 27/9/91.

(260)

SASOL'S R6bn capex plans have catapulted the diversified fuels and chemicals group into the forefront of South Africa's big-spenders

But there is market concern that the growth plans are too ambitious, and its high level of capital-intensive investment should be avoided as a matter of economic policy

Sasol chairman Joe Stegmann says this is not so

Sophisticated

"In a growing economy, most of the new wealth derives from sophisticated and often high technology industries and services

"Without their contribution to growth, the process of job creation, which takes place in the labour-intensive small business and informal sectors, would proceed slowly and inefficiently"

Stegmann says another misconception is only export-orientated projects should be encouraged and import replacement is undesirable in the present phase of SA's development

"The test is not whether a project is outward-looking or inward looking, but whether it will be economically viable and can create new wealth for the country"

Stegmann says economically viable import replacement is just as beneficial in terms of foreign exchange earnings as an export-orientated activity

Therefore, government's consideration of policies to improve the competitiveness of SA industry should be commended

"For more than a decade the level of new investment in the economy, in both public and private sectors, has been dismally low

"In recent years we have seen the destructive effects of disinvestment taking place in both sectors"

Sasol's investment programme includes ongoing projects valued at about R3bn — most of which are aimed at export and domestic markets — and several new projects in the pipeline worth more than R2bn

Including debt repayments on its purchase of the outstanding 50% in Sasol 3 last year, expenditure will

JOE STEGMANN

amount to about R6bn to 1995

Ongoing investment projects include

☐ Capex of R900m at Sasol 1, involving the expansion of the wax and paraffin producing facilities and the construction of a 240 000 ton a year ammonia synthesis plant The wax expansion dovetails with the recently announced purchase of candle manufacturer Price Candles from Shell SA for R30m,

☐ A R370m upgrading of Natref to be completed by the second half of 1993 Sasol MD Paul Kruger says the upgrading is intended to enable the refinery to proces heavier, cheaper crudes and supply more product to the other local oil companies,

Acrylic

☐ The construction of a R320m acrylic fibre plant in a joint venture with the IDC Kruger says the venture will produce about 35 000 tons of acrylic fibres a year, which will wean SA off imports and provide scope for exports,

☐ A R115m ethylene plant and R40m facility for normal butanol at Sasol 3,

☐ The completion of a R55m cresylic acid plant at Sasol 1 to separate and purify cresols Most of the product will be exported,

☐ The erection of a R37,5m plant for the extraction of rare gases of krypton and xenon from the Sasol oxygen plants at Secunda The plant will utilise technology from L'Air Liquide of France, and will be in operation by the end of next year,

☐ A R35m project to produce four short path distillation units to manufacture feedstocks for PVC, lubricators, thermo ink, thermo waxes, hot melt adhesives and other high-value chemicals

Projects in the pipeline include

☐ A R500m programme that could be approved later this year or early next year to produce about 100 000 tons of acrylo-nitrile annually Kruger says the product is used to produce acrylic fibre for the textile industry About 70% of production would go to exports,

☐ A R60m first phase of a plant to produce acetic acid, a feedstock for various acetates, to be considered next year;

☐ Installation of a new generation synthol fixed fluid bed for about R400m at Secunda under consideration,

☐ Production of unleaded fuel, should it be needed, following the R400m upgrading of Natref,

☐ Production of acrylic acid and acrylates, a feedstock for the paint industry

Iscor's new plant is set to save millions

B/Day 27/9/91

ISCOR'S new electrolytic chrome-plating line, completed last month at a cost of R157m, is set to save SA about R70m forex annually.

At full production, the plant will be capable of producing 10 000 tons of chromed plate, internationally referred to as tin-free steel (TFS), a month and will augment Iscor's existing 26 500 tons a month tin line

Iscor MD Willem van Wyk says the manufacture of this product enables the group to supply a lower-cost material which can be used in lieu of tin-plate for a range of applications, such as can ends, a wide range of closures, seamed containers, bakeware and bottle crowns

This material will assist customers to produce even more cost-effective products in competition with substitutes.

260

Strategic

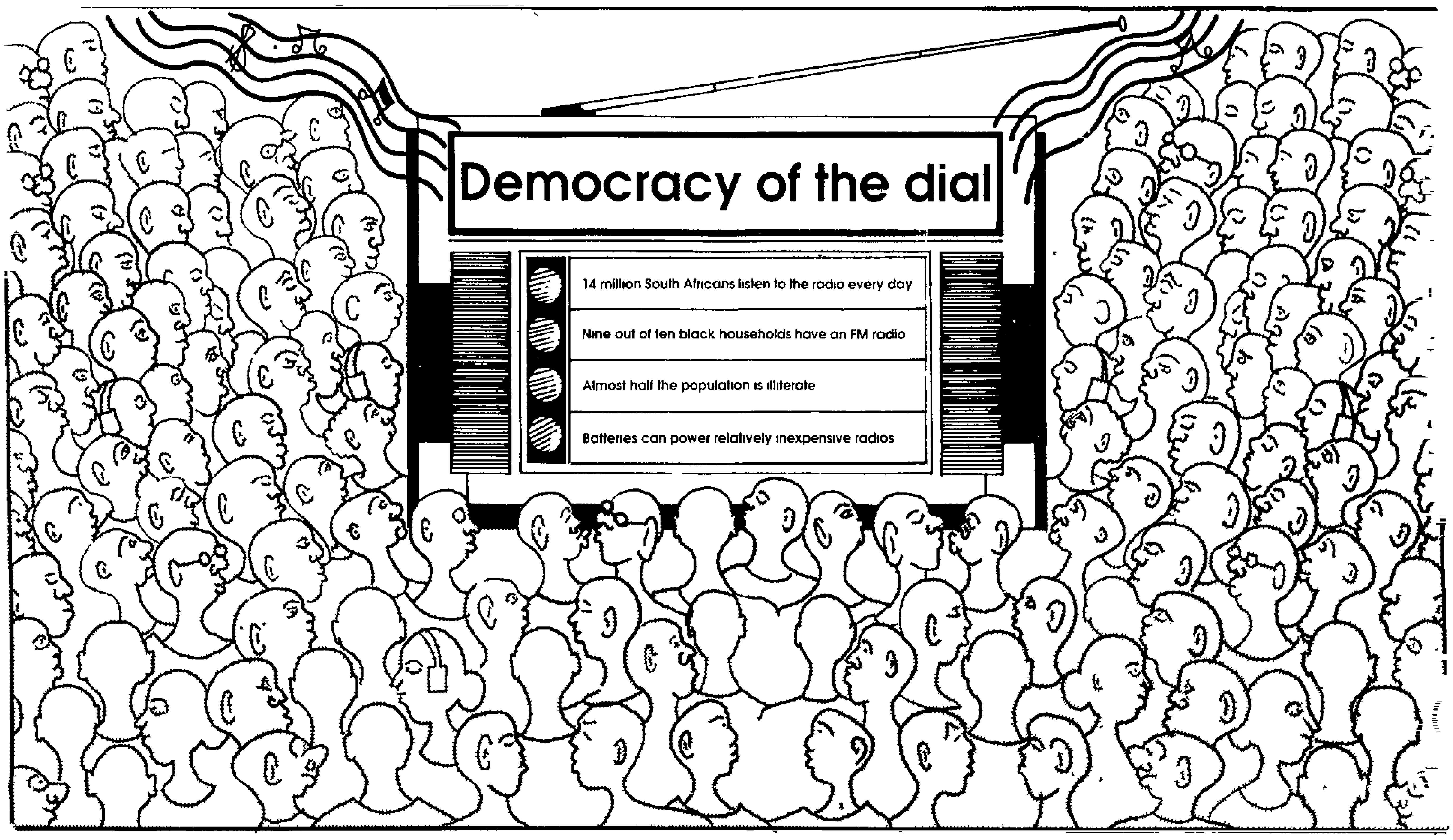
Van Wyk says the introduction of the product is yet another example of Iscor's strategic business planning, which involves the continual upgrading of its product range and expansion into value-added commodities.

The expanded capacity will exceed local requirements for the next few years and Iscor has taken steps to establish outlets overseas.

"It is calculated the company will improve its export earnings by about R20m annually by exporting these value-added products in lieu of uncoated sheet."

EDUCATION

• Radio Power



New Nation (Learning) (N) 27/9-3/10/91. (260)

Control of the airwaves

For many years we have struggled for a democratic and free South Africa. People have given up their lives for this idea of a free, non-racist and classless society. They have fought against a regime that because it has been in power, has had control of the mass media. Together, the state and the bourgeoisie has had complete control over the newpapers, radio and television. This means that they have had absolute control of all news, information and ideas.

However, because of the working class's struggles over the years, we are now in a position to shift some of this control of the airwaves in our favour. This does not mean that the struggle is over and that we are in control. We need to continually show our strength through building organisation and mobilising around campaigns in order to make our demands felt. One of our present demands is for the freeing of the airwaves to ensure a free and fair chance to view different points of view. In order to do this we need to have access to the SABC to broadcast and we need to be able to get licences for setting up independent stations and building community radio.

Access to the SABC will also put us in a very strong position to begin to address the education crisis in this country. If you look back at the picture at the top of this page you will see that most people have radios and so could listen to educational radio programmes. The use of radio for education also means that people who cannot read or write can still listen and be educated.

Who decides who can have a broadcasting licence?

The cabinet, a body of the present state, makes a political decision on the allocation of licences. At the moment, there are up to four departments which are involved in assessing the requests of applicants for broadcasting licences. They are:

* The minister of Home Affairs or minister responsible for broadcasting.
* The Department of Posts and Telecommunications for technical facilities, broadcasting facilities and spectrum managment in co-operation with the International Telecommunications Union in Geneva.
* The Department of Foreign Affairs for stations in the "foreign countries" like the "homelands".
* The Department of Development Aid where the self-governing bantustans are concerned.

Christo Viljoen, Chairman of the SABC and the Task Group looking into the future of Broadcasting in South Africa said that an Independent Broadcasting Authority (IBA) should be set up to preside over the de-regulation of the airwaves. The SABC will just be one of the many applying to the IBA for a licence.

Freeing the airwaves

What does the opening up of the airwaves in the near future mean for us in South Africa? The de-regulation or re-regulation of the airwaves will allow progressive media and organisations to develop community radio as well as for "independent" initiatives like 702 and Capital Radio to grow. We will also be able to develop our own programmes for airing on the SABC. Obviously we still need to remember who is really still in control and find ways of struggling around that. The state and the people with money will be the ones who will have most access and control. We still need to fight for the democracy of the dial - organisations or grouping should have proportional access to the airwaves as part of winning a truly democratic state.

Community radio

The idea of community radio and the development of community learning around educational radio programmes is a new concept to most of us. It is a form of participatory democracy which we have no experience of in this country. It is going to take some time for all of us to g used to this idea and to begin to participate in it in democratic way However the very important thing ab radio is that it is quite an easy thing to get involved in. Th most basic skill required is the ability to talk and we ha a very strong oral tradition in this country.

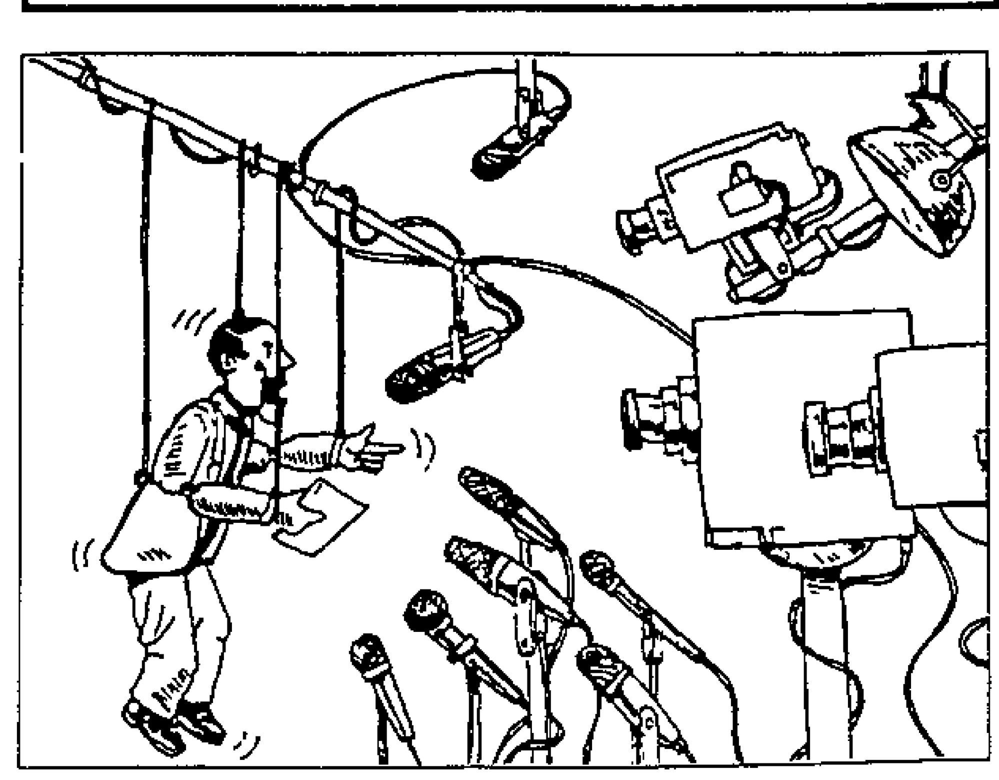
What is already happening in Educational Radio?

Cosatu is presently negotiating with the SABC about air time for trade union education.

New Nation has an educational programme on Radio Metro on Wednesday evenings at 7.30 every week.

The Careers and Information Centre (Cric) in Cape Town broadcasts on a fortnightly basis between 5 and 6 in the evenings.

The Preventative and Primary Health Care Unit (PPHC) in Cape Town is also planning to go on air in the near future.



LEARNING Nation

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Organising Defence 6

N|Nation (Learning|N) 27|9-3|10|91

INTERNATIONAL HISTORY

Workers' defence and the struggle for power in Russia

This is the third article in our series on organising defence. In this article we will look at how the workers' movement in Russia organised defence against repression by the government and the vigilantes. The article will also look at how the formation of workers militia or defence committees linked up with the struggle for the seizure of power.

Struggle for socialism and democracy

The working classes' seizure of power in the Russian revolution of 1917 was a result of many years of struggle against the autocratic government of the Tsar. This long struggle went through many victories and defeats before the seizure of power in 1917.

Before 1917 the majority of Russian people did not have the right to vote and the living conditions of workers and peasants were very bad. The struggle against the government was conducted on many levels. In the cities workers used strikes, demonstrations and boycotts. In the rural areas peasants attacked landlords and sometimes burnt the property of the landlords.

The workers and the peasants also formed many organisations to lead their struggles. In the cities workers formed trade unions, co-operative societies and migrant workers also formed their own organisations. In the villages peasants formed their organisations and political parties were formed throughout Russia.

One of the important high points of this long struggle was the revolution of 1905. In January 1905 a priest named Gapon led thousands of workers on a march to government headquarters of the Winter Palace. The police and the army opened fire and killed hundreds of demonstrators. This led to a general strike and to fierce battles between the government and the people. Although the 1905 revolution was eventually suppressed by the government this did not stop the struggle against the autocratic government of Russia.

Throughout the long struggle the government responded to the demands for democracy and better living conditions by suppressing mass struggles and people's organisations. Political parties which oppressed the government were banned and many activists were detained and even killed and many fled into exile. As the mass struggle intensified the government used police and the army to break up demonstrations and shot at the people.

See the box at the botttom of this page to read about workers' militias.

Even after the defeat of the revolution in 1905 some of the workers militias continued to operate although they were weak. So when the revolution of February 1917 happened in Russia the Soviets and the workers militia were formed again. The workers militia were now called the Red Factory Guards. The Red Guards took up the same tasks as the militias of 1905. But in 1917 one of the important new roles of the Red Guards was to defend the factories against sabotage by the bosses. The bosses tried to sabotage factories in order to prevent the establishment of worker's control in the factories.

The struggle for power

Although the workers militia in Russia emerged because of the need to defend the working class against violence they also played an important role in the struggle for the seizure of power. During both the 1905 and the 1917 revolutions the militia fought the army and took an active part in the insurrection.

In December 1905 a peaceful workers strike and demonstration in Moscow was attacked by government troops. The workers in the marches spontaneously set up barricades throughout the city. The workers organised themselves in small groups and fought fierce battles with the army. Although the workers militias were defeated by the army they fought heroically and the mass movement learnt many important lessons from the Moscow uprising. When the Red Guards were formed in 1917 the Soviet organised them more systematically. The Soviet said that the role of the Red Guards was to defend the gains of the revolution and also worked out a structure for the Red Guards. Between February and October of 1917 there was growing conflict between the capitalists and workers. The Bolshevik Party called for the seizure of power by the workers and the establishment of socialism. The Soviet of Petrograd, the capital city, formed a Military Revolutionary Committee (MRC), to organise the insurrection. The MRC centralised the activities of the Red Guards under its leadership. In October the Red Guards under the leadership of the MRC took control of the Post Office, railway stations, the banks and other important places in Petrograd. The government of capitalists was overthrown and the Soviet took power into its hands.

The struggle for the army

Although the workers' self defence units played an important role in the seizure of power another equally important role was played by certain sections of the army. Throughout the long struggle in Russia the Bolshevik Party emphasised the impor[illegible] of winning over the army to the side of the people. The Bolsheviks said that vi[illegible] against the people cannot end and p[illegible] cannot be seized until the army or a section of it sided with the people. [illegible] facilitate this task of winning the army the Bolsheviks formed Military Organisati[illegible] (MOs) of the Bolshevik Party. The role [illegible] MOs was to organise within the army [illegible] explain to the soldiers that their inte[illegible] lies with the people. The MOs also publi[illegible] newspapers directed at the army and c[illegible] on the army to revolt against the government. The MOs convinced [illegible] soldiers that the capitalist government [illegible] not in their interest and many army [illegible] came over and supported the M[illegible] Revolutionary Committee. The suppor[illegible] the army also made the supply of weap[illegible] to the Red Guards easy. Together with [illegible] Red Guards the army made the victo[illegible] the October Insurrection possible.

Conclusion

From the experience of Russia [illegible] can see that the Workers Militia w[illegible] important in organising defen[illegible] against violence. Many workers [illegible] the Militia saw that the defence [illegible] workers against the government [illegible] vigilante violence could not [illegible] separated from the struggle f[illegible] power. The experience worke[illegible] gained in the defence of themsel[illegible] and their organisations prepar[illegible] them for the role they played in [illegible] seizure of power. We can also [illegible] from the Russian experience [illegible] the struggle for the support of [illegible] army was crucial. The work[illegible] struggling to win over the army [illegible] also important in the struggle agai[illegible] violence.

The Russian Vigilantes

New Nation (Learning |N) 27|9-3|10|91

The formation of Workers Militias

One of the important questions that was raised by the struggle and the government's repression was that of the need to defend the people. The question of defence became even more important because of the emergence of rightwing vigilantes in Russia.

As the struggle intensified rightwing elements in Russia formed a vigilante group known as the Black Hundreds. The Black Hundreds systematically went through many towns and beat up and also killed many workers. The police and the army assisted the Black Hundreds with arms and money and sided with them whenever workers tried to defend themselves. Both the government and the Black Hundreds tried to encourage racial conflict by spreading rumours that the Jews were responsible for the revolution and by staging massacres of Jews.

An example of this co-operation between government and the Black Hundreds was in the town of Belostok in 1906. In Belostok the Black Hundreds carried out a massacre of Jews and intellectuals who were opposed to the government. Before this massacre leaflets calling for the massacre were distributed and there were widespread rumours of the attacks. The police and the government ignored all this and many people were killed. Even after long trials none of the vigilantes were found guilty. Also in 1906 the Black Hundred gangs set fire to the People's House in the town of Vologda which was used for meetings by progressive organisations.

The workers responded to these massacres by forming themselves into armed groups which were called workers militia. During the 1905 revolution workers from the factories also formed the Soviet of Worker's Deputies. The soviet brought together the worker representatives from all factories and it was responsible for co-ordinating the struggles of the workers against the government. By November 1905 there were more than 6 thousand workers in the big cities who belonged to workers militias. Each militia was made up of about three hundred workers who patrolled the townships in groups of ten. The militias were armed with guns pangas and other weapons. The main tasks of the militias was to protect workers' leaders from attacks by Black Hundreds vigilantes. The printing workers also formed a special militia whose task was to ensure that the workers press was not destroyed.

Equality and quality able to co-exist on TV

Star: 28/9/91

On the Box 260

JOHN VAN ZYL

THIS is going to be positively the last word on the Broadcasting Task Group report In fact I had almost written a column on "The Simpsons" and Bart Simpson's experiences in France, when "Good Morning South Africa" stopped the clock with the Harmse, Green and Van der Merwe show And if you don't know who they are you don't deserve your R133,93 discount TV licence

How's this for a barometer of the broadcast concerns of the viewing public? One phone-in caller demanded to know why the reception of the English radio programme was so bad in Sandton! Another, the housemaster of a mixed boarding school hostel, wanted the three wise men to realise what effect the kissing and violence on SABC-TV was having on his charges A fine example of the prurience of the puritan mind Luckily Carel van der Merwe fielded both questions sensibly

But back to that report.

Take one of the main recommendations of the Task Group that the SABC revert to its prime function of providing public service broadcasting Oddly enough, it is a view held strongly by critics of the SABC as well But as much as one might applaud this idea, it is more complicated than it might seem at first glance

What does one mean by public service broadcasting?

Public service broadcasting can be dreary, lacking in innovation, obsessed with providing opportunities for minorities to communicate with themselves (the ultimate in marginalisation), and obstinately refusing to be creative and provocative.

The mistake made by everybody is the naive assumption that public service broadcasting should provide "quality" programmes, while commercial channels provide "entertainment" The only distinction between public service and commercial broadcasting might simply be one of source of financing, not one of inherent differences in programming

Let us rather spend much more time asking the simple question "What should the aim of broadcasting in this society be?" Because that will help define quality broadcasting

The most important consideration is whether any broadcasting system is adequate for its society does it really reflect and express its experience, its pleasures and pains, its insights and understandings, its differences as well as its similarities?

Does it function adequately as a set of channels for groups and individuals to communicate with each other?

Surely that begins to address the question of "quality" TV?

Another crucial consideration is whether one conceives of broadcasting as having a ritualistic function or an individualistic function. Put another way, does it unify or does it encourage criticism?

Television as ritual has the power to create a community of viewers, doing the same thing at the same time, sharing stories, news and programmes. In this sense quality television has the ability to define and bind a community, to provide a common experience that ignores barriers of class, race and gender

This is a central issue in South Africa that the Task Group glossed over.

There is, of course, an equally strongly held belief that every community needs its own space, its own broadcasting channel and its own arts to explore and speak about its experiences But this should at least be questioned in favour of communication across cultural and social boundaries with language and art as integrating factors

When we turn from the community to the individual we have yet another definition of quality broadcasting The formation of a good citizen, seen as a mature, fully informed person, aware of the political and social life of the community and fully engaged with it

It is a commonplace that central to a good society is equality of human rights (whether political, civic or social) If we put that in broadcasting terms we come up with the idea of equal rights of information and communication Something we have never had in South Africa

Quality should never be seen as the opposite of equality

Belt-tightening replaces Iscor's spending spree

BDay 30/9/91

(260)

BRENT VON MELVILLE

AFTER several years of ambitious capital spending, depressed local conditions and low margins on exports, SA's major steel producer Iscor is taking major steps to tighten its belt.

In his annual review MD Willem van Wyk says no new major projects to increase basic steelmaking capacity or to modernise plants will be undertaken during the next four years.

For the current and forthcoming financial years Iscor has allocated about R800m a year and thereafter about R600m a year to finalise projects to which it is committed and for the essential replacement and maintenance of plant and equipment

This compares with a record R1,4bn spending spree last year and R1,3bn in the previous financial year

But at the same time the group is also actively promoting the local market for value-added secondary manufactured steel goods and structures for export, and is ready to exploit potential opportunities in the low-cost housing market and related infrastructure

Van Wyk says these two market segments, together with the beverage and food-canning industries — which have recorded consistent 8-10% annual growth over the past few years — may be expected to have a favourable effect on Iscor's results over the medium term

He adds that in the meantime, Iscor has undertaken to reduce stock levels, and capital expenditure is being limited to essential items Strict cost controls are being enforced to optimise cash flows

"These initiatives must, however, be seen against the backdrop of declining world steel prices in the wake of surpluses caused by overproduction," says Van Wyk

In that respect, he says margins and operating profits will remain under pressure during the current financial year, although in the longer term, Iscor expects to emerge from the worst recessionary period in recent history with improved prospects for growth

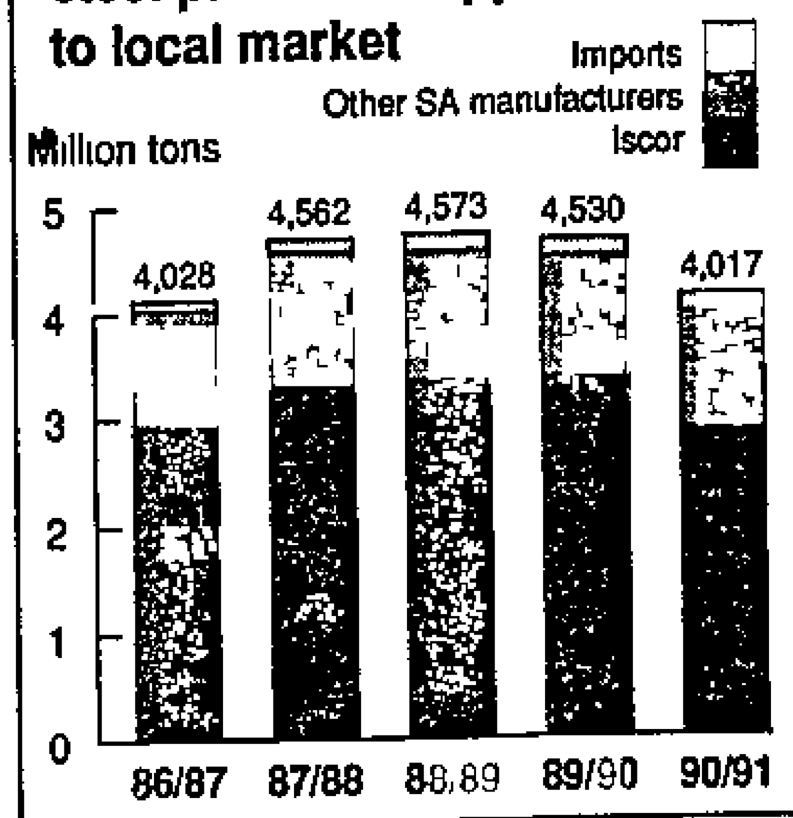
During the 1991 financial year the SA market accounted for total steel sales (including rolled, drawn, and forged) of 4-million tons, compared with 4,5-million tons the previous year Iscor's market share dropped slightly from 74% to 73%, or about 2,97-million tons, compared with 3,4-million tons in 1990

Total liquid steel production from Iscor moved up 3,3% to 7,2-million tons and total Iscor steel sales amounted to 5,6-million (5,4-million) tons.

Exports took up the slack in the depressed local market, and accounted for 47% of sales, a level not seen since pre-sanctions levels in 1985

Van Wyk says the group will continue to optimise its export drive wherever possible into higher-margin value-added profits

Rolled, drawn and forged steel products supplied to local market



Graphic: FIONA KRISCH Source ISCOR

Inter-group mergers at Malbak

MELANIE SERGEANT

BDay 30/9/91

IN A MOVE to strengthen its health care product division, Malbak has announced a series of inter-group mergers.

They follow the acquisition of Akromed.

The mergers are aimed at rationalising the group's health care and consumer interests

From having Protea Pharmaceuticals and Akromed as holding companies within Malbak Health Care, each with separate finance and administration functions, the new single structure provides for five business units with common service functions

This will make them more efficient and proactive for clients, says consumer division executive director David Webster.

Webster says Promardis will continue to operate as the consumer division within the new structure, with trade and supply relationships enhanced by its new positioning.

The five business units now comprise ethical, consumer, nutritional, hair care, and over-the-counter products

"Greater focus can now be directed at all our critical success areas, because we're consolidating under focused management into two product areas, namely ethical and consumer," says Webster

He predicts consolidation will lead to a new growth cycle for the group

Harwill shows static growth

BDay 30/9/91

BRENT VON MELVILLE

CAPE-based Harwill Investments, manufacturer of packaging products, has posted a static growth performance for the year to end June, with earnings virtually unchanged at 19,5c a share. The dividend was left at 5c.

Directors attributed the mediocre performance to adverse trading conditions, and said the group did not foresee a meaningful improvement in the coming year.

"It is also not known at this stage whether the implementation of VAT will have a positive or negative influence."

Iscor seeking relief from foreign dumping

260

Star 30/9/91

By Derek Tommey

Iscor does not expect to maintain its 1990-91 profits in the current year, says chairman Marius de Waal.

The upturn in the economy is not expected to impact on Iscor and its operating profits until the second quarter of next year, making it difficult to repeat the previous result

Managing director Willem van Wyk says the company is seeking protection against the dumping of steel by foreign producers

With the lifting of sanctions, it is also planning to re-enter its former markets as soon as possible, but in an orderly fashion

He says Iscor is capable of competing in South Africa with foreign manufacturers who sell at prices reasonably related to their own costs.

But the current world surplus has led to steel being traded at abnormally low prices, resulting in SA's steel producers requiring protection against dumping

Mr van Wyk says in Iscor's annual report to shareholders that steelworks have high fixed costs and to keep total costs a ton as low as possible they have to maintain production in order to spread their fixed costs over the best aggregate tonnage

World consumption is now 15 percent below production And with manufacturers continuing to produce at high levels, dumping is taking place

Mr van Wyk says ordinary market forces are not enough to enable producers to compete against dumping

For this reason, all steel-producing countries, including the US and those in Europe, provide protection in some form or other for their local industries

The South African Rolled Steel Producers' Co-ordinating Council has asked the Government to update the current steel tariff formula, which is still based on 1985 component values

It has asked the Government to incorporate the latest published overseas domestic prices, shipping rates and exchange rates relative to the South African currency.

He says that the over-supply of steel in foreign markets has led Iscor to improve competitiveness rather than expand output

As a result, in the medium term Iscor will not embark on capital expenditure programmes specifically to increase capacity, though this could be a by-product of some key modernisation programmes

Mr van Wyk says the economy is expected to bottom out towards the end of this year or early next year, resulting in a slow recovery in the first half of the year

But the recovery is not expected to come soon enough to have a beneficial impact on local sales in the first half of 1992

However, Iscor will continue to exploit available sales opportunities, both local and international — a comment echoed by Mr de Waal.

He says the formal lifting of sanctions against steel exports by the US and imminent steps in this direction by the European Community are being explored with enthusiasm by the SA steel industry and Iscor in particular

Iscor plans to re-enter these markets at the earliest possible opportunity.

It already possesses established marketing networks which will give it a wide choice of outlets, particularly for its value-added lines for which niche markets should be readily available

This will help compensate for unfavourable market conditions

COMPARISON OF LOCAL PRICES IN RESPECT OF REPRESENTATIVE PRODUCTS IN THE RSA, UK, USA, FRANCE AND GERMANY

(RAND PER METRIC TON)

Product	Iscor FOR works Rc/ton	United KINGDOM(*) (basis point) Higher/lower(—) than Iscor %	USA (FOR works) Higher/lower(—) than Iscor %	FRANCE(*) (basis point) Higher/lower(—) than Iscor %	GERMANY(*) (basis point) Higher/lower(—) than Iscor %
Angle sections	1 241,70	(8,54)	34,43	22,63	13,93
Taper flange channels	1 266,55	22,28	35,34	6,51	5,95
Channels	1 332,90	(10,22)	35,58	(0,40)	4,32
Flat sections	1 272,40	(10,74)	43,04	31,64	(2,16)
Plate (structure)	1 329,25	7,68	30,16	6,86	20,42
Plate (pressure vessel)	1 605,25	(0,02)	15,18	5,98	15,83
Hot rolled sheet	1 399,80	12,48	21,28	18,13	26,48
Cold rolled sheet	1 731,45	(0,53)	11,05	2,92	12,52
Hot rolled sheet (strips)	1 450,05	12,95	9,83	10,92	12,62
Galvanised sheet	2 360,55	(3,18)	13,41	(7,78)	9,59
Electolytic tinplate	2 046,83	48,24	68,74	46,31	67,52
Wire rod (netting wire)	1240,95	(8,48)	31,67	(1,07)	25,73
Exchange rate as on 1991-06-19		R1=£0,2131	R1=$0,3434	R1=FFr2,1015	R1=Dm0,6185

* Rebate included in prices

SOWETAN Monday September 23 1991

Rightwing protests SABC

Sowetan 23/9/91

260

FIFTY rightwingers marched on the headquarters of the South African Broadcasting Corporation in Auckland Park at the weekend and burnt a television set to protest racially integrated programmes and advertisements

The 50, members of the SABC Licence Payers Action Group, held the demonstration early on Saturday Traffic officials and police monitored the protest, which was peaceful.

The group complained about the SABC's use of American programmes which depict blacks and whites together.

It also protested the corporation's alleged bias in favour of the ruling National Party in news broadcasts

Mr Theo Vorster, SABC general manager of group communications, said the criticism was subjective He denied that the SABC promoted specific political aims through its programme content, advertisements and news broadcasts

Ethics

Vorster said the corporation complied with a strict code of ethics and could be considered conservative compared to overseas and other local broadcasters

Vorster said independent market research had revealed news items were regarded as well-balanced and truthful.

He added that the SABC reflected national and international events based on the newsworthiness of an event, which was evaluated using accepted news principles.

Vorster said the SABC reported facts and all the differing political views.

The fact that every political organisation, including the National Party, accused the SABC of political bias suggested that the corporation was doing something right, said Vorster

With regard to "mixed" race advertisements, Vorster said the SABC could not forbid advertisements which featured both blacks and whites because such mixing was a fact of life

- *Sapa.*

A proud history of community help

Sowetan 23/9/91

260

ESKOM, the sponsors of the 1991 *Sowetan* Woman of the Year competition, has a proud history of helping communities help themselves

Their emblem, Power to the People, may seem to be referring to electric power, but the company goes further and empowers people by supporting self-help community projects.

"Our support of this hallmark Nation Building event is an extension of our social investment policy, which focuses on investing in people," says Eskom's public relations officer, Mr Derrick Thema

"The Woman of the Year event identifies the women in our communities who have created self-help groups whereby other, more needy members of the community benefit from their efforts

"Such women provide excellent role models in the black community, an aspect of community life that needs serious attention. The lack of positive role models is a high-priority grievance of the black youth who desperately need outstanding examples to model themselves on in their difficult adolescence years."

"The Eskom-sponsored Woman of the Year award spotlights those who have tried to improve the quality of life in the communities within which they live for the benefit of others. Some of them face insurmountable odds trying to carry out their efforts and provide a shining example to all of us," Thema said

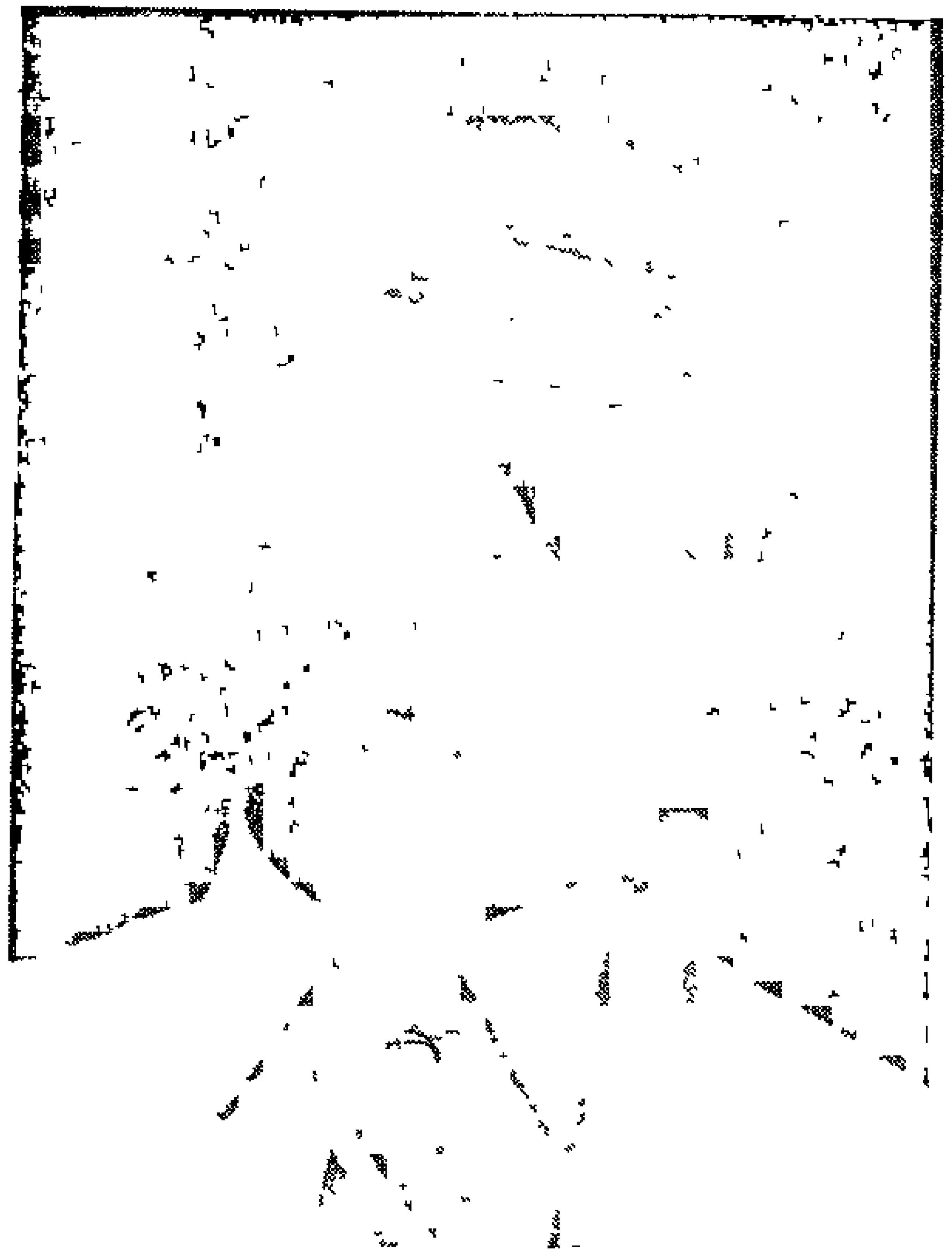
Eskom has expressed its commitment to "people investment" by its generous educational grants to many mathematics and science students This particular effort by Eskom has done much to bridge the gap created by the prejudiced education system.

The company has also implemented their "power to the people" logo from primary school level through a teacher training programme aimed at helping teachers work more effectively

The Uptrail Trust provides continued education to primary school teachers and helps them communicate English and mathematics more easily to their young pupils

The programme, which has enjoyed wide support and enthusiasm since its inception, has been implemented at Sagewood, Sacred Heart and Alexandra and will soon be extended to other schools.

Eskom is aware that the way ahead in today's changing circumstances is to address society as a whole and consider aspects such as work, education and social activities in their endeavour to provide electricity to the masses.



Eskom's Derrick Thema

Legitimacy of Task Group rests on debate

Star 21/9/91

On the Box 260

JOHN VAN ZYL

ONE of the highlights of the week was the unexpected, nervous release of the Viljoen Task Group report One wonders why it was necessary to anticipate the October 25 date so precipitously? It is perhaps the fierce resistance that is being shown by the SABC executive managers, notably Wynand Harmse? He is objecting strongly to the recommendation that the SABC fulfill its public service role and be less dependent on advertising revenue

This is bound to cause problems since both Mr Harmse and Quintin Green have tied themselves to the mast of creating a profitable SABC Added to this, the undue haste and secrecy shown in the creation of numerous private enterprise business units in the SABC gives rise to grave suspicion Business units like Safritel (headed by Hennie Human who has been in trouble at the SABC before), Scenia (headed by Fanus Venter, former head of RSA news who was in charge of the propaganda campaign against Swapo in the Namibian elections), TNP or Tele News Products (headed by Johan Pretorius), and Com TV seem to directly contradict the main thrust of the report

If this trend persists then surely both Mr Harmse and Mr Green should reconsider their positions as a matter of urgency? Or will the Independent Broadcast Authority redraft both the mission and the management of the SABC when it is finally established? This is a matter for urgent public debate

The other major cause for concern is the way that M-Net has been handled If Christo Viljoen has talked himself out of one job and possibly into another, then it seems as if Ton Vosloo (as vice-chairman of the Task Group) negotiated a situation in which M-Net continues to write its own rule book in terms of amount of open time relative to number of decoders sold as well as percentage of local content broadcast One of the most useful suggestions made by the Task Group concerns the establishment of a Broadcasting Court that will hear appeals against the decisions of the IBA

There are two framing recommendations that are of special significance The first states that "the Task Group would like to urge that this report be made public it would be valuable to encourage and stimulate informed public debate and decision-making "

This must surely mean that the report will now be subjected to the equivalent of an American Senate public hearing with a judge as chairman This will allow interested parties to debate the important issues IN PUBLIC This is the only chance the Task Group will have to legitimise itself

Failing that one the second framing recommendation would have to be invoked This implies that the proposed IBA can only function if a Bill of Rights were in operation and that can only happen with a new constitution If the democratic implementation of the report cannot be insured then it should be referred to the All-Party Conference as a matter of the utmost urgency

The other highlight of the week was the peace accord signed in the presence of 3 000 Zulu warriors and broadcast live on a Saturday, the holy day of rugby watchers In the end more blood flowed on the rugby field at Newlands than at the Carlton Hotel although the indefatigable Rajbansi invited severe bloodletting by filibustering

It was a suitably solemn occasion with enough dramatic moments to make it watchable The panel discussion at 1 15 pm was one of the rare occasions in which a serious issue was debated at length by intelligent and articulate people As Robin Lee said "During the crisis it is far better to have jaw-jaw rather than war-war "

However, from that moment on the peace accord was subjected to a fair amount of overkill On Sunday evening two lefthanders, the one being the state president and the other not, confronted each other on TV2 The lefthander who is not state president archly asked the one who is "Are you allergic to majority rule?" and went on to ask distinctly embarrassing questions about forced removals and the land question

After that it was strictly downhill all the way

Familiar refrain dogs SABC airwaves report

Star 21/9/91 (260)

Notebook

CHRIS GIBBONS

THE long-awaited report of the Viljoen Task Group on Broadcasting has been published A great deal of work has gone into it, it covers much ground and gives a welter of information.

The report also acknowledges that the composition of the task group was unrepresentative and more public debate is needed before decisions can be made.

All this is to be welcomed, but without wishing to sound too cynical, I can't help but think of successive NP Governments proclaiming apartheid's death Those who live under it, know it is alive and well

If the task group's findings are implemented, the consumer will hardly notice the difference

Why? Well, to start with, there is a fundamental contradiction in approach to the suggested Independent Broadcast Authority (IBA) It is held to be the main thrust of the report, paving the way for deregulated airwaves and enabling many more voices to be heard.

Yet the report also recommends a new Broadcast Act, with stipulations about the local content of broadcasts, cross-ownership, classes of broadcast licence, restrictions on the holding of licences, a general code for programmes, general provision for advertisements and the monitoring of programmes, so as not to leave any discretion to the licensing authorities or broadcasters

So why the need for an IBA at all? Given that such an Act would also be drawn up and enacted by Parliament, it might be interesting to hear how the task group believes this would depoliticise broadcasting.

A similar question could be posed alongside the recommendations that IBA members be appointed by the State President, while the board of the SABC continues to be appointed by Government. There is no way, surely, that these would not be viewed as political appointments

The report also suggests that the IBA not involve itself in routine programme content, but should determine the percentage of time allocated to advertising.

This is another contradiction, because the amount of advertising on a radio or TV station is a routine matter. It is also routine for consumers to turn off if there is too much advertising, so the onus rests with programmers to get the balance right or lose their audience Bureaucrats should not interfere No one dictates to this newspaper how much advertising it should carry. Why should broadcasters be subjected to some arbitrary figure?

The SABC, says the task group, has an important public broadcasting function which there is a need to retain. As I ponder the role of a public service broadcaster, I am certain the task group has not looked hard enough at this question.

It blithely states that the status quo, vis-a-vis the SABC, be retained, and then examines, in some detail, alternative methods of funding the corporation.

Should the SABC carry on as is? Should it not be scaled down — and require less public money as a result? What about the quality of its management? If it were better run, would it again need less public money?

None of these questions is tackled with the vigour it deserves. In fact, if you look at the report as a whole, with the SABC left as is, with politicians controlling both the SABC board and the IBA, with the IBA shackled by a new Broadcast Act, you might be tempted to conclude that it's all too familiar

Could the task group's intentions be like those of the National Party? To say that broadcasting needs to be freed — just as apartheid needs to be eradicated? In both instances, we nod vigorously in approval, but reserve judgment on the outcome

● *Chris Gibbons is head of news, sport and talk shows on Radio 702*

SASOL

Diversifying the profit base

FM 20|9|91

(260)

Activities: *Main activities are production and marketing of liquid fuels, pipeline gas, fertilisers, mining explosives and petrochemicals and polymers derived from coal and crude oil*
Control: *IDC 30%*
Chairman: *J A Stegmann, MD P du P Kruger*
Capital structure: *563,7m ords Market capitalisation R9,44bn*
Share market: *Price 1 675c Yields 4,3% on dividend, 11,0% on earnings, p e ratio, 9,1, cover, 2,6 12-month high, 1 800c, low, 1 180c Trading volume last quarter, 11m shares*

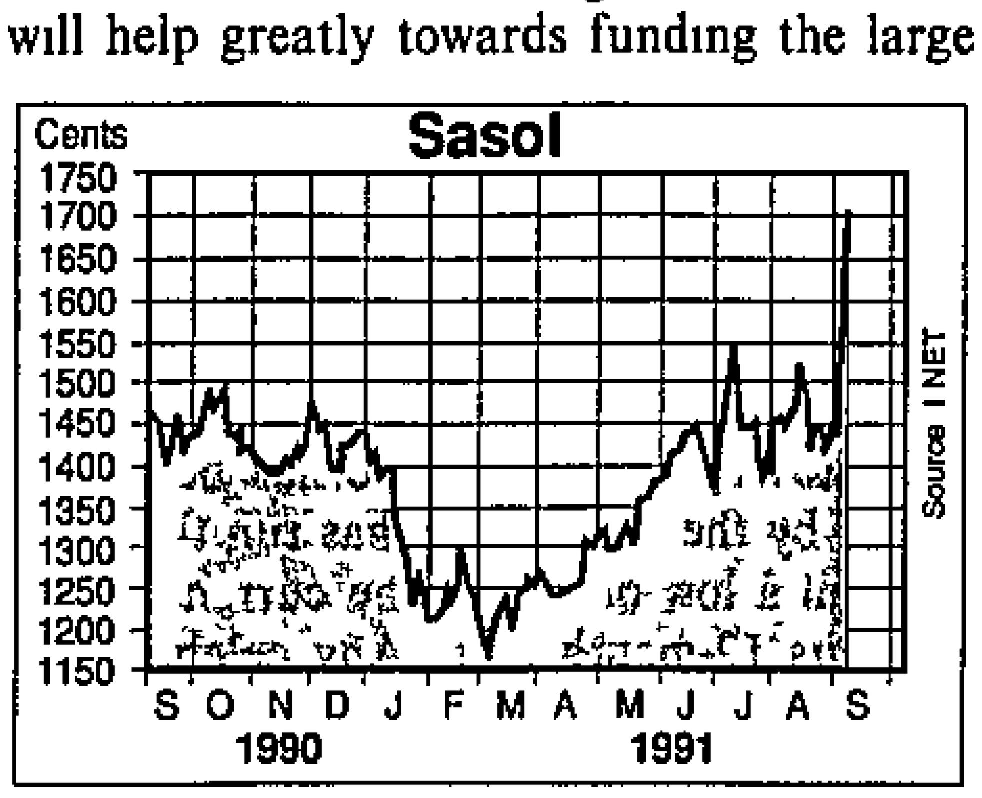
Year to June	'88	'89	'90	'91
ST debt (Rm)	27	14	15	406
LT debt (Rm)	393	402	391	1 762
Debt equity ratio	0,04	n/a	0,06	0,37
Shareholders' interest	0,54	0,51	0,58	0,46
Int & leasing cover	40,7	29,7	n/a	5,1
Return on cap (%)	15,2	19,3	18,5	18,1
Turnover (Rbn)	3,48	4,09	5,03	7,56
Pre-int profit (Rbn)	0,77	1,09	1,22	1,90
Pre-int margin (%)	22,2	26,5	24,3	25,1
Earnings (c)	84 2	111,7	132 4	184 7
Dividends (c)	47,5	52,5	59,5	71,5
Net worth (c)	581	632	762	857

Sasol leapt smoothly over a large hurdle with its takeover, as from July 1 1990, of the outstanding 50% of Sasol 3 From being effectively ungeared, the balance sheet at year-end was carrying some R2,2bn in interest-bearing debt, though this was matched by R366,5m cash

After net financial income of R109m was received in the 1990 year, this swung to a R372m outflow But with the 1991 figures Sasol has shown it should have no difficulty in handling the interest burden while still maintaining growth in earnings and dividends

Accounting treatment of the stake Sasol previously held in Sasol 3 was always conservative The 50% holding was valued in Sasol's balance sheet at only R50m and only the dividend income received from Sasol 3 was brought to account in the income statement Consolidation of Sasol 3 lifted NAV per share by 94,4c, after write-off of R407m goodwill (unrelated to Sasol 3)

More important, the group now has full access to Sasol 3's cash generation, which will help greatly towards funding the large



Sasol's Stegmann *new and dynamic growth phase*

capital spending programme (*FM* September 6) Also, with Sasol 3 a wholly-owned subsidiary, management has greater freedom to further improve efficiencies and expand the product range at Secunda

Operating margins, at 25,1%, remain well below the peak levels of 36,3% seen in 1986, when crude oil prices were considerably higher and the rand was depreciating sharply But the trend is upwards and last year's R675,5m improvement in operating income was accompanied by a strong surge in cash flow Cash available from operating activities, after payment of finance charges and tax, was R781m higher, at R1,86bn

Capital spending last year absorbed R1,3bn and is expected to remain around R1,5bn annually over the next two to three years The intention is to finance this essentially with internally generated funds, but there may be some resort to bridging finance to tide the group over its spending hump

Benefits should be felt during the current year from such projects as the R1,3bn Syferfontein colliery, which will make Sasol self-sufficient in coal after buying in 2,7Mt last year. The polypropylene division has entered production at a stage when the market is oversupplied, it exported more than 70% of production, valued at R120m, to about 130 countries But, mainly because total output volume was lower than planned, the division's contribution to group profit was below expectations This year it is forecast to make a significant contribution, as bottlenecks have been eliminated

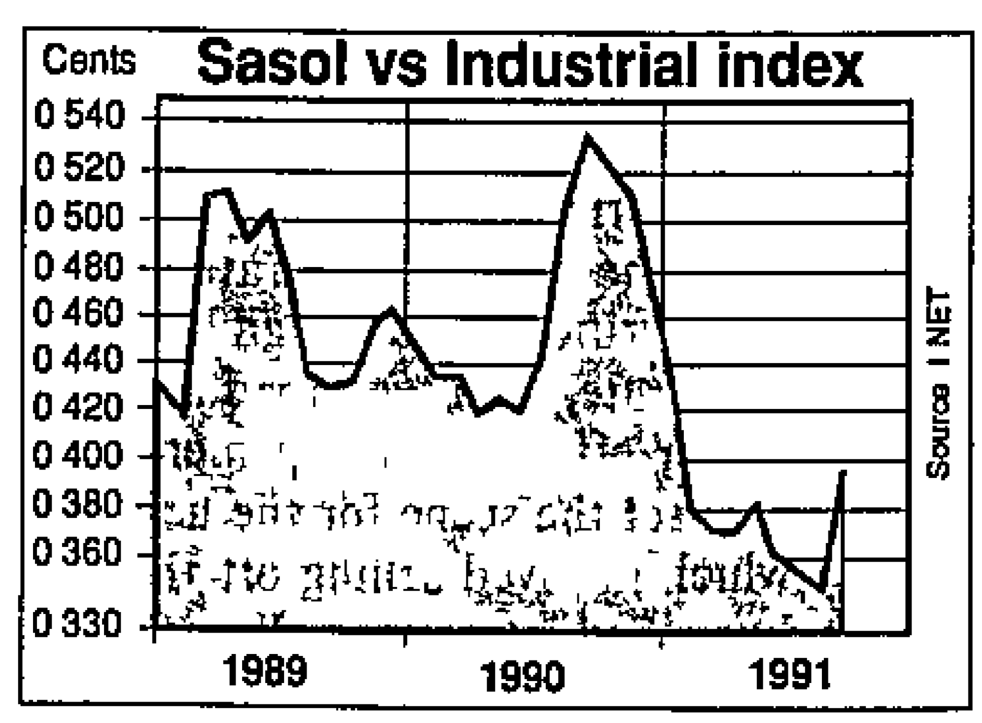
Other projects coming on stream and having the potential to boost current profits include the R115m ethylene plant This will increase Sasol's output of ethylene — the most important feedstock for the chemical industry — but up to 55 000 t/year, to a total 400 000 t Value of Sasol's ethylene sales last year rose by 17,9%, to R500m

The new plant will enable the group to supply the total SA market and have significant tonnage for exports as polyethylene As ethylene capacity will exceed the proven capacity of customers' downstream plants by about 15%, the group is negotiating with customers to ensure that additional ethylene derivative capacity is created as soon as possible

However, most of the other major projects now under way will only start contributing to profit after the end of the 1993 financial year These include the R370m upgrade of the Natref oil refinery, the R900m conversion of Sasol 1 from primarily a fuel producer to a petrochemical complex; a R333m plant to produce high grade coke from low grade Sasol pitch; and an R320m joint venture with the Industrial Development Corp to produce 35 000 t/year of acrylic fibres, making SA self-sufficient in the product and, again, creating opportunities for exports

Though interest charges should diminish markedly over the next few years, this pace of spending and the timing of the profit contributions may persuade the board to raise bridging finance to see through the next few years There are no plans for a rights issue of ordinary shares, but there will probably be an issue of some other instrument, such as convertible prefs or debentures Executive director Andre du Toit says that the decision — as well as the timing and the amount — will be influenced by the board's policy that gearing may not exceed 50%

It is only a matter of time before further new ventures are announced These are expected to include a methanol plant, costing upwards of R400m, and an advanced fluidised bed Synthol reactor at Sasol 3 The latter, which would have the capacity of three of the existing eight reactors, would partly remove the Synthol reactor production bottleneck and will compensate for the reduced fuel production owing to the conver-



continue →

sion of Sasol 1 to a chemicals complex

As chairman Joe Stegmann puts it, Sasol is in a new and dynamic growth phase This will result in a further reduction in the relative contribution of synfuel activities to earnings The capital programme should improve efficiencies, but much of the emphasis is on broadening the product range and adding value to the existing streams wherever possible

Stegmann notes that, in the past three years, export sales have increased by 38% annually and currently account for 31% of total non-fuel sales These rising exports should help to spread the risk related to the investments and also bolster Sasol's considerable rand hedge qualities

Earnings were boosted last year by the changes in the effective tax rate It fell sharply in the second half, resulting in a full-year rate of 30,8% compared with 38,9% in the first half This was due to the treatment of Syferfontein as a mine contiguous with the other Secunda mines This year's tax rate is expected to remain around the 1991 level

Product prices and exchange rates will be key factors affecting the 1992 performance, and these will depend largely on the local and international economies However, the group has shown that diversity and a strong production performance can do much to compensate for weakness in specific markets Further useful advances in earnings and dividends look attainable this year

Market sentiment towards the share has turned more bullish, despite the uncertainty related to the expected sale by the IDC of its 30% holding in Sasol After release of the results the share price climbed steeply to a 12-month high of R18 That reversed a trend in place since October 1990, during which the share lagged the Industrial index The rerating should continue as investors gain a clearer view of Sasol's capabilities

Andrew McNulty

BROADCASTING

Here is the news

FM 20\9\91

(260)

Christo Viljoen's Task Group does not understand the free market

At first glance, the report of the Viljoen Task Group on Broadcasting says all the right things One of its main recommendations is that "deregulation of the airwaves should be instituted, and further national, regional and local television and radio services should be allowed " It accepts in principle the need for a broadcasting industry that is free from political control, encourages competition and offers access to a wide range of opinion

We must be grateful at having made such progress, more than 40 years (as the report itself notes) after a Commission of Inquiry recommended to government that broadcasting be privatised

But beyond the reassuring words of the general principles, the fine print in the Viljoen Report is often contradictory, vague and even downright disturbing

A core recommendation is that an Independent Broadcasting Authority (IBA) should be established This body would determine the number of new broadcasters and issue licences to them (as well as to the SABC) It would also allocate frequencies, monitor technical quality and promote fair competition This sounds reasonable, some kind of regulatory body is necessary, certainly on a technical level

But the authority would also be responsible to parliament through a particular Cabinet Minister and its members (the report recommends five) would be appointed by the State President The SABC has always had much the same theoretical status, which proved no protection — until very recently — against having to perform the propaganda functions of the National Party

The Viljoen Report notes that the SABC has fallen within no less than seven Cabinet portfolios since 1936, six of them since 1970 At one stage — between 1986 and 1988 — the corporation was actually the responsibility of the Office of the State President (only a phone call away, as senior SABC men learnt the hard way) Yet for some reason, the Viljoen Report does not see that a broadcasting authority would not necessarily have any more freedom Let's be realistic whatever the De Klerk government comes up with, a future government can turn upside down in a flash

Judging by some of its other recommendations, the Viljoen Report is not really that keen on freedom in general, which (it appears to think) can be legislated from above It cannot The only way the free market can work, in broadcasting or anything else, is when it is allowed to exist And the Viljoen Report appears determined to prevent this, Sweeping liberal principles are constantly undermined by bureaucratic qualification

The report argues that "a new SA constitution should guarantee freedom of speech, specifically with regard to freedom of broadcasting " But consider what would face a new entrant to the radio or TV market if the practices urged by the Task Group were to be accepted "All broadcasters," says the report, "should be obliged to carry a minimum local content of at least 30% " Both the SABC and M-Net would have to "continue to broadcast local content at levels previously established "

All broadcasters might also be forced to offer a certain proportion of Afrikaans programming, as the SABC and M-Net must at present And it would all be subject to audit

The report says the IBA would "act as an adviser to broadcasters (at their request) " But it also states firmly that "a new Broadcasting Act should contain specific stipulations with regard to the local content of broadcasts a general code for programmes, general provision for advertisements, monitoring of programmes etc, *so as not to leave any discretion to the licensing authorities or broadcasters* " (Our italics)

There you have it — tucked away on page 118 of the report — and it seems to have little relation to freedom of speech So much for the power of the IBA, or the freedom of broadcasting

Though the report acknowledges (with some distaste?) that "many potential broadcasters have indicated a wish to operate a radio or television station for business reasons, that is, as a profitable venture," it also appears set on forcing broadcasting entrepreneurs to go beyond the profit motive One of its recommendations is that "commercial broadcasters develop a code of conduct in consultation with the IBA and become involved in addressing educational requirements " What has education to do with running a radio station for shareholders?

We cannot understand the reasoning of the Task Group members and whoever drafted the report appears to have had difficulty in reconciling all the opinions presented

Everyone knows it is cheaper to import American programmes than to produce local drama series As the report neatly sums it up "Production costs in Hollywood are, on average, 10 times higher than in SA — R60 000 per minute compared to R6 000 per minute for an average television drama produced locally However, as a result of the huge international market available to the American product broadcasters in SA licence (sic) to broadcast it for as little as R300 a minute "

The report accepts this as evidence that local content will only survive if it is enforced Yet the Task Group appears to have ignored another of its own observations. "Research has shown that well-made local programming attracts huge audiences, often out-performing imported programmes " If local programmes are successful, local broadcasters will produce them, what must be found is a way of paying for them which reflects their popularity — such as higher advertising rates

It is one thing to highlight, as the report does admirably, the importance of what is known as public service broadcasting There can be no quibble with the need for national TV and radio services, which are universally available, to satisfy the needs of minorities and protect cultural values This was precisely the "highbrow" function of the SABC's old English Service Sensibly enough, the report says the SABC should continue to offer this service

But it is another matter entirely to argue that all broadcasters must perform a similar function If Bophuthatswana were to be reincorporated into SA, for instance, would Radio 702 be forced to carry a certain amount of programming in Afrikaans? The report does concede that commercial broadcasters should be subject to "less stringent" regulation than public broadcasting services — but why should they be regulated at all?

The Viljoen Report defends its "re-regulation" proposals with exhaustive references to broadcasting practices in other countries It points with justifiable horror to the position in Italy, where the lack of broadcasting law and almost total absence of regulation has caused "a rather chaotic situation " It also points out that all countries regulate broadcasting to some extent, and it draws heavily for inspiration on the severely over-regulated British industry

Even in the US, which probably enjoys more airwave freedom than anywhere else (1 500 TV stations and 10 700 radio stations), there are restrictions No organisation may own more than 12 stations in each of three categories TV, medium-wave radio and FM radio, and no-one may own a newspaper and a TV or radio station in the same city

702 studio *looking at less independence?*

The Viljoen Report clearly has this in mind when it suggests limits on the number of stations that any SA organisation should be allowed to own But it does not justify this arbitrary assertion in the SA context, just as it does not produce evidence for its belief that the national SA market could absorb at least one extra TV service and one more radio service This, incidentally, also contradicts the suggestion that deregulation would best be started with local community radio stations

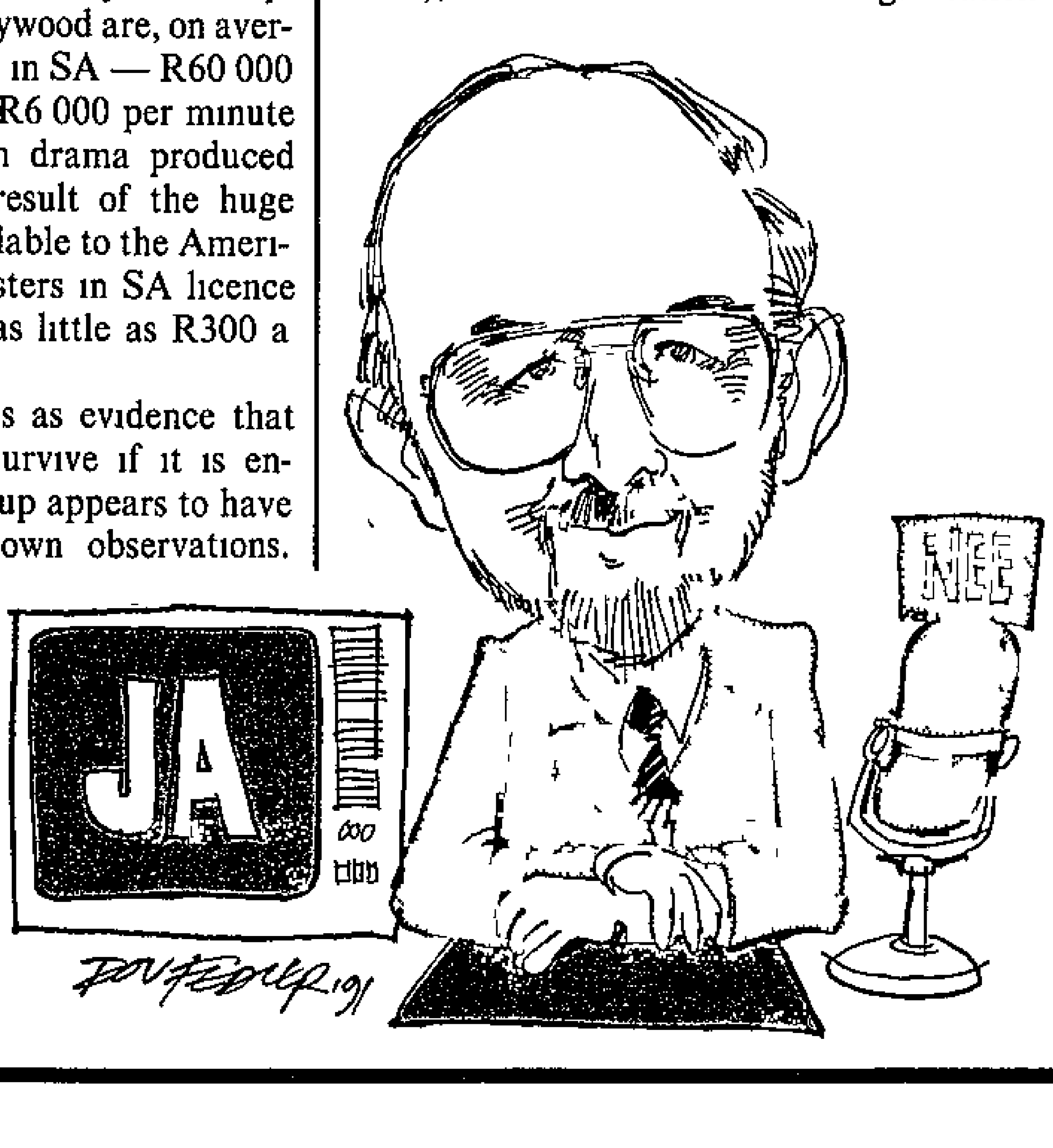
At the heart of all the contradictions, though the report does not state it in so many words, lies the funding of the SABC

The report says the SABC is "too reliant" on advertising Implicit in this is the SABC's perceived future vulnerability to commercial radio and TV stations But the report also admits that non-payment of licence fees will continue, and advises some other form of funding

We can see where this is leading Government does not want to subsidise directly a public service broadcaster, as is the practice in Australia The Task Group offers several alternatives a levy on income tax, increased VAT, a percentage of municipal service accounts, a levy on telephone accounts, an extension of the coded signal system and a tax on car radios There is also talk of a 2,7% levy on Eskom's wholesale electricity price — which is apparently derived from the practice in Greece and Portugal None of these ideas is satisfactory, some are outrageous

Politically, this report is neither here nor there Nor does it appear to be about deregulation — though it gives examples of what has happened to broadcasting in other countries It presents a range of options that might be adopted here, without properly evaluating them in the SA context

The Viljoen Task Group report is, more than anything else, about finding a way for government to protect the SABC against commercial competition — without actually spending any money ■



IDC extends low interest loans

(260)

Finance Staff

The Industrial Development Corporation (IDC) is increasing the amount of low-interest money it will lend to potential exporters

Star 20/9/91

Since launching its low-interest scheme in April it has approved loans of R138 million and is considering applications for another R90 million

But although the first year's budget of R100 million has been exceeded, the IDC is still prepared to consider applications from small and medium businesses with total assets of less than R100 million

The IDC is lending money at nine percent for three years for investment in machinery and equipment, provided at least 30 percent of output of the additional capacity is exported

It says the scheme has given rise to additional investment of R1 billion.

It will create 800 new jobs and should lead to additional ~~exports of~~ R970 million

FM 20/9/91 (260)

BROADCASTING FM 20/9/91

Keeping the status quo

Squeamish probably best describes the attitude of the Task Group on Broadcasting, whose 140-page report was made public last week (see *Leaders*) No doubt it spent the past year and a half doing its homework, but the bottom line of the report is that the fundamentals of SA broadcasting, especially television, should not be tampered with

The report reflects many of the views that committee head Christo Viljoen, the SABC chairman, who is also dean of the engineering faculty at Stellenbosch University, has been pushing since he took charge of the State broadcaster in 1989 (*Business & Technology* September 6) For instance, he has always said he wanted the SABC to be less reliant on advertising and the report suggests reducing the ratio from 72% to 50%

Viljoen has also said that he did not think SA could support more than one additional TV channel The report echoes that view when it says that "at least one more" national radio station and national television service could be viable (260)

The report also makes clear that opening up television should take a back seat to radio Why? Television start-up is seen as very expensive, though why this should be a concern of the government-appointed committee is not apparent

What is apparent was a reluctance to rock the boat, especially when it came to TV deregulation The 15-member committee was a who's who of vested interests — from Home Affairs, National Intelligence, Foreign Affairs, the Post Office and the SA Defence Force, to the SABC (three members) and M-Net (two members)

But why would M-Net be in favour of

keeping the status quo intact? First of all, business is good at M-Net, which is owned by a consortium of press organisations, including the *FM*'s parent, Times Media (18%) Turnover was up 32% in 1991 over the previous year and the operating profit was R45m With 535 000-plus subscribers, it is one of the four leading pay television services outside North America, according to the company

M-Net has worked out a cosy and profitable relationship with the SABC, say critics of the arrangement Though it has the technical ability to broadcast over the air (as in its two hours of daily "open time"), it is not in its best interest to do so, even if government approved With the introduction of VAT on September 30, subscribers will pay R764,50 for a decoder (there are R350m worth of decoders now installed) and R53 a month for 120 hours a week of programming

What could change the equation is if deregulation leads to a service such as Bop-TV, which has a highly restricted area of transmission, being allowed to broadcast to a wider audience That would force the issue M-Net knows that in the long term, competition is healthy And being one of many broadcasters may alleviate the chance of being nationalised somewhere down the line by a future government

M-Net would not comment beyond its three-paragraph press release, which says "SA should strive to avoid broadcasting regulation that could stifle democratisation, the development of a multiplicity of voices and the adoption of free-market principles"

Beyond the M-Net issue, the task group did not go far enough in recognising the importance of eliminating barriers to entry for new television services And though it recommends that the SABC "enhance" its role as a public, rather than public and commercial, broadcaster, the report shrinks from the idea of opening up the television

continue→

airwaves

It points out that Australia has at least 50 commercial television stations to serve 16m people, well under half SA's population, as well as a State broadcaster funded entirely by the fiscus, costing Aus$501m (R1,09bn) last year But, as the report points out, two of the three regional networks of local stations have gone into receivership

The report chalks this up to "an oversupply of television services," but elsewhere in the report it is pointed out that Australian broadcasters are obligated to show 50% local programming during prime time — 6 pm-9 pm But nowhere is the connection made between failing businesses and tough regulations that force broadcasters to scramble for the paltry supply of local programmes

In addition, an imported half-hour comedy show costs R300 per minute, while it is estimated that local programmes cost 20 to 30 times more to produce. "They just can't afford it," says one critic

There is also no connection made between the 1 469 television stations in the US, which are not constrained at all by local content regulations, yet show almost 100% American-made programmes

Instead of seeing that the market does work — the country with the most local content is the one without any legislation mandating it — the task group recommends a minimum local content of 30%

The US example is pooh-poohed because of the size of the country and its enormous economy But the fact is that there are bigger countries, more populated countries, as well as plenty of smaller countries with economies healthy enough to support quite a bit more television The difference is the lack of regulation in America

/9/91 (260)

It would have been nice if instead of doing its homework by rote, the task group had used its imagination to see what deregulation can foster, instead of what regulation can kill

Maureen Sullivan

News control 'untenable'

Political Staff

THE near-monopoly of South African newspapers and the state monopoly over broadcasting were untenable in a new democratic order, the former editor of the Cape Times, Mr Tony Heard, said last night

It was equally unsatisfactory considering the media needs of the run-up period to fair and free elections, he said at the annual general meeting of the South African Institute of Race Relations in the Western Cape. (260) CT 20/9/91

Major trade pact signed with Poland

By Sven Lunsche

South Africa and Poland have signed a far-reaching trade agreement in terms of which Poland will lift all remaining sanctions on South Africa

The agreement, which makes provisions for the strengthening of trade relations, was signed in Warsaw yesterday by the Minister of Trade and Industry, Dr Org Marais and the Polish Minister for Foreign Economic Relations

Dr Marais said in a statement that South Africa would allow all goods of Polish origin to be imported free of surcharge

He also disclosed that several cargo ships were being built in Poland for SA companies

Trade relations between the two countries have been normalised over the past two years and a trade mission was set up in Warsaw in April this year

SA's major exports to Poland are manganese, iron ore, steel, fruit and increasingly manufactured goods

Media companies stand to gain from freeing of airwaves

260

By Des Parker Star 19/9/9

DURBAN — A proposal to free the airwaves and reduce the role of the SABC as a medium for advertising may not have them jumping for joy at Auckland Park — but wry smiles are playing on the faces of executives in a number of other sectors

While the recommendation that the State broadcasting and television service should reduce its reliance on advertising revenue by almost half has been described as "cloud cuckoo land stuff", the suggestion that the way be opened for private regional radio and television services is being taken a lot more seriously.

Investors on the JSE have signalled their awareness of the prospects for media companies by bidding up their shares strongly in recent weeks, particularly since the proposals by the Government's Task Group on Advertising became more widely known earlier this month

Public release of the group's report last week enhanced the market view M-Net's shares, which had dipped back below 700c by last Thursday in the wake of a rise of almost R2 over the previous three weeks, were back to 730c yesterday

Newspaper groups Argus, TML and Perskor, which jointly hold the majority stake in M-Net, have all experienced strong rises — although less spectacular than M-Net's — since late-August Argus has gone from 2100c on August 25 to 2700c yesterday, Perskor from 1950c to 2 400c and TML to 1750c (1350)

Advertising agency bosses, who are not happy with the proposal to cut SABC's advertising role, say the Press stands indirectly to gain from regionalised services

John Charter, MD of Mattews and Charter of Durban and the Natal representative on the Association of Advertising Agencies (AAA), believes newspaper groups are well placed to get in on the ground floor

"Obviously there would be some adverse consequences of a dilution of their share of adspend among regional radio — and even more so among TV But the established press has the financial muscle to diversify in these areas, particularly the more capital intensive television field

"And they don't face the anti-monopoly obsession they do in the US and other parts of the world Not surprisingly, M-Net is going like a train"

Mr Charter is a strong believer in the symbiosis between TV and print advertising "It's hard to beat TV for conveying product image and its similarly hard to beat print for advertising product and price"

The media won't be the only sector to benefit from liberalised broadcasting, Mr Charter believes

Regional retail groups, presently heavily reliant on press ads to draw customers on price discounts, will be able to use regional TV spot ads to do some of the job

Assore slashes its dividend

Finance Staff Star 19/9/91

Associated Ore and Metal Corporation (Assore) has cut its total dividend for the year to end-June by 45 percent to 550c, with a final of 350c

This follows a drop in earnings a share of nearly 59 percent to 1139c from 2747c

The directors say the sharp drop in earnings was due mainly to the lower dividends received from the group company Associate Manganese (Assmang), whose profits were affected by weak world markets

The group benefited from higher manganese prices early in the year but the market for ferrochrome remained weak throughout No improvement is expected in the first half of the current year

Vektra's earnings slump

Finance Staff Star 19/9/91

W & A subsidiary Vektra, the distributor of vehicles and automotive parts, suffered a 27 percent drop in attributable earnings to R3,95 million in the first half of financial 1991 in the wake of the slump in vehicle sales over the period

Turnover rose by seven percent to R242,6 million (R226,8 million), but operating margins declined from 6,4 percent to 5,3 percent over the period.

Earnings per share slumped from 30,8c to 22,4c, while an interim dividend of 6c was declared

Chairman Alan Schlesinger says that turnover from automotive replacement parts showed real growth

SABC 'boobs over TV licence fees'

260

Staff Reporter ARG 19/9/91

THE SABC has denied that about 60,000 TV licence renewals have been sent out with the incorrect licence fee on them.

But, according to a member of the public who telephoned The Argus to complain, the personal and management services of the Post Office in Cape Town told him of the error.

The fee on his renewal was R45, when it should have been R140

A spokesman for the SABC at Auckland Park, Mr W Fox, refused to say anything other than "the figure is lower" than 60 000.

A faxed answer to a request for confirmation or denial of the figure, and an explanation, shed little light on the matter

Apart from saying that it was "impossible to determine the exact figure", it points out that the onus is on licensees "to pay the correct fee, and be in possession of the correct type of licence"

It also points out that the Post Office, which acts as the SABC's agent for collecting licence fees, had been asked to ensure that licensees pay the correct fee when TV licence statements are presented for payment.

SATV man dismissed

260

CT 18/9/91

JOHANNESBURG. — The manager of TV2/3 sport, Mr Ettiene Dorfling, has been dismissed from the corporation after a disciplinary hearing.

An SABC spokesman confirmed yesterday that the dismissal was with immediate effect.

Mr Dorfling was arrested on charges relating to alleged corruption earlier this year. — Sapa

Independent broadcasters making waves

260

Star 17/9/91

Players in South African broadcasting have put the Viljoen Task Group report under the magnifying glass — and not everyone has given the thumbs-up. PAULA FRAY reports.

THE FACE of broadcasting in southern Africa could change radically if recommendations of the Viljoen Task Group are approved

Ahead, however, are months of debate on the crucial issue At stake is the future of broadcasting in South Africa and how consumers will pay for it

The task group's recommendations include

- The need to replace television licence fees with another form of financing to combat piracy and lessen the SABC's dependence on advertising revenue
- An independent body — the Independent Broadcasting Authority (IBA) — to control all aspects of broadcasting
- The opening of the airwaves to all those financially and technically capable of providing specific services, particularly community radio stations

Greater competition in broadcasting was a key issue, said M-Net chairman Ton Vosloo, who welcomed the report's release for public debate

"The need exists for more voices in broadcasting with wider participation in as many sectors and communities as may prove economically viable

"We support the view that one should strive to avoid broadcasting regulations which could stifle the development of democratisation," he said

While broadcasting could open its doors to smaller radio stations, independent stations are concerned about their perceived roles

Radio 702 head of news, sport and information Chris Gibbons said much effort had clearly gone into the report "The task group acknowledges that its composition was unrepresentative, and calls for more debate"

The station welcomed the broad philosophical structure of the report but said there were glaring contradictions with which it was not happy

In particular, said Mr Gibbons, was the recommendation that a new Broadcasting Act should contain specific stipulations with regard to the local content of broadcasts, cross-ownership, classes of broadcasting licences, restrictions on licences, a general code for programmes, general provision for advertisements, monitoring of programmes and so on "so as not to leave any discretion to the licensing authorities or broadcasters"

This recommendation would render the IBA stillborn

The station was concerned about the attitude towards the independent radio stations in SA, "We are perturbed puzzled by the attitude towards Radio 702 and Capital"

Mr Gibbons said there appeared to have been a great deal of unnecessary handwringing about these two stations, which were excluded from the "Grandfather Clause" — which specified that existing broadcasters should be allowed to carry existing rights into the new dispensation

The task group could not find "an existing agreement giving Radio 702 and Capital Radio a specific right to broadcast trans-border into SA"

It recommended that the Grandfather Clause should be applied to the existing South African broadcasters, the SABC and M-Net The existing agreement regarding Bop-TV should be honoured, the report said

The report had recommended IBA jurisdiction over broadcasters on South African soil and then "deliberately excludes 702 and Capital from the Grandfather Clause", said Mr Gibbons "This position is unclear It is contradicatory, confusing, petty and regrettable"

Capital Radio programme director Anthony Duke agreed

"It's very petty, it's silly We do exist, we do provide a service We were asked for submissions why ask if they don't recognise us," Mr Duke said

He said Capital Radio had applied for a South African broadcasting licence but this had been refused

He said the report went only "75 percent of the way" He believed a public outcry on the report was one of the reasons it was decided to publicise it □

'Angry' SABC slates proposals

CT 17/9/91 (260)

Own Correspondent

JOHANNESBURG. — Reducing the SABC's advertising income was not feasible and new services should not be allowed in all broadcasting spheres, the SABC said in response to the Viljoen task group's recommendations

The report, which has apparently infuriated senior SABC executives, recommends 'a greater number of broadcasters in SA, regulated by an independent broadcasting authority.

SABC chairman Mr Wynand Harmse said the SABC felt the industry "should stand on its own feet" SABC management therefore found it "regrettable" that the proposal calling for the corporation to be less reliant on advertising had not been spelt out and quantified

The report recommends that the SABC should reduce its advertising income by about 25% to about 50% of its current operating expenses This would entail a reduction of about R300 million in income

Mr Harmse said television licence fees would have to be doubled to make up for this shortfall and added that this was "not desirable"

Eskom to meet visiting French delegation

BRENT VON MELVILLE

ESKOM will be playing host to about 20 top-level members of a visiting French delegation on Monday (26)

Eskom international communications manager Tim Askew says representatives from Electricité de France (EDF), as well as from certain French banks, will be holding "exploratory" talks with Eskom's top executives BDay 17/9/91

Askew would not be drawn on what might be discussed at the meetings

However, sources speculated that high on the agenda could be the construction of nuclear power stations with EDF, as well as the transfer of technologies

Eskom's existing nuclear power facility, Koeberg, is French designed

Eskom CE Ian McRae is on record as saying it was inevitable that SA would have to go the route of nuclear energy and was likely to construct a nuclear power station early next decade

There was also speculation that Eskom might be negotiating loan agreements with the French bankers Eskom has had recent and lucrative dealings with European banks, and has successfully rolled over several hundred million rands worth of debt with German banks

SABC rejects cutting commercial revenue

B/Day 17/9/91 (260)

TIM COHEN

REDUCING the SABC's advertising income was not feasible and new services should not be allowed in all broadcasting spheres, the SABC said in response to the Viljoen task group's recommendations

The report, which has apparently infuriated senior SABC executives, recommends a greater number of broadcasters in SA, regulated by an independent broadcasting authority.

SABC CE Wynand Harmse said in a statement the SABC felt the industry "should stand on its own feet". SABC management therefore found it "regrettable" that the proposal calling for the corporation to be less reliant on advertising had not been spelt out and quantified.

The report recommends that the SABC should reduce its advertising income by about 25% to about 50% of its current operating expenses. This would entail a reduction of about R300m in income.

Harmse said television licence fees would have to be doubled to make up for this shortfall and added that this was "not desirable".

Either a burden would be placed on the Treasury or another source of income would have to be found, possibly increasing electricity fees.

The report, which emphasises the SABC's public service broadcasting role, said the dividing line between products offfered by the "so-called commercial services" and public service broadcasters was vague.

But the report did not closely define a public service broadcaster and did not recommend a narrow public service function for the SABC.

ANC spokesman Carl Niehaus said yesterday his organisation would oppose any fundamental changes to broadcasting policy prior to constitutional talks.

The ANC also had strong reservations about the composition of the task group, which was heavily weighted toward people involved in the existing dispensation.

He said the ANC shared the view of other extra-parliamentary groups that the issue of impartial broadcasting should be discussed at the all-party conference and has proposed setting up an interim broadcasting consultative committee to ensure impartiality during the transition period.

Advertising firm[s] slam proposals

B/Day 17/9/91 (260)

MARCIA KLEIN

THE advertising industry is not happy about possible effects of the Viljoen task group's proposals on broadcasting, which include a suggestion that the SABC should reduce its reliance on advertising.

The task group's recommendations, made public at the weekend, suggest the SABC reduce its reliance on advertising by 25%, so that only 50% of its income derives from advertising.

While other TV stations, radio stations and the print media might well benefit from the reduction in adspend on SABC, advertising agencies were unhappy with the idea.

They said the recommendations would reduce choice in terms of placing media and would call for additional spending on the part of the public

Industry players said advertising was an efficient way of generating income in a free market economy, and questioned why the task group wanted to take away an excellent source of revenue.

Bernstein Loxton Golding & Klein director Roger Garlick said that although he welcomed an independent board of control in principle, taking R300m out of the taxpayer's pocket was not a good strategy. It was impractical to ignore an industry prepared to spend hundreds of millions of rand, especially when it was feasible for advertising to fund the whole TV service

He was disappointed that after the SABC had spent about six years becoming more commercial, it would now become a public service station. The SABC had lost out on an opportunity to do away with licences

Garlick said the reduction of adspend on the SABC would cut down on advertising options, and there was a chance that this would lead to other stations and me[dia] types increasing rates.

Association of Advertising Agenc[ies] executive vice-president Peter de Kl[erk] said although the task group had called [for] non-reliance on advertising, no practic[al] details were forthcoming quantifying h[ow] this would happen

The SA economy was market driven, a[nd] advertising acted as a lubricant By cu[t]ting out advertising, the SABC would stif[le] growth De Klerk said advertising was a[n] excellent way of generating income, an[d] "why lumber the public in another way

Mandate

BSB Bates media director Chris Rain[s]ford said the recommendations on decreas[ing] advertising was a pipedream. Sh[e] could not see how this would work, especially in an era of great competitiveness even within the SABC.

Young & Rubicam media director Henry van Rensburg said it seemed the task group had recommended that the SABC become purely a public service station This would force it to be less reliant on advertising and would increase licence fees

He said all broadcasters should carry a public service mandate and all should rely on advertising revenue If the recommendations were adhered to, advertisers would be looking for other avenues, and other media types would pick up additional revenue In terms of the recommendations, pirate viewing would merely increase, and one of the purposes of the task group had been to find a way licences could be abolished.

Eskom sues 20 black councils over arrears

Star 16/9/91.

(260)

By Louise Burgers

Eskom has obtained judgments against 20 black local authorities for the R285 million it is owed for electricity in the Transvaal and OFS, but will not ask the councils to pay up while negotiations are in progress

On Thursday, Eskom began proceedings to sue Soweto City Council for the R131 million it owes in electricity arrears.

For several months, the Central Witwatersrand Regional Services Council (CWRSC) and the TPA have warned that the Soweto, Diepmeadow and Dobsonville town councils were on the verge of financial collapse as funds were exhausted because people were not paying.

Eskom PWV distributor manager John Bradbury said people had to realise Eskom was in a difficult position.

"We have an obligation to our stakeholders, as a creditor, to secure our position. We have issued summonses and will get a judgment against the Soweto Council."

The CWRSC said the summons against the Soweto council would not affect its bid to take over bulk supply of electricity to Greater Soweto.

Plan to limit SABC's ad revenue could free R300m for its rivals

TIM COHEN

260

IMPLEMENTATION of the Viljoen Task Group proposals on a new broadcasting policy would result in the SABC reducing its dependence on advertising income by about R300m a year, much of which could go to new broadcasters, media sources said yesterday. B Day 16/9/91

The proposals would also result in the dissolution of the SABC by the year 2005 at the latest because of proposed restrictions on the number of broadcasting services run by a single group

The far-reaching report proposes a greater variety of television and radio stations and the "depoliticisation" of broadcasting, challenging for the first time the SABC's virtual monopoly.

The report's central proposal ~~is the~~ establishment of an impartial, five-person independent broadcasting authority which would regulate broadcasting in SA

Industry sources said yesterday that about 75% of the SABC's current income was generated from advertising and that a 25% reduction would free about R300m for investment elsewhere

Lintas Johannesburg's media planning director Rodney Chalmers said yesterday that if the report's recommendations were implemented, the main beneficiaries would probably be new broadcasters.

Both existing print media and M-Net would benefit, but not to a large degree as they would not be providing a new service or a new audience for advertisers

M-Net chairman Ton Vosloo said the reason for the recommendation that the SABC should decrease its advertising income was that its primary task should be to provide public service broadcasting

"The SABC must decide what it wants to be," he said. If it was to be a public service broadcaster, then it should not have to appeal to the lowest common denominator and provide only commercial programming

Vosloo said one of the main thrusts of the report was the need for a greater variety of broadcasters to encourage competition

For this reason the report included a recommended limit on the number of television channels or radio stations owned by a single corporation, company or individual, he said

The report does not specify the maximum number of stations a single entity should be allowed to own, leaving this to be decided by the independent broadcasting authority (IBA)

But if this principle were applied, it would mean the SABC would have to dispense with some of its 23 radio stations and possibly also its third television channel

This principle is mitigated by a "grandfather clause" which specifies that existing broadcasters should be allowed to carry existing rights into the new dispensation

But the report recommends that radio stations would have to reapply for their licences every seven years and television stations every 15 years, limiting the life span of the existing arrangement

The report also proposes that the SABC reduce its dependence on advertising income to a level not exceeding 50% but only once alternative financing is guaranteed.

☐ To Page 2

Broadcasting

B Day 16/9/91. 260

☐ From Page 1

The task group has come under fire for being heavily weighted in favour of industry officials, and one of the task group members, Piet Theron, has refused to associate himself with two of the 10 chapters of the report, which deal with the SABC and the local programme content

Campaign for Open Media chairman Raymond Louw slated the report yesterday, saying it reflected the views of a small group of people, 11 of whom were closely associated with the existing industry

"We still have not heard from the large majority of people in this country," he said, suggesting that the report could be used as the basis for a broader investigation

Louw also criticised the composition of the IBA which, he said, would have a very strong technical component and would allow government to control the SABC from "behind the scenes"

Free SATV proposal to Cabinet

FREEING the airwaves and greater emphasis on quality SA Broadcasting Corporation television are among the changes proposed by a task group in a top-to-bottom renovation of South Africa's electronic media.

The restructuring would effectively wrest control of South African broadcasting from the Government and place it under the management of an independent regulatory body.

A bulky report presented to the Cabinet this week recommends that the SABC should intensify its public service broadcasting component, cutting back on the content of its commercial programmes.

It proposes that SABC television slashes its advertising revenue from about 72 percent to 50 percent at most Television licences should be phased out, it says, and alternative systems of funding should be introduced - such as adding a levy to consumers' electricity bills.

If the licence system is not scrapped, the report states, another alternative is that radio licences (ended in 1982) should be reintroduced and should apply to vehicle sets only.

"Collection would be a simple matter of adding it to the annual vehicle licence, for which the provincial authorities could levy a small collection and handling fee," it says

Sowetan
16/9/91

Onus on owner

260

"The onus would be on the owner of a vehicle to prove that it is not equipped with a radio receiver. It is further recommended that a separate licence should be required for every vehicle owned," it adds.

Central to the recommendations in the broadcasting task group's report, to be published by October 25 for public comment, is the creation of a regulatory Independent Broadcasting Authority

"Regulation of broadcasting by an independent, depoliticised, impartial body is essential," it notes

The IBA's mission should be to ensure broadcasting pursues and advances "a democratic, nonracial, nonsexist and prosperous society".

It should be a five-person panel, appointed by representative organisations such as parliamentary parties with no more than three by the majority party, and others nominated by interest groups such as sports organisations, universities, trade unions, churches, performing arts councils and so on

"It is important to exclude anyone with financial or vested interests in broadcasting, the advertising industry or film and video industry and political parties, from appointments to the Board of the SABC," it says.

An IBA, accountable only to Parliament, could determine a code of conduct for broadcasters and punitive measures for transgressors It should determine the number of broadcasters and work out details of a new dispensation.

People dissatisfied with the IBA's actions could turn to a special, open Broadcasting Court, a part-time body of five legal experts selected by the Chief Justice.

Welcoming an IBA, Democratic Party MP Mrs Carole Charlewood said this country's broadcasting had "suffered over many years under Government domination and is sorely in need of democratisation

IDC Sasol stake soars R477m

By DAVID CARTE

THE Industrial Development Corporation made R477-million by merely sitting still

After Sasol's 39,5% earnings jump and the share price's spurt from 1 400c to 1 680c, the value of the IDC's 30,2% stake in it rose from R2 383-million to R2 860-million

IDC managing director Carel Van der Merwe confirms that some of the shares will be sold "in an orderly fashion" to enable the IDC to fund industrial development.

The 1979 listing document suggests that other Sasol shareholders will have the right of first refusal on IDC shares But the matter is not clear If lawyers give clearance, it is not inconceivable that the IDC would be able to auction its shares by tender, maximising the price Some large investors might like to bid for effective control of Sasol

A stockbroker doubts that even the biggest institutions would put as much as R2,8-billion into one share He says the IDC could consider converting some shares into convertible prefs before selling The buyer of prefs would have assured income for the first few years The size of the share sale could be reduced State pension funds would be eager buyers

Mr Van der Merwe says it may be necessary to find one or more large investors prepared to buy shares rejected by others at an (unstated) price He will talk to all big investors

"Remember, this is not a rights issue It is a sale We are not bringing in new money and there is no question of earnings dilution We don't have to sell at a discount to the market price."

Report backs TV 'levies'

ST Times 15/9/91

(260)

TV VIEWERS face a doubling of their licence fees or a 2,7 percent levy on their electricity bills under proposals put forward by the government's task group inquiring into broadcasting.

By DOUGLAS GORDON
TV Correspondent

The group's report, released on Friday, recommends the SABC limit its advertising income to half its annual revenue

To make up the difference, the SABC would have to double its licence fee from the current R150 a year to R300.

However, the task group would actually prefer to *phase out* TV licences altogether because of rampant pirate viewership — one in three TV households never pays

If this happens, it suggests the SABC raise revenue by

● A 2,7 percent levy on electricity prices — on the basis that even licence dodgers need power to run their TV sets,

● Slapping a R30 licence on car radios and a levy on vehicle licences to raise R140-million a year

The task group, led by SABC chairman Professor Christo Viljoen, has also recommended the formation of an Independent Broadcasting Authority (IBA) answerable only to Parliament

The IBA would administer every aspect of the industry, from allocating wavelengths to fostering local content.

Home Affairs Minister Gene Louw has made the report public and invited comment from parties interested in helping draw up a broadcasting policy he can put before Parliament next year.

SABC chief executive Wynand Harmse welcomed the proposed IBA system of controlling the SABC and its competitors, but warned that TV licence fees would have to be doubled to make up for the advertising shortfall

The SABC's management wants to compete as a business against other stations — and not handicap its milch cows — TV1 and TV2/3/4 — by ploughing their profits back into public service broadcasting (PSB).

The report recommends the SABC retains its two TV channels and 23 radio stations in order to meet the need for more PSB, even in prime TV time.

Mr Harmse argued that sport and entertainment were part of a PSB function, and that all broadcasters should have fair PSB commitments

In a clear reference to partially privatising some of the SABC's radio and TV services, he said that "consideration should also be given to giving other parties a share in existing services and facilities and that new services should not necessarily be allowed in all spheres"

At present, the SABC earns 75 percent of its income from advertising — most of it by packing TV1 with entertainment between 5pm and 10pm In January TV2/3/4 will be revamped on the lines of independent Bop TV, again using showbiz and simulcasting to double prime-time audiences

"The SABC is handicapping its own future development," said one senior source

"The public is getting a rough break, too If we lose a quarter of our income, the TV licence fee will have to be doubled

"Putting up the fee to R300 a year will worsen the present 30 percent licence piracy Where does it stop? Is the state ready to give the SABC a R600-million annual hand-out by 1994 because we can't compete fully for advertising income?"

The SABC also suspects that M-Net wants a second channel on its decoder network

M-Net insiders admit they will apply to the IBA for at least one more coded service "Adding more services to the network sells more decoders," said an M-Net source

"M-Net has one channel, it can act as the carrier for other services licensed by the IBA, like news, sport, and entertainment"

'Abolish licences — wipe out the pirates'

BopTV was only given a copy of the report yesterday The report recommends that Bop TV continues broadcasting to "agreed target areas" in South Africa until an IBA is set up

Welcoming the task group's support for independent broadcasting, Bop TV chief Jonathan Procter said

"I don't believe it affects our present negotiations with the South African government over allowing BopTV to broadcast openly to our citizens everywhere"

The IBA is expected to start deregulation with local radio stations countrywide Owners may not operate more than three stations, to encourage more voices to be heard.

The impartial, non-political, five-man body should operate in full view of the public and be non-racist and non-sexist, the task group said

The first two applications to the IBA are likely to be from homeland-based radio stations 702 and Capital Radio

Neither of them, according to the report, has ever had the right to broadcast to South Africa

Regional TV: 'most innovative' event

260 ARCT 14/9/91

TOM HOOD,
Business Editor

THIS week's announcement of a regional television service by the SABC must be the most innovative media event for local marketers in many years, says Mr Kevin Aspoas, media director of Young and Rubicam in Cape Town.

SABC-TV said that early in 1992 the TV 2/3/4 signal between 8 30 pm and 8 55 pm on Tuesday would be split initially into three regions, Cape, Transvaal/OFS and Natal

Weekly magazine programmes would be transmitted independently from Cape Town, Durban and Johannesburg

"This has incredible impact on local marketers who previously were not able to afford the high start-up costs, not mentioning the wastage of national television," he said

Regional television offered local marketers access to the most powerful medium where previously only radio and newspapers competed

"Regionalisation should not be seen as a threat to local radio and newspapers As with other markets, noticeably the USA, regionalisation has stimulated and increased the advertising spend in a region," said Mr Aspoas

"But what it does mean is that due to increased competition media owners have to market their product more aggressively to retain their share of advertising"

New advertisers to regional television would include regional retailers such as furniture, hardware, pharmacy, clothing and food stores, local car dealers and even local restaurants

Present national advertisers could utilise the regional stations to do test markets before a national roll out or regional promotions

Initial advertisers were expected to be the national retailers addressing local needs

But why is the SABC looking at regional television now?

Says Mr Aspoas "The first answer must be that of increased competition from services such as M-Net An innovative service would bring in new advertisers to television

"But by loading the cost in each region this would have a cumulative national effect, where the rate would be substantially higher Thus TV 2/3/4 would receive more revenue for the same broadcasting time"

At present four regional advertising breaks are envisaged of one minute each

An average 30-second commercial for the proposed time was R14 250,00 in January this year

The expected loaded 30-second rate for January 1992 would be R11 400 for Transvaal and OFS, R3 450 for Natal and R6 100 for Western and Eastern Cape coverage on TV 2/3/4

SABC's grip on airwaves at stake

Star 14/9/91 (260)

PETER FABRICIUS: Political Correspondent

THE SABC and the Government will lose their stranglehold on South African broadcasting if far-reaching changes recommended by a Government-appointed task group are implemented. The Task Group on Broadcasting, headed by SABC chairman Professor Christo Viljoen, submitted its 130-page report to the Cabinet recently. Yesterday, the report was released to the public.

It has recommended a major restructuring of South African broadcasting, which will loosen the Government's tight grip and decisively diminish the SABC's role — much to that organisation's chagrin, according to industry sources.

The overall aims identified by the report are to free broadcasting from political control and influence; to provide greater access to more voices and stimulate competition and democracy, and to establish an independent regulatory authority.

The main recommendations include a non-political, impartial Independent Broadcasting Authority (IBA) — answerable only to Parliament — to issue licences and otherwise regulate broadcasting, a Broadcasting Court to settle disputes, a more broadly representative SABC Board, and a future role for the SABC as a public-service broadcaster which competes far less with private stations for advertising revenue.

To help the SABC fulfil this role, the task group recommends that TV licence fees be scrapped — because they do not work — and that public broadcasting be funded instead with a levy on electricity bills (amounting to about 2,7 percent of the Eskom wholesale price).

The SABC's present reliance on advertising for 72 percent of its revenue should be dropped to no more than 50 percent, allowing it to concentrate more on quality programmes.

To broaden access to broadcasting, the airwaves should be deregulated and further national, regional and local television and radio services should be allowed.

Deregulation should preferably begin with local, community radio services covering limited geographic areas, using low-powered transmit-

● TO PAGE 2

Airwaves (260)

● FROM PAGE 1.

ters on medium wave, to help "democratise" the electronic media Star 14/9/91.

The report says at least one more national TV station and one more national radio station are viable in the longer term.

However, the proposed IBA should determine the size of the market and regulate all stations.

To ensure competition and democracy, the report recommends that no more than three transmitting stations should be owned or controlled by a majority shareholding.

The gist of the report is the recommendation of a depoliticised IBA "to help ensure the credibility, legitimacy and acceptability" of broadcasting.

It would issue and revoke broadcasting licences, monitor technical quality, initiate new broadcasting laws, advise the Government, determine a code of conduct for broadcasters and penalties for transgression, resolve disputes between broadcasters, safeguard minority broadcasting interests, determine licence fees or other forms of funding, and manage the electromagnetic spectrum

☐ Head-to-head, toe-to-toe ... Lopez and Mitchell at work in the

Plan to scrap TV licences

(260) ARG 14/9/91

PETER FABRICIUS and ALAN DUNN

Weekend Argus Political Staff

TELEVISION licences will be scrapped and far fewer advertisements will be used on SABC-TV if the government accepts recommendations made by its broadcasting "task force".

Other changes recommended by the task force, an advisory body headed by SABC chief Professor Christo Viljoen, include taking control of SABC-TV from the government and giving it to a non-political, impartial Independent Broadcasting Authority (IBA) answerable only to parliament.

The 130-page report, presented to the Cabinet this week and made public yesterday, says the television licence system "does not work" and recommends funding broadcasting through a levy on electricity bills amounting to about 2,7 percent of the Eskom wholesale price.

If the licence system is not scrapped, the report says, another alternative is that radio licences (ended in 1982) should be re-introduced and should apply to vehicle sets only.

The report, in recommending a major re-structuring of South African broadcasting which will loosen the government's tight grip, also calls for diminishing the SABC's role

"Regulation of broadcasting by an independent, depoliticised, impartial body is essential," the report notes

The IBA's mission should be to ensure broadcasting pursues and advances "a democratic, nonracial, nonsexist and prosperous society".

People dissatisfied with the IBA's actions could turn to a special, open broadcasting court, a part-time body of five legal experts selected by the Chief Justice

The SABC's present reliance on advertising for 72 percent of revenue should be dropped to no more than 50 percent, allowing it to concentrate more on quality programmes.

To broaden access to broadcasting, the airwaves should be deregulated and further national, regional and local television and radio services should be allowed.

Deregulation should preferably begin with local, community radio services covering limited geographic areas, using low-powered transmitters on medium wave, to help democratise the electronic media.

The report says that at least one more national TV station and one more national radio station are viable in the longer term

TV fell short in its reporting on the violence

Star 14/9/91

On the Box 260

JOHN VAN ZYL

THE overwhelming brutal fact that dominated South Africa this week was the renewal of violence in the townships. Everyone was involved in it, either at first hand or at a distance through news reports in newspapers or TV. No one could escape it.

The question is, how did television handle it?

The answer is, not well at all.

It started with Chris Olckers reporting that in the original incident in which 18 hostel dwellers died "presumably (vermoedelik) ANC supporters had fired on Inkatha supporters" We'd all like to know from where he got his information.

Then two interesting trends emerged The one involved asking ordinary black people in the street what they made of the violence The answers were predictably inarticulate and confused. Given both the language problem and the difficulty that ANYONE would have in apportioning blame between the ANC, Inkatha and the mysterious "Third Force", it was inevitable black people came up with statements like "We just fight each other" or "The leaders must tell the people to stop fighting"

The effect was to make the violence appear inevitable and endemic, part of black society, and accepted by black society. It is a cruel parody of investigative reporting to use the opinions of "local informants" to speak for an entire society.

The second trend was to mystify the violence. This is the Billy Graham syndrome He popped up in Monday night's "Agenda" to tell South African viewers that violence is universal, it dates from Cain, and the human heart is the cause

This might fill soccer stadiums with sinners and backsliders, but sadly it casts as much light on the township violence as examining the entrails of dead donkeys.

This point of view was then echoed by Louw Alberts who first spoke of "so-called liberation movements" and then went on to deny that there was any orchestrated violence in the townships, stating that it is simply a local event, happening because thousands lived in fear.

Then, on Thursday morning "Good Morning South Africa" brought the combined investigative talents of Paul Eilers and Dorianne Berry to bear on General Johan Swart, Walter Pelgate and Aggrey Klaaste.

Ms Berry showed her true blue colours soon enough by stating that SHE would not like to be a policeman since they had such a hard time of it. She also wondered vaguely whether the violence was due to "banditry" or had a political motive?

At least Eilers tried to press Swart on Klaaste's assertion that there might be pockets of rightwingers in the police and security forces that had an interest in derailing the peace talks. A point that is hardly new and had been made by Captain Basson and many others.

General Swart, as police spokesmen are wont to do, airily dismissed the many affidavits of police complicity and police partiality by arguing that the police were accused of this by both the ANC and the IFP, therefore they were in the clear.

If ever there were an exercise in futility it was this programme. It did not even begin to address Klaaste's point that institutional violence was part and parcel of South Africa's history and it only needed some provocation to ignite it.

Another programme that illustrated the cloud cuckoo-land of SABC-TV was the "Agenda" item that addressed the problem of politics and agriculture. In this one Dries Bruwer and one Piet Gouws, leaders of organised agriculture in the Free State and Transvaal respectively (as well as being CP Members of Parliament) took on Kraai van Niekerk and Louis Kriel of Unifruco (presumably not a United Nations body!)

The four men proceeded to talk past each other at a rate of knots. Each accused the other of politicising agriculture.

The major issue of the redistribution of land and the plight of landless black farmers was not even touched on. It was the old holier-than-thou game that Jaap Marais and Fanie Botha had played so well on Sunday (when Freek Robinson allowed them a word edgeways).

match.

Picture ALAN TAYLOR

To page 3

Plan to 'free' TV in SA

(260) CT 14/9/91

PRETORIA. — The Task Group on Broadcasting has recommended that broadcasting be de-politicised through the creation of an independent broadcasting authority to control technological and programme aspects of the industry in South Africa.

The group has also recommended that TV licence fees should be phased out and replaced by levies on commodities such as electrical power. And should the recommendation on the phasing out of TV licences be rejected, it is recommended that radio licence fees for cars be introduced, payable at the same time as the annual car licence fee

The report was released yesterday morning and is still a working document to serve as the basis for public debate before the government acts

The group is headed by the chairman of the board of the SABC, Professor Christo Viljoen

The report recommends an increase in radio and television services on local, regional and national levels

The report says the task group was guided throughout its deliberations by four principles

These were· The need for greater access to broadcasting and the stimulation of competition within the industry; the necessity to restructure broadcasting while always bearing in mind and retaining the important public-service function of the SABC; the need for a broadcasting industry free from political control, the need for an independent controlling body.

The report says the dramatic socio-economic changes taking place have highlighted the need for a new dispensation in the control of broadcasting, over and above the technological adaptations necessitated by worldwide changes in broadcasting

As the most powerful communication medium in the world, the electronic media should help to facilitate public debate and defuse tensions while also becoming involved in formal, informal and non-formal education.

It is accepted that the airwaves are not a free commodity and that broadcasters should have to pay for their broadcasting licences and the right to broadcast.

Avenues of communication should be open, which implies uncoded broadcasts which convey various points of view free from political control or interference

The report draws a clear distinction between commercial broadcasts and broadcasts that provide a public service

Public-service broadcasting presupposes characteristics such as public ownership, attention to all tastes and interests, a service to minority groupings, financing from licences and the state, an accent on the nature of programmes rather than on their listenership and an obligation to broadcast a minimum of at least 30% locally produced programmes

To page 3

From page 1

TV probe

The general characteristics of commercial broadcasts would include private ownership, a profit motive, limited geographical coverage and a chosen spectrum of affordable popular programmes

In short, the aim of commercial broadcasts would be to attract the largest number of listeners and viewers

On the position of the SABC as a public broadcaster, the report recommends that the corporation should be placed in the financial position to continue this function TV licence fees should be phased out and the dependence of the SABC on advertising revenue should be limited to 50% of its budget on condition that alternative sources of revenue are guaranteed

The main aim of the proposed independent broadcasting authority would be to ensure that the electronic media served the public in its striving towards the attainment of the ideal of a democratic, non-racial, non-sexist and prosperous society

The control of broadcasting under an independent broadcasting authority was drastic but in line with the SABC's view, group chief executive of the SABC Mr Wynand Harmse said yesterday

He said the SABC Board would comment officially later

Mr Harmse said SABC management found it regrettable that the implications of a proposal that the SABC should become less reliant on advertising had not been spelt out and quantified

"The recommendation does not seem viable, since existing television licence fees will have to be doubled and that is not desirable It would place a burden on the Treasury, which is contrary to the SABC's view that broadcasting as an industry should stand on its own feet"

"The possibility of a levy on electricity was investigated a few years ago and maybe the principle is more acceptable now," Mr Harmse said

He emphasised that the SABC, which earned three out of every four rands from advertising, was in fact the largest commercial broadcaster in Africa and it provided public broadcasting services in the interests of the public and in particular of the various cultural and language groups

Mr Harmse said it was important to note, as the report clearly stated, that the dividing line between products offered by the so-called commercial services and public-service broadcasters was "very vague"

The Democratic Party yesterday welcomed the task group's announcement

The DP's spokesperson on broadcasting, Ms Carole Charlewood, said South African broadcasting had suffered many years under government domination and was sorely in need of democratisation — Sapa and Political Correspondent

BROADCASTING

Liberate the airwaves!

FM 13/9/91. (260)

Broadcasting is a powerful instrument of control and government reluctance to surrender it is no surprise But surrender is the option it should choose SA has not been served well by a government which uses television and radio to push its own political agenda

Unfortunately, deregulation of broadcasting can only be a partial process Unlike print, which labours under no physical limitation on the number of publications which may be set up, radio and TV stations have to be accommodated within a finite range of frequencies Since there is a limit and since total anarchy of the airwaves would be in no-one's interests, some body has to be empowered to license broadcasters and allocate frequencies

The most important decisions government must make, as it ponders the recommendations of the Task Group on broadcasting, concern the nature, composition and powers of that body

Here are some suggestions

□ Draw up an agreed declaration of principles for radio and TV broadcasting This would provide the framework within which the regulatory body would operate The principles should be essentially democratic and free market, with a minimum of official interference;

□ Set up a truly independent communications commission comprising appropriate individuals of standing and credibility It should not be answerable to any political party or commercial interests, should not be dominated by government appointees and should be representative of major interest groups and the population as a whole,

□ The commission should be empowered to license broadcasters for fixed periods (say five years). Licences should not be arbitrarily revokable except as a result of transgression of licence conditions Conditions should cover available frequencies, technical standards, geographical limitations and, possibly, the competence and financial adequacy of the applicant They should not include choice of programming, language of transmission or station format Regulation should be with a light touch the invisible hand of the marketplace is in most cases the best regulator,

□ Liberate the airwaves The spectrum should be made available to as many radio stations as possible There can be far-reaching regional stations and tiny community-orientated spots on the dial. Frequencies can be auctioned off to the highest bidder — providing income for government rather than another tax;

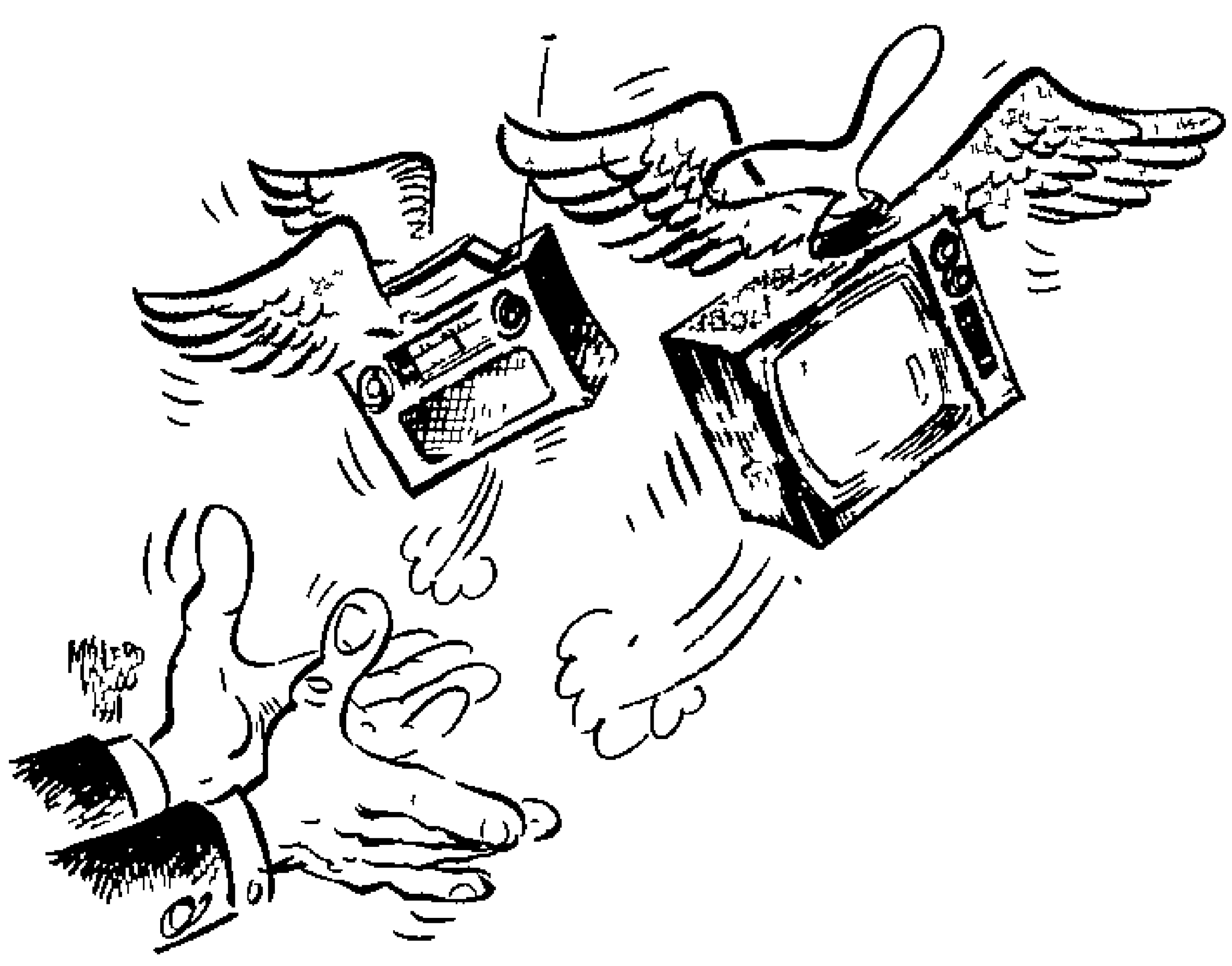
□ Set TV free, too. If a company wants to have a go at Zulu TV in Natal, why not? Government should not be in the business of deciding which companies have a right to compete And government should not be playing the game of selecting appropriate licensees based on the applicant's "moral fibre"

The fact that there are bandwidth limitations should not be used as an excuse for continued unnecessary control The frequency spectrum can accommodate many more TV and radio stations (with limited transmission ranges) than we are likely to contemplate in our wildest dreams here In the US, there are some 12 000 local radio stations and more than 2 000 local TV stations

Of course, nobody wants to duplicate the commercial disasters that resulted from an unregulated free-for-all in Australia, where some broadcasters went out of business But should it be the job of the SA communications commission to protect us from our own folly? This kind of regulation is better done by the market;

□ Scrap the licence fee — there are far too many pirates being subsidised by fee-paying viewers as it is. If government feels it has a duty to educate the populace or to cater to minority interests, let the money come out of the Budget Alternatively for minority cultural and other interests (but not education), set up an M-Net-style encoded transmission so that viewers can pay directly for the service they want,

□ Otherwise, let advertising pay the way Instead of guessing at what viewers want (another documentary on dead livestock in prime time), stations would have a more accurate gauge of ever-changing tastes Competition will expand the advertising pie and ensure competitive rates, and



□ Get government off the air Radio and TV are businesses and should be run that way There should not be regulations against newspaper companies owning TV and radio stations and vice versa This is intrusive in private business and has been shown to be a disastrous policy in the US, where perfectly capable owners were forced to sell off parts of their companies

There's room for everyone, if government would only give it a chance ■

FM 13/9/91 (260)

undesirable in the present phase of South Africa's development Here again the valid test is not whether a project is outward-looking or inward-looking, but whether it will be truly economically viable, can stand on its own feet and consequently can create new wealth for the country Economically viable import replacement is just as beneficial in terms of foreign exchange earnings as an export-oriented activity

Admittedly, there are fewer opportunities for import replacement now than a few decades ago, but these should not be disregarded More often than not it is the successful import replacement industry that also manages to compete effectively on export markets

Of course, the new awareness of export opportunities and the important role that they can play in South Africa's future development must be applauded

Government's serious consideration of policies to improve the competitiveness of South African industry should be commended There are many investment disadvantages and hence competitive impediments facing South African industry The major ones are high tax rates, inadequate investment incentives, sparse human resource skills and poor productivity

For more than a decade the level of new investment in the economy, in both the public and private sectors, has been dismally low In recent years we have even seen the destructive effects of disinvestment taking place in both sectors

It is very gratifying, therefore, that Sasol, in a period of low economic activity, is able to proceed with confidence with a wide-ranging investment programme Sasol is currently engaged in projects valued at R3 000 million, most of which will serve both export and domestic markets In addition, there are some very exciting new projects under consideration with a total value exceeding R2 000 million

Sasol is indeed a highly capital-intensive undertaking But it is this very fact that leads to high capital charges and thus a level of cash flow that facilitates new investment of the magnitude just described, with a limited need for external finance This enables the Group to keep the ratio of interest-bearing funds to shareholders' equity within acceptable bounds

In the past year the cash generated by Group operations, after interest and tax payments, totalled R1 860 million Dividends will absorb about 20% of this amount and the balance is being invested with a view to growth – a process that brings maximum benefits to our stakeholders, namely employees, shareholders and customers

Thus, Sasol is entering a new and dynamic growth phase The result will be a further reduction in the relative contribution to earnings of our synfuel activities, making available to domestic and foreign customers a large number of petrochemical products not previously produced in South Africa

Already, very encouraging results have been achieved on export markets Export sales have, in the past three years, increased by 38% per annum and currently account for 31% of total non-fuel sales We have been particularly successful in opening up new markets in the Far East

Sasol has already demonstrated its ability, as a result of its broad business base, to perform satisfactorily in adverse economic conditions Its policy of diversification by exploiting competitive advantages in the production of petrochemical feedstocks and intermediates will further enhance this ability

I am pleased to say that Sasol has attracted and developed the necessary high level human resources to face the challenges of the future in a highly competitive environment

Sasol uses a manpower planning and development system (MBK) that was introduced ten years ago and has since been honed to a fine instrument At the conclusion of the most recent series of MBK sessions, it was once again most gratifying to note that since the hustle and bustle days of staffing the giant Secunda projects, Sasol has been able to build up outstanding management, technical and scientific teams, supported by highly skilled and able technicians and other operating, maintenance and supporting staff

Much progress has been made in securing the advancement of people from less privileged groups But we are not complacent about our achievements Sasol scholarships have long been available to everyone but, owing to the extreme disparity in school education, many candidates from these groups were unable to compete successfully for scholarship awards It was consequently decided in 1986 that in order to provide truly equal opportunities for students of similar potential but with varying educational backgrounds, a parallel bursary scheme would have to be introduced This scheme, which provides scholarships at secondary and tertiary levels, will in future make a meaningful contribution to Sasol's human resource requirements

The end of sanctions is at last in sight Most of the participants in the constitutional process would agree that future economic policy should have as its main focus the achievement of an economic growth rate of at least 5% per annum This can, however, be achieved only if full and open financial relations are restored with the outside world, including institutions such as the IMF and the World Bank

Of course, South Africans themselves will have to demonstrate their ability to bring the persistent

Continue →

FM 13/9/91 (260)

unrest under control and to manage fiscal and monetary affairs in a manner that will inspire confidence in potential foreign investors I believe that we are in the process of achieving this, particularly in relation to monetary policy But we shall have to resist, as a new political dispensation evolves, placing excessive demands on the exchequer for greater social and educational expenditure without effecting concomitant savings elsewhere in state expenditure

It is my view that in comparison with the newly industrialised nations, South Africa has succeeded in pricing itself out of the market in terms of its remuneration of semi-skilled and unskilled workers Whatever the reasons for this state of affairs may be, it has definitely impeded the global and domestic competitiveness of our economy It has also contributed greatly to the high level of unemployment, which is perhaps our single most serious challenge for the future The problem can only be addressed by appropriate educational and training policies and by ensuring that the price of the most important of South Africa's resources, its human resource, properly reflects the relative scarcity or abundance of that resource

It is also true that South Africa has priced itself out of competitive markets in terms of the remuneration and average productivity of skilled workers, mainly owing to serious shortages in many categories of skills The need for radical reform of our educational and training policies is obvious

It is imperative that South Africa's educational systems, which are turning out hundreds of thousands of school leavers every year with qualifications that are unsuited to the needs of industry and business, should be adapted as soon as possible so as to satisfy the real needs of employers In this regard industry itself must assume more of the initiative by defining its needs and intensifying its own training and development programmes Fortunately, Sasol decided many years ago not to wait for others, but embarked on substantial training and educational support programmes of its own

Earnings attributable to shareholders increased from R746,3 million to R1 041,3 million – an increase of 39,5% Net income before interest and tax increased by R593,6 million (44,4%) to R1 900,9 million but owing to the much increased interest charge, net income before tax rose by only 14,6% Earnings per share increased from 132,4 cents to 184,7 cents A final dividend of 39,0 cents brought the total for the year to 71,5 cents representing an increase of 20,2% over the last year

The main factors that contributed towards the increase in attributable profit were the high international petroleum product prices as a result of the crisis in the Middle East and, accordingly, attractive crude oil refining margins, the take-over of the CEF's interest in Sasol Three, increased output at Sasol Two and Secunda Collieries and the successful entry of Sasol Polymers into the market place

The Sasol Two and Sasol Three plants produced at full capacity and the Secunda Collieries achieved an all-time record production The new polypropylene plant reached its design capacity towards the end of the financial year and limited coal production commenced at the Syferfontein strip mining project Operational aspects are discussed more fully in the review of operations included in the annual report

The revised tariff protection mechanism for the indigenous liquid fuel industry was tested for the first time under conditions of wildly fluctuating oil prices and it was found to be highly effective During the seven-month period when high product prices prevailed, protection automatically ceased and industry enjoyed no protection whatsoever Moreover, for a short period of time, when petroleum product prices exceeded the equivalent crude oil price of \$28,70 per barrel, the motorist enjoyed the benefit of the indigenous industry sacrificing 25% of all revenue above the \$28,70 oil equivalent mark

The value of the transaction in terms of which the outstanding interest in Sasol Three was acquired from the CEF amounted to R2 900 million, R750 million of which Sasol paid in cash The consolidation of the remaining debt of Sasol Three resulted in the borrowings of the Group increasing substantially, with a concomitant increase in the interest burden

Profit outlook

In the new year the financial results are expected to show further improvement Contributory factors are the expected lower interest charge as a result of a reduction in the Sasol Three loans, a further rationalisation of the fertilizer production facilities, full production of the polypropylene plant, better performance of the Explosives Division, production build-up at Syferfontein strip mine, commissioning of the new ethylene recovery plant in Secunda, commissioning of the new cresylic acid splitter and commissioning of the n-butanol plant

The above factors should more than compensate for the expected lower average petroleum product prices and, supported by a more favourable rand/dollar exchange rate, should ensure growth in relation to this year's outstanding results

Conclusion

In December 1990 Mr Albert Marais retired from the board Mr Marais was a director of Sasol for 20 years We shall miss his valuable contribution and loyal support He also served for many years on the boards of both Sasol's housing and township

SAM RAMSAMY

Going for the gold?

FM 13/9/91.

Sam Ramsamy, a long-time campaigner for sports isolation and now chairman of the National Olympic Committee of SA has been called "a desperate trade unionist striving to shore up his declining industry" and "the logical and best qualified official" to head the sports movement

He's been applauded for getting SA back into the Olympic movement But he is reviled by leftwingers who say that by accepting recognition by the International Olympic Committee in July, he sold out the disenfranchised majority And by observing the strict moratorium on international competition, he's been criticised for playing the ANC's brand of politics with athletes as pawns

Ramsamy *it's still a long way to Barcelona*

It's a heavy weight on the slim shoulders of the former schoolteacher and swimming coach from Durban After going into self-imposed exile in London in 1972, Ramsamy (53) was one of the most strident voices pushing to cut all international sporting links

But, since President F W de Klerk's reform initiatives, Ramsamy has been moving towards the centre Too far, say some detractors and, not far enough, say others

Ramsamy, who is married to a former East German basketball star, returned to SA this year Since then, he has become a household name to athletes and sports fans alike All eyes turn to him whenever the question of ending the sports moratorium is raised So far, he has shaken his head like a disapproving schoolmaster

Though he pushed for SA to be readmitted to the Olympic fold after a 21-year banishment, paving the way to compete for the first time since 1960, he has refused to commit himself on Barcelona

What upsets many critics is that while the Olympics are a year off, one qualifying event for athletics, for example, has come and gone The international athletics body bent over backwards to include SA at Tokyo in August, but he would not relent

"To compete only 48 hours after recognition would be obscene, to put it mildly," he said "Unity and nonracialism must be effected for their own sakes and not for the sake of international participation "

Athletes tried to break away and compete anyway, but they were rebuffed in Tokyo That left some wondering why they had unified, if not to compete However, unity and equal access to training facilities do not seem to be the only criteria He unilaterally declared that the Winter Olympics in France next February are off-limit "I am ruling out Albertville because winter sport in SA is largely an establishment sport we would be displaying a minority section and that would be absolutely unacceptable and most objectionable to the majority of South Africans " But the monolith cracked when five South Africans competed this week in the World Gymnastics Championships in the US They had to compete to qualify for the Olympics "There is a certain amount of sympathy for their position," he said

Ramsamy, who kept his sports consulting business in London, has softened In January, he said it was "extremely improbable that there will be any international competition soon " In March, he said sending a team to Barcelona seemed "highly probable " He added "Things have changed I think we need to keep an open mind " ■

FRANCOIS GELINET — FRENCH INFLUENCE

Thirteen years ago, when Francois Gelinet was working for Bank of America, he took a two-day trip to SA What he remembers most is that the banking system here was more sophisticated electronically than in Europe

Now Gelinet (43) is back as the first representative of Paribas, France's largest private banking group, with assets of FFr944bn and offices in nearly 60 countries Founded in 1872, the name derives from Banque de Paris & de Pays-Bas (French for Netherlands)

Even nowadays he does not see much opportunity to compete with SA's commercial banks Instead, Paribas sticks to what it knows best — merchant banking, capital markets and commodity financing It's the third-largest bank in the world in commodity financing

"In the 20 months since President F W de Klerk announced the vision of a new SA," he explains, "the overall economic and financial horizon has changed and Paribas foresees the coming opportunities "

The son of a French admiral who was a representative to the UN, Gelinet was heavily influenced by American culture Born in Toulon, in the south of France, he studied economics in Paris and at the same time did a correspondence course in finance and accounting with a US university

After 18 months in the navy, he joined Bank of America and worked in Paris, London and Bahrain In 1980, he joined Paribas, a frequent advertiser on CNN midday news, and was stationed in Paris and Qatar — he still wears his handmade suits from the Middle East

He's already adapting to SA's red wines — "here there is no need for French wine" — and plans to take up golf His instructor will be his wife, Caroline, who once represented Wales in the sport

"I am not a great reader," he says, but like many Frenchmen, he knows Charles de Gaulle's life story by heart "I believe in Gaullism," he says, which translates to a liking for "pragmatic people with vision," such as Margaret Thatcher and De Klerk

At the cinema he prefers American comedies French films, he says, are too complex

FM 13/9/91 (260)

development companies His in-depth knowledge in these fields enabled him to make an important contribution to these activities in Sasolburg and Secunda

I would like to extend a warm welcome to Mr Mike Levett, who joined the board in January 1991

I would also like to extend a special word of thanks to all of my 32 000 colleagues and to congratulate them on a job well done The dynamic and innovative leadership provided by the managing director and his team of senior managers, engineers and scientists allows Sasol to compete with the best in the world The board is extremely grateful for and proud of their contribution

In conclusion I should like to thank my co-directors most sincerely for their enthusiastic support and wise counsel

J A Stegmann
Chairman

DETAILS OF THE FINANCIAL RESULTS

The audited consolidated results of the Group for the year ended 25 June 1991 were as follows

	Year ended 25.06.91 R million	Year ended 30 06 90 R million
Consolidated income statement		
Turnover excluding excise duties and levies	**7 561,8**	5 032,9
Net operating income	**1 897,2**	1 231,3
Dividends received	**3,7**	76,0
Net interest (paid)/received	**(376,1)**	23,7
Income before taxation	**1 524,8**	1 331,0
Taxation	**(470,1)**	(254,9)
Income after taxation	**1 054,7**	1 076,1
Outside shareholders' interest	**(13,4)**	(9,8)
Transfer to equalisation reserve	**–**	(320,0)
Earnings attributable to shareholders	**1 041,3**	746,3*
Dividends	**403,1**	335,4
Earnings per share	**184,7c**	132,4c*
% increase	**39,5%**	18,5%
Dividend per share		
– Interim	**32,5c**	27,5c
– Final	**39,0c**	32,0c
– Total	**71,5c**	59,5c
% increase	**20,2%**	13,3%
Dividend cover (times)	**2,6**	2,2

*After transfer to equalisation reserve See note below

NOTE

In the 1989/90 year the effect of a change in accounting policy in respect of deferred tax was abnormally large This was due to the completion of a number of high value projects which resulted in an abnormally low tax provision Consequently your directors deemed it prudent to transfer R320 million to the equalisation reserve

DECLARATION OF DIVIDEND NUMBER 24

Notice is hereby given that the directors have declared a final dividend of 39,0 cents per share (1990 – 32,0 cents) in respect of the financial year ended 25 June 1991 The dividend is declared in the currency of the Republic of South Africa and will be payable to shareholders registered in the books of the company at the close of business on Friday, 20 September 1991 Cheques will be posted on or about 14 October 1991

Notice of any change of address of shareholders must reach the transfer secretaries, Central Registrars Limited, PO Box 4844, Johannesburg, 2000, on or before 20 September 1991

By order of the board

R Hugo
Company secretary

3 September 1991

Registered office
1 Sturdee Avenue
Rosebank
Johannesburg, 2196
PO Box 5486
Johannesburg, 2000

Transfer secretaries
Central Registrars Limited
154 Market Street
Johannesburg, 2001
PO Box 4844
Johannesburg, 2000

Independent broadcast body urged

260

CT 13/9/91

Political Staff

AN independent broadcasting authority to regulate radio and television in South Africa had been recommended by the task group on broadcasting, the Minister of Home Affairs, Mr Gene Louw, said yesterday

The task group had also placed special emphasis "on establishing unity of control over broadcasting in a streamlined and depoliticised manner", he said in a statement

He also announced that the cabinet had decided that the task group's report should be published for public information and comment, because of its extensive recommendations and their incisive nature

The report would be available in both languages on October 25

Broadcasting report 'just not good enough'

Star 13/9/91.

(260)

By Paula Fray and Peter Fabricius

The Viljoen Task Group report, which recommends the creation of an independent authority to regulate broadcasting, was labelled as inadequate by the Campaign for Open Media yesterday

Home Affairs Minister Gene Louw yesterday announced a Cabinet decision to present the report for public scrutiny.

He said the report, handed to the Cabinet on Wednesday, contained far-reaching recommendations on the restructuring of broadcasting. It placed special emphasis on establishing unity of control over broadcasting in a "streamlined and depoliticised manner".

It will be available from the Government printer on October 25

Task group chairman Professor Christo Viljoen, who is also the chairman of the SABC board, hailed the decision to make the report public

"The task group trusts that a meaningful and constructive public debate will follow and that the report will be considered carefully and in its entirety," he said

However, Campaign for Open Media chairman Raymond Louw said the report was "just not good enough"

"One of the most important mediums of communication in the country . is being treated as if it is a new marketing board which should be established," he said.

What was needed was a proper inquiry into broadcasting structures, conducted by an independent commission of inquiry and not headed by someone with such direct connections to the SABC.

Mr Louw said the subject was a lot more complex than the task group appeared to have realised. "We discovered that the task group had not dealt with the important, issues such as the language of broadcast"

ANC spokesman Carl Niehaus said the organisation was pleased the report would be made public, but expressed concern that the report was being used as the main input for discussion

"That is totally unacceptable because of the way the report was commissioned"

Mr Niehaus also expressed concern about the Minister's statement that legislation would be drafted for submission to the current Parliament

The ANC's position was that any decision which would have a lasting effect on broadcasting could not be made by the present Government, but should be left to an interim government or a new government under a new constitution.

Bond issues in Europe soon

B Day 13/9/91 (260)

ANDREW GILL

TWO SA borrowers will follow government's imminent public bond issue on European capital markets with their own issues before March next year.

The Development Bank of SA would go to the market before the end of March to raise in the region of R150m to R200m and the Independent Development Trust (IDT) was expected to have an issue before the end of this year, spokesmen said yesterday.

Development Bank group finance manager Richard Kirkland said the bank expected to have a public issue before the end of its financial year in March, with a view to raising half of the annual R300m to R400m funding requirement overseas.

Government is set to go to the market next week with its DM50m to DM100m public issue. After the Development Bank and IDT issues, the way will be clear for parastatals to go to the market next year.

Development-related bond issues would be the first to test the water, expecting a warmer reception than loans for purely commercial ends.

IDT spokesman Jolyon Nuttall said trustees had sanctioned an approach to international markets and donor agencies with a view to financing development activities, probably before the end of the year. No figures were available yet

Eskom and Transnet are expected to

□ To Page 2

Bond issues

B Day 13/9/91 (260)

□ From Page 1

follow the three development-linked bond issues at some stage next year, but are cautious about flooding the European market with SA issues at a time when former Eastern bloc countries are taking a large chunk of the finance

Also, Eskom has had to allow government, the Development Bank and IDT issues to precede its own for fear of taking away potential finance from the three because of its good reputation in the market

Kirkland said the timing of the issues was appropriate and there was a "reasonable appetite" for SA paper This had been borne out by the relatively limited adverse reaction to government's issue

SA Housing Trust GM Willie Conradie said the trust was not looking for financing at commercial rates from the capital market but rather from donor agencies in the form of highly subsidised loans

Industrial Development Corporation (IDC) GM Louis Kingma said the IDC was not looking at an issue at the moment, but next year could see a change

Soweto faces summons over debt

THEO RAWANA

ESKOM has started proceedings to sue the Soweto City Council, which owes the utility R131m

The council, which buys bulk electricity fom Eskom and in turn supplies the other Greater Soweto councils of Diepmeadow and Dobsonville, is in the grip of a financial crisis and faces a collapse of essential services.

Sources said yesterday the council had been summonsed by Eskom and stood to have its R350m electrical equipment attached if judgment against it was obtained.

Eskom distribution and marketing deputy GM Allan Morgan yesterday confirmed that summons had been served on the council

He said: "We are hoping for a friendly resolution of the problem. We could find a solution in the form of an agreement on an agency basis or an arrangement through the Central Witwatersrand Metropolitan Chamber." 260 ~~(...)~~ (...)

The three councils, with the TPA and the Soweto People's Delegation (SPD), are principals in the Greater Soweto Accord which ended a five-year rent boycott and wrote off its R516m debt last September.

Since then the councils have fallen into arrears as residents failed to pay for services, and the financial crisis that ensued is still a subject of debate at various forums, including the metropolitan chamber.

The councils and the TPA want interim

□ To Page 2

Soweto

B|Day 13|9|91 (260) (...) (...)

□ From Page 1

tariffs increased, while the SPD demands that, since the supply of services was poor and the billing and metering faulty, the provision of supply should be transferred to the Central Wits RSC or to the municipalities of Johannesburg or Roodepoort

At a chamber meeting on Wednesday, the Johannesburg City Council proposed establishing an interim metropolitan authority, which would see to the provision and administration of services on a regional level The proposal was referred to the chamber's constitutional working group for urgent discussion

Diepmeadow town clerk Jan de Jager said the three councils had on Wednesday signed an agreement transferring the running of the area's electricity supply to the RSC But he said even that transfer would not remove the need for higher tariffs

Dobsonville mayor McFarlane Phenethi said the residents of his township were paying for services and did not want anything to do with calls for rent boycotts

"But when their electricity gets cut off, they blame my council, even when it could be from a fault in the source of supply, Soweto," he said

Soweto City Council PRO Mojalefa Moseki could not be reached for comment yesterday

Rhodes to launch SABC watchdog

South (Southside) 12/9-18/9/91. (260)

BIG BROTHER SABC is about to be scrutinised by a watchdog body.

The journalism department at Rhodes University in Grahamstown plans to launch a National Monitoring Committee to keep tabs on broadcasting during South Africa's first democratic elections

The committee, which will be based at the university, will also draw in students and staff from other universities and other interested parties.

"We are very concerned about the election process and about monitoring it," said Don Pinnock of the Rhodes journalism department. "We will monitor not only the SABC but newspapers, radio and pamphlets as well."

He said the planning of the committee was in its "very early stages".

"We are looking to make the election process fair," he said. "We would also like to keep the monitoring going after the election period."

Pinnock said they would test the effectiveness of the monitoring programme as soon as methodology was decided on and they would use it regularly in the pre-election period

The Rhodes committee would like to see that the SABC adheres to a code of conduct to ensure impartial reporting.

The need for media impartiality during the election period was also highlighted in the recent "Jabulani: Freedom of the Airwaves" conference in Amsterdam.

The conference recommended that an all-party conference should appoint a commission of inquiry to investigate the regulation of broadcasting, and that a committee should also be appointed to take control of broadcasting in the interim period.

A media research conference to be held at the University of Bophuthatswana next week will look at measures for monitoring broadcasting until the all-party conference and during democratic elections, lecturer Roy Williams said this week □ KAREN WILLIAMS

SABC TV to go regional

260 ARG 12/9/91

STEFAANS BRÜMMER
Staff Reporter

SABC-TV is to go regional next year with the introduction of weekly magazine programmes transmitted independently from Cape Town, Durban and Johannesburg.

It will be the first time in South Africa that "total transmitter separation" will be achieved. This means that viewers in different parts of the country will see different programmes in the same time slot

The magazine programme, scheduled for 8.30pm to 8 55pm on TV 2/3/4 on Tuesdays, will be independently produced and transmitted in each of the three regions from January 7 next year

Mr Dries Pretorius, TV 2/3/4 programme director, said the move was a "kind of experiment" motivated by a need for "greater community involvement"

Mr Hein Kern, TV 1 programme director, said regionalisation was not in the pipeline at this stage for TV 1

He said that soon after the introduction of television in the mid-70s TV 1 had screened a magazine programme with regional insets, but the transmission was not regional — different parts of the country saw the same insets.

The programme had been scrapped very quickly because "it was found that revenue from the regions was not good enough" Technical hitches also played a role.

Regionalisation will not mean new job opportunities for hopefuls from the three cities. No extra personnel will be employed, an SABC spokesman said

● A strapped-for-cash SABC has decreased its posts by 124 since January.

A spokesman said 64 employees had accepted retirement packages, "the great majority of them voluntarily" The remaining 60 posts were made up of vacancies that would not be filled.

PRIE
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SHIP

SABC concedes on licence discount

260

Star 11/9/91

By Paula Fray
Consumer Reporter

The SABC backed down on a decision not to pass on the 2 percent reduction in VAT on 1991/92 licence fees yesterday after talks with the consumer watchdog body, Vatwatch.

The corporation is now prepared to accept licence payments after September 30 of R147, despite R150 being shown on statements sent to viewers

Those who pay before September 28 will escape VAT

Important signal

The SABC had said that for technical and administrative reasons it could not reduce VAT on licences from 12 percent to 10 percent, but that adjustments would be made next year

The decision to charge only 10 percent is seen as a coup for the consumer body.

THE STAR VAT WATCH

Vatwatch chairman Professor Louise Tager said that by recalculating the VAT rate on licences, the SABC was sending an important signal to commerce and industry.

"Large organisations ought to set an example to smaller businesses and discourage anyone from using weak arguments as a smokescreen that prevents consumers from enjoying cost benefits from VAT."

● A 45-minute television programme, developed to counter public ignorance about the effect of VAT on prices, is being screened on TV1 this month.

According to Vatwatch, which will monitor price trends before and after the introduction of VAT, the programme explains why the new tax need not cause a general rise in prices

Produced by a leading firm of tax consultants, the programme will be screened each Tuesday and Wednesday at 9 15 am. The final programme will be shown on September 25.

A Vatwatch spokesman said the presentation had been developed to counter public ignorance about VAT's cost effects

"Consumers must not fall into the trap of believing that business costs, and therefore prices, will rise as a result of VAT," he said.

Fall away

"Businesses registered as 'vendors' in terms of VAT will obtain a full tax credit for their payments. In this way, VAT will not be a cost borne by the business.

"In fact, tax that business used to pay on a wide range of items will fall away under VAT

"This major saving which the business sector will begin to enjoy on September 30 ought to be passed on to consumers."

Tel: (011) 823-2943

Satellite could hit taxpayers for six

260

CT 9/9/91

Own Correspondent

JOHANNESBURG — Taxpayers may be presented with a R1bn bill for a communications satellite if a special-interest group — representing the SABC, M-Net, Transnet, Eskom and various banks — successfully lobbies government.

The argument by the SABC and M-Net for SA having its own television satellite forms part of the Task Group on Broadcasting's report, due to be presented to Cabinet on Wednesday

Sources said at the weekend that the satellite could be the main reason for the recent 30% surge in M-Net shares since the Viljoen report was delivered to Home Affairs Minister Gene Louw on August 27.

State telecommunications company Telkom is opposing the satellite scheme, claiming the special-interest group is out to foist a white elephant on the public

At present the SABC and M-Net hire transmitters on other countries' satellites. The broadcasts are spread over a wide area and can be received only by large C-band satellite dishes which cost more than R20 000 each

The two broadcasting organisations hope to convince government to place its own satellite in orbit with a concentrated signal that could be received by small, cheap Ku-band dishes

Cabinet recently unanimously accepted the first part of the SABC's proposal, approving the technical standards to be used by a potential satellite.

The report, set out by a working group chaired by SABC technology director Neil Smuts, decided that satellite broadcasts would use the PAL system as opposed to high-resolution D-MAC

A spokesman for the SABC said a satellite would reduce the cost of broadcasting to the whole country by 50%. TV 1 presently reaches 61% of SA.

Blanket satellite broadcasting would also reduce the amount by which urban viewers were subsidising rural viewers. Recent studies showed broadcasting overheads in the PWV area worked out at R3 a licence holder, compared with R287 in some rural areas, the spokesman said

A M-Net spokesman said the report was confidential and refused to comment.

The report is being co-ordinated by the Industrial Development Corporation (IDC), which said questions about the project were premature because the study was a year away from completion

Spokesmen for Transtel (Transnet's communications arm), Eskom and banking groups said a satellite would enable them to spread their information networks to areas too remote for telephone lines

A Telkom spokesman said it opposed the scheme because of the cost — state funds would be better utilised developing SA's telephone system

"I don't know how the government could look township residents in the eye if it spent R1bn on a satellite," he said.

He said a satellite would be more expensive than and technically inferior to cable transmission

"Australia recently put up a satellite which it is now trying to sell to us The last four satellites launched have all been uneconomical — an SA satellite would simply add to the list."

IDC may sell Sasol shares

By Jabulani Sikhakhane (260)

The Industrial Development Corporation (IDC) could decide within the next month to sell some of its 170 million Sasol shares, managing director Carel van der Merwe said yesterday

Sasol has risen strongly in the last few days, after reporting good results The share closed 25c up at R17,50 yesterday and there is still good demand

Mr van der Merwe said "We have made it known that we intend selling some of our Sasol shares in the future"

"The current share price looks attractive. We are carefully looking at the situation and we will look at our cashflow situation A decision could be made within the next month

"The shares would be offered in terms of the original prospectus But no decision has been taken yet," he said

When the IDC decides to sell its Sasol shares, they have to be offered proportionally to existing shareholders

Analysts say a proportional offer could result in a few institutions taking large blocks of shares, resulting in a distortion of their investment portfolios and leaving them exposed to the counter

David Meades of Meades de Klerk says State pension funds, reported to have R40 billion, which could soon be freed for investment in equities, might underwrite the IDC offer

He reckons that Sasol shares could still go up to R25 Even at that price, the shares would be cheap relative to other blue chips

A R25 price would place Sasol on a historic P/E ratio of 13,5 and a dividend yield of 2,86

"Sasol managing director Paul Kruger says Sasol is worth R23 a share, which hints at the possible level at which the IDC could pitch its offer. If Sasol shares reach R23, the IDC could offer its shares at R20," says Mr Meades said.

He says the IDC offer could be on the basis of 30 shares for every 100 Sasol shares held.

At yesterday's closing price, the IDC's stake in Sasol is worth R2,98 billion At R20 it will be worth R3,4 billion

Star 19/11/91

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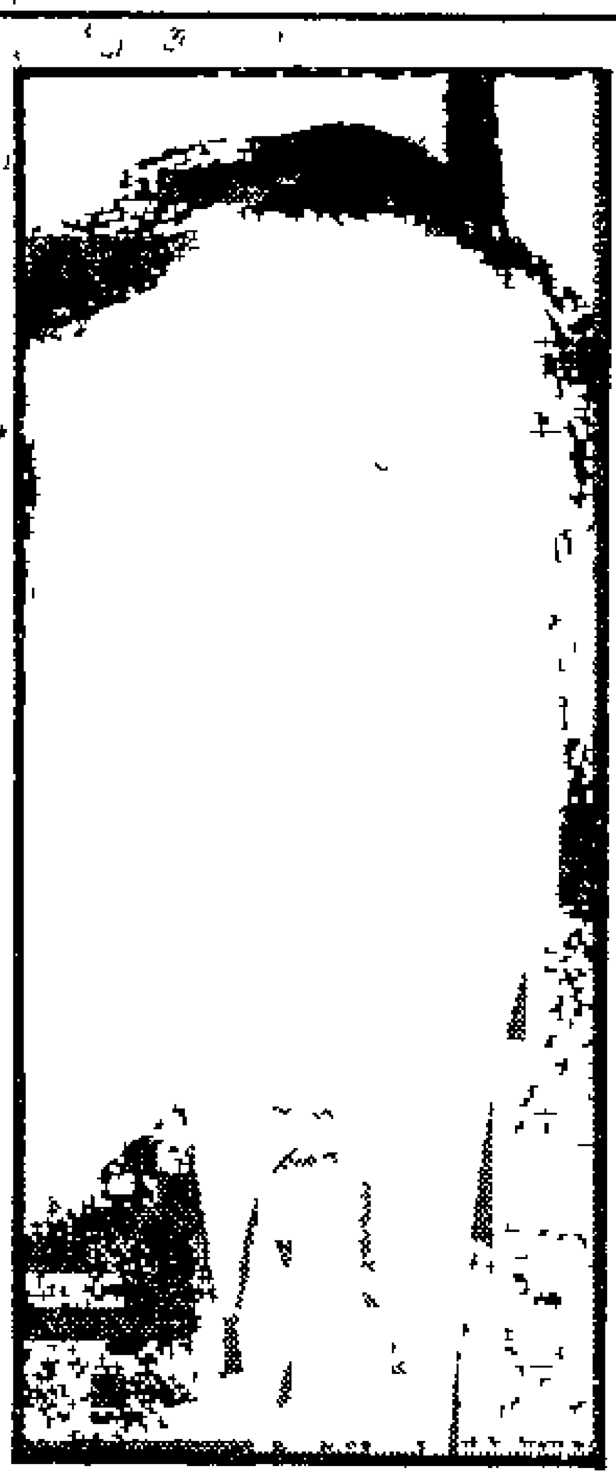
LE TOWNSHIP



RICHARD JESSE Positive

Broker tones down red alert for JSE

S|Times (Bus) 8|9|91.

By DAVID CARTE

AS THE JSE soars, concern about a possible correction in the market heightens

Stockbroker Alan McConnochie of Ed Hern Rudolph put out a "red alert" to private clients in July, strongly advising clients to defer purchases of industrial shares, to liquidate 20% of industrial holdings or adopt a stop-loss policy, selling stocks which fall by 10%

In August, after the market continued moving upwards, another Ed Hern partner, Andre du Plessis, appeared to recant

He wrote in a letter titled The road beyond red alert that the firm expected no more than a healthy correction, not a collapse

Mr Du Plessis says the "historically high (sic) price earnings multiples of our leading industrials are certainly discounting enormous economic dividends from the new SA" He adds that although the market rating is highly demanding, it is not totally unrealistic

Mr Du Plessis forecasts economic growth of 2% to 2,5% in 1992 and earnings to rise on average by 20% to 25% He warns that the Dow should be watched, but concludes that it is likely to rise in anticipation of a modest improvement in corporate profits in the next six months to a year

Another bullish factor is the shortage of good-quality scrip, aggravated by the need of the State pension funds for equities Any interest from foreigners will exacerbate the position

There is also concern among long-term investors about future inflation

Mr Du Plessis expects interest rates to start falling from the end of the year

"In conclusion, we expect the JSE index to be substantially higher over the next three to four years with a doubling being quite probable in the scenario sketched We therefore recommend that over the next six months clients should judiciously acquire quality holdings during periods of market weakness"

Another firm, Martin & Co, has long been the most bullish of stockbrokers Its analyst Richard Stuart predicted last November that the market would rise strongly

Mr Stuart said recently that the strength of the rise had exceeded his expectations The financial and industrial indices achieved in less than a year what he expected in two years

Trendline

Mr Stuart's colleague, Richard Jesse, gave Business Times this view of the market "The financial and industrial index remains within the major uptrend which began 14 years ago in 1977 The chart of the index shows it is better to have been invested in financial and industrial shares than not

"However, it has to be ac-

Namfish treads water as others confirm recession

S|Times 8|9|91 (Buss)

By JULIE WALKER

COMPANY results released this week confirm the view that South Africa is still in recession

Only seven out of 19 announcing annual figures were able to improve on their previous year's performance Three outpaced inflation, but only three incurred losses

The seven interim results look a little better, two companies coming out of the red and four showing handsome increases

In the six months to June, Namibian Fishing Industries (Namfish) more or less trod water at the taxed income level

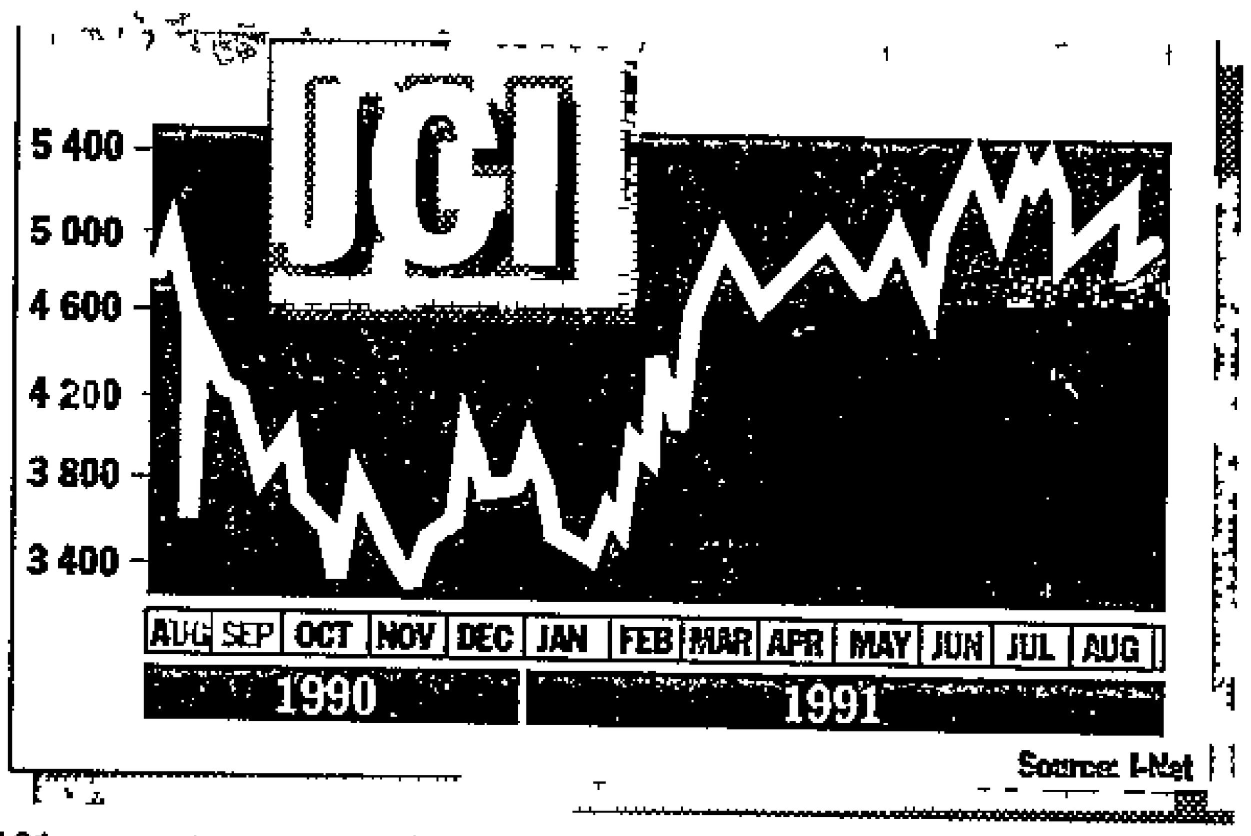
Shade

It earned a smaller share from associates, but did not have to pay an adjustment on participation rights which was reported previously as an extraordinary item

Earnings a share of 48,7c were down 23%, but after extraordinary items the earnings were a shade higher Pelagic fish did well, fishmeal, canned products and stock having been cleared at good prices

Namfish's pelagic quota was reduced by a third to 3 200 megatons But the company expects a similar profit contribution from pelagic fish as was earned last year

The lobster allocation was lowered for the industry and a loss is expected from Seaflower Lobster, in which Namfish has a 35% stake Seaflower's interim landings were down 100 megatons to



181 megatons out of its 704 megatons allocation for the year

Seaflower has applied to the Namibian Ministry of Fisheries and Marine Resources to be granted concessions and quotas in other fishing sectors based at Luderitz It has been granted 500 megatons of long-line hake

The directors expect reduced earnings from Namfish

Namibian Sea Products (Namsea), which owns 26% of Namfish, earned R3,2-million in the six months to June compared with R2-million in nine months to June 1990 Its deal with Sarusas and arrangements with new pelagic quota holders should raise the year's earnings

Masonite's manufacturing division ran at capacity in the six months to June Cost management, returns from new capital projects and an excellent manufacturing performance resulted in improved margins

Sales rose by 16% to top R60-million and operating income was 29% up at R8,2-million, while earnings a share rose 26% to 63c A strong customer base and good service helped the group to retain export markets The directors expect maintained sales in the second half of the year

Acquisitions last year by clothing retailer Bergers lifted turnover by two-thirds to R71-million in the six months to June

Without the acquisitions, sales grew by 23% The group has three trading divisions with 262 stores, having opened 12 and closed eight in the first six months of 1991 It plans to open another 14 before the yearend.

Problems included deteriorating trading conditions, robberies and shoplifting

Consumer boycotts were prevalent outside the Pretoria-Witwatersrand-Vereeniging area and hit Bergers' Jones chain, which is being refocused The Capri chain has been sold and seven Jones shops will be opened

Although the directors predict a tough second half, they are confident of satisfactory growth They say that Vat may have a negative effect on trading

Gypsum, Ilco, Sasfin and Lonrho Sugar also improved earnings

Johannesburg Consolidated Investments (see graph) held up in the year to June Its earnings were 3% down on the previous year

Its share price of R49,75 is almost the same as a year ago The 12-month low was R33 last November and its high R53,50 two months ago

knowledged that the market has moved some distance from the trendline (it could fall about 25% before hitting it) and that the current PE ratio of 13,7 and dividend yield of 2,9% are by no means cheap by historical norms

"The fundamental case for equities in SA is tied to their status as prime inflation hedges It looks almost certain that political and economic influences will put upward rather than downward pressure on inflation in the 1990s

"SA's renewed access to world capital markets should contribute to a better real economic performance in the 1990s, which will boost company profit growth

"A shift to the political left seems likely to put downward pressure on interest rates, reducing their attractiveness relative to equities

"Thus, on anything other than a short-term view, the case for good financial and industrial shares looks markedly positive"

COMPANY ROUND-UP

PRELIMS	Turnover (Rm)	% change	Profit before tax (Rm)	% change	Earnings a share (c)	% change	Div a share (c)	% change
TEJ	35,9	−6	1,4	N/A	38,9	N/A	0	—
Gypsum	180,1	+8	29 7	−5	195,2	+4	60,0	0
Metcash*	4064,3	+16	−46,4	N/A	−79,4	N/A	0	—
Rextru	N/A	+5	N/A	—	176,2	−34	70,0	−23
Af & Over	N/A	+4	N/A	—	183,8	−28	80,0	0
McM(Z$)	109,2	+16	−6,7	N/A	−33,6	N/A	—	—
Siltek	822 4	+12	60 4	−2	60,1	−34	20,0	−23
Ilco	N/A	+215	5,2	+100	17 0	+100	7,5	0
Lonsugar (E)	382,5	+12	108,7	+11	468,8	+13	200,0	+14
Grinaker	2047,0	+5	114,6	−14	108,7	−24	34,0	−11
Sasol	7561,8	+50	1524,8	+14	184,7	+39	71,5	+20
Grintek	1075,8	+6	80,2	−23	14,9	−40	5,4	−23
Nova	N/A	+262	−0,4	N/A	−19,3	N/A	—	—
Minvest	47,9	N/A	15,1	N/A	78,0	N/A	8,0	N/A
Johnnies	—	—	445,2	−3	283 0	−3	132,0	0
Sasfin	—	—	2,5	+20	21,3	+20	8,5	+21
Newklein	8,7	−2	6,0	0	174,5	+5	62,0	+24
MMG	204,2	+11	11,9	+9	25,0	+3	6,0	N/A
Longmile	352,7	−12	28,4	−14	30,4	−37	7 6	−37
INTERIMS								
Namfish	4,8	+11	1,7	−9	48,7	−23	20,0	0
Namsea	15,1	N/A	3 9	N/A	77,3	N/A	0	N/A
Masonite	60 6	+16	6 7	+18	63,0	+26	25,0	+25
Libvest	—	—	—	—	9,8	+23	6,2	+19
Natrawl	5,4	−2	0 9	N/A	5,56	N/A	—	—
Tollgate	252 5	−12	2,8	N/A	4,1	N/A	3,0	N/A
Bergers	70,8	+66	3,9	+17	12,0	+17	—	—

* 51 weeks to 22/6/91 compared to 53 weeks
E (Swazi Elangeni)

KwaZulu tourist bid

S/Times (Bus) 8/9/91

Business Times Reporter

KWAZULU Bureau of Natural Resources is looking for partners for three tourism projects It is opening up two areas for development and wants to privatise a third resort

The projects are a 120-bed lodge and restaurant complex in the recently proclaimed 11 000ha Ophatha Game Reserve near Ulundi and a caravan, camping and chalet complex on the Amatikulu River on the coast north of Tugela Mouth

The bureau plans to lease its chalet complex at Rocktail Bay on the northern KwaZulu coast.

The resort has a 20-bed tree-house type centre close to the beach The lease would include management, promotion and maintenance

Metcash looks better after the shake-out

S|Times (Buss) 8|9|91

By JULIE WALKER

METRO Cash & Carry (Metcash) — formerly Metro Group — lost R53-million in the 51 weeks to June 22, 1991.

But a breakdown of the figures shows a glimmer of light

- The exclusion of Fairways Supermarkets, which housed the retail operations and has since been sold to Score Food, reduces the attributable loss to R34-million
- Discontinued operations at Frasers Greenstein and Rosen were responsible for R6,8-million of the R34-million loss
- The cash-and-carry operations of Score Food have been merged with Metcash After the rights offer, the Score merger and the Fairways disposal, Metcash will have interest-bearing debt of only R53-million on shareholders' funds of R221-million

Allied

This compares with the actual figure at June 1991, including Fairways, of debt of R149-million on funds of only R75-million

The interest bill of R26-million was the major problem in the 1991 year Excluding Fairways, and taking out the losses from discontinued operations Metcash's con-

The money will be used to reduce borrowings of both Metcash and Score Supermarkets

In consideration for the acquisition of Score Food, 40,6-million new Metcash and 18,6-million Score Supermarket shares will be issued

The shares will be distributed to Score Food shareholders in the ratio of 269 Metcash and 123 Score Supermarkets for every 100 Score Food held

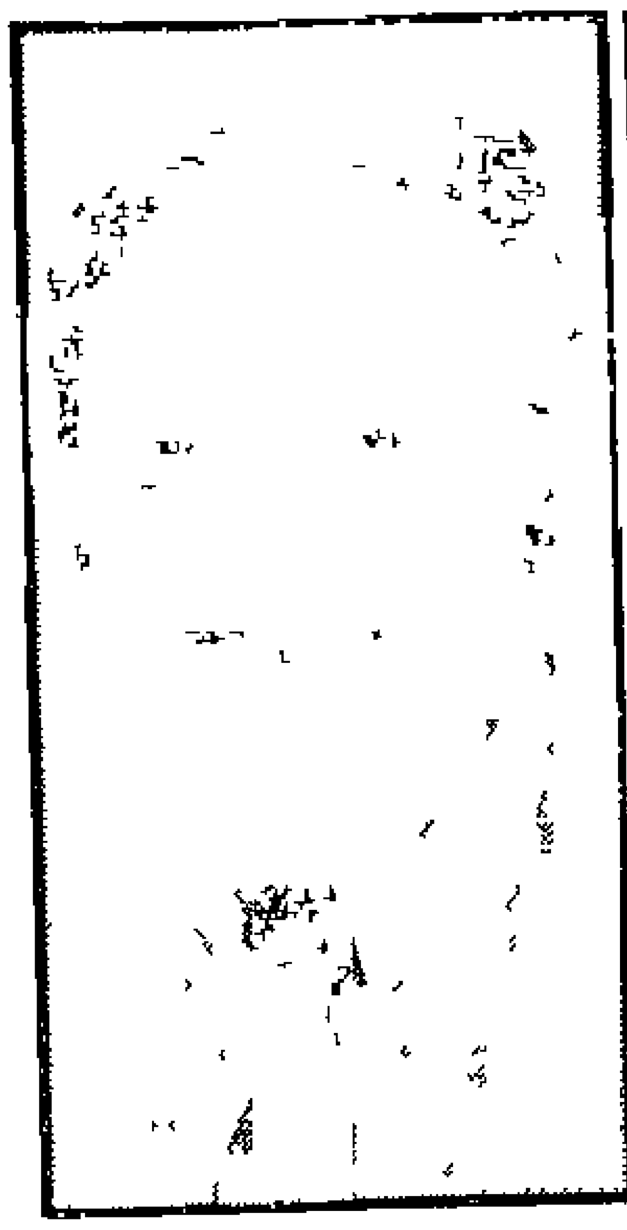
This scheme, proposed by Metcash to members of Score Food, will result in the delisting of Score Food The scheme meeting is to be held on September 30

Before the scheme, 100 Score Food had a market value of R715, earnings were R52,20 and the net asset value R237 After the scheme, the value of 269 Metcash and 123 Score Supermarkets is given as R834, earnings minus R5,79c and the net asset value R413,32

This represents an increase in net asset value of almost R176 for every 100 Score Food.

Headed

If the merger had been effective for Metcash's year



CARLOS DOS SANTOS The boss

Violet spots the forgeries

Business Times Reporter

Delta charged up to make acquisitions

S|Times 8|9|91

By IAN SMITH

DELTA Electrical Holdings, bright spark of the JSE's electronics sector, has not entirely escaped the effects of the recession, but it is in fine shape to take advantage of an upturn in the economy

The difficult trading conditions, which have probably damaged its proud six-year run of 30% compound earnings growth, could provide acquisition opportunities — if the right companies in the right sectors come up for grabs

Strong cash flow, which has become characteristic of the group, reduced borrowings at the June 30 midyear to R2,6-million from R3,8-million at the end of last

was declared — 8c for the same time last year

Investors are obviously confident of the group's ability to return to stronger growth because the share price is at a high of 940c

Mr Van Zyl says the group made its plans to ride out the recession some time ago and great attention was paid to managing assets and keeping the balance sheet in good shape

Rubber

"We have tightened up wherever necessary and tinuing operations earned R1,5-million

The directors expect better things from Metcash now that it is a 70%-owned subsidiary of Premier Group

Metcash will become purely a wholesaler and distributor of food and allied products The operations will consist of Metro Cash & Carry, Trador Cash & Carry and Trade Centre Score Supermarkets will house the Score and Fairways retailers

Metcash will raise R142-million through the issue of 57-million units Each unit comprises one new ordinary share in Metcash and one ordinary share in Score Supermarkets Metcash members can subscribe for 85 units for every 100 Metcash held on October 11 at 250c a unit

to June 22, 1991, and using the most recent annual results of Score Food and Score-Clicks (which holds 59% of Score Food and in which Premier has a 54% holding) Metcash would have looked much better

Its net asset value would have increased from 112c to 134,7c, its loss a share attributable to its continuing operations would have been reduced from minus 40,7c to a profit of 1,4c and its total loss a share would have been only 2,8c as opposed to the 79,4c declared

Score-Clicks' net tangible asset value would have been 195,9c higher at 285,3c a share and its net asset value 2,9c higher also at 285,3c Its earnings would have been 8,2c lower at 17,8c a share

Metcash will be headed by Carlos Dos Santos

Protea-Mabula link

SI Times (Buss) 8/9/91

RESERVE Management, new owner of Mabula Game Lodge, has renewed its long-standing relationship with Protea Hotels and a major refurbishing and upgrading programme has begun

Catering facilities at the hippo pool and an overhaul of the game drive vehicles will be undertaken.

Protea Hotels has been involved with Mabula since 1984 and is pleased to renew ties, says William Ford, manager for the Transvaal.

COUNTERFEIT banknotes circulating widely throughout South Africa are bad news for retailers

But they have sparked a mini-boom for suppliers of detection equipment

Start-up company Counterfeit Security Systems (CSS) says orders for a SA-developed ultra-violet detector have outstripped market forecasts

"We have been surprised by the demand," says Ari Halpern, who developed and manufactures the CSS unit, which sells for slightly more than half the cost of imported units

"We have kept the cost low so that small retailers can afford to protect themselves against forgeries," says Mr Halpern

Distributor Massi Roncara, of Johannesburg-based Target Agencies, says the rush started after reports that police had seized forged R50 and R20 notes worth more than R10-million

The detector unit indicates forgeries instantly, even when they are included in a bundle of notes

year.

With R2,9-million cash on call Delta is looking at acquisitions, says managing director Evan van Zyl

"But we would have to be satisfied that the company and its products or services would fit into the group"

Happy

The group's progress, in which net income jumped from nearly R3,8-million in 1985 to R27,1-million last year, came from a happy mix of acquisition and organic growth

Delta gives the management of operating subsidiaries great autonomy In many cases management retains a minority stake

"It provides greater motivation," says Mr Van Zyl

He is happy with the performance in the six months to June 30, given the state of the economy and the unprecedented cutbacks in the mining industry

Operating income was up 9% at R21,7-million, but attributable income increased by a creditable 17% to R10,7-million

An interim dividend of 9,5c

everyone has kept a close watch on costs The result is that all the companies are in a good position to take advantage of any upturn or new opportunities"

Delta has subsidiaries operating in five general divisions

It is the SA leader in electrical repair engineering and has 12 repair shops operating under several names At the end of last year acquisition Metalplus, which carries out mechanical repairs, was brought into the division

Both sectors have been affected by the slowdown in the mining industry, but coastal operations have helped to sustain results

Listed

In the insulation and conductions division are Transwire, which makes enamelled copper wire, and Wire Electric, a distributor to the electrical repair industry Miprod is licensed by European companies to make insulations and Keval is one of two heating element manufacturers in SA

The cable and accessories division embraces Delta Cables, which manufactures XLPE and rubber power cables at Cape Town, and 21%-held Jasco Electronics, which markets mainly electronic products Jasco is listed on the JSE

The industrial products division includes Equipment Spare Parts, which supplies spares for earthmoving equipment, and 21%-held Valhold, which is also listed It supplies industrial and automotive products

The final division holds 60,3%-owned Delta EMD, SA's only producer of electrolytic manganese dioxide, which is widely used internationally in dry cell batteries

WEEK IN BRIEF

A SUMMARY of the week's corporate announcements

MONDAY: Colfin and Colvest transfer to electronics sector of JSE, members warned of restructure

Minorities approve Metal Closures scheme of arrangement, it was delisted on 30/8. The last day to register (ldr) for Bankorp dividend 20/9. Compass to raise R40,5-million through the issue of two debentures for every 100 ordinaries, and 23 debentures for every 100 debentures held, at 400c The projected yield is 13,6%, ldr 6/9.

Rusplat general meeting on 20/9 to consider special resolution to permit payment of dividends from unrealised profits. CMI's 10% prefs may be converted from 1/11, holders to notify by 15/10. Bidvest members approve name change to The Bidvest Group.

TUESDAY: Cullinan members approve disposal of African Cables for R75,8-million

WEDNESDAY Reunert members approve purchase of African Cables. Standby offer of 40c a share to Penrose minority opens 9/9, closes 27/9 Compass nil-paids listed from 9/9.

THURSDAY: Witbank's shares split 10 for one from 9/9, members approve special and ordinary resolutions. Negotiations under way whereby Abacus might buy the non-ceramic interests of Audiobuild and Audiobuild might buy ceramic interests of Italtile Change of control of Audiobuild possible.

FRIDAY: Fidelity Bank to raise R21-million through rights offer Freddev acquires mineral rights from Aurora for the issue of 444 534 shares at 350c Aurora to pay R100 000 to Freddev

Technihire warns. Ldr for U-Con dividend of 2,25c a share now 20/9. Members may take cash or receive 3,3 U-Con for every 100 held or one new Unihold share for every 2 U-Con held.

Ldr for Unihold dividend of 4,5c now 20/9 Adcorp rights offer 0,93% subscribed. Metpol's rights issue attracted subscription of 107,7%. Oversubscription to be allocated in terms of a formula

Metro Cash & Carry reorganisation detailed Score Food Holdings scheme meeting is on 30/9 in Johannesburg

Another sale by Shell SA

Times 3/9/91 (Buss)

CHEMETALL GmbH, a subsidiary of group Metallgesellschaft Ag, has bought Reef Chemical Corporation from Shell SA

The sale follows the purchase by Sasol of Price's Candles from Shell for R30-million

Shell has decided to concentrate on its core business, oil and chemicals

Reef Chemical supplies high-technology metal surface treatment products to the automotive, domestic appliance and industrial engineering industries

It also supplies speciality chemicals for metal surface treatment and metal processing for all of SA's vehicle manufacturers

Reef Chemical has its head office in Boksburg and branches in Durban, Port Elizabeth, East London and Cape Town

Chemetall also has a shareholding in Chemrite. It will transfer Chemrite's metlube division to Reef Chemical This will give Reef Chemical direct access to the latest technology

Chemetall's central research laboratories are finishing work on several products which will be introduced in SA later this year

Oldest of all

A REPORT about the 80th anniversary of commercial printers Burlington-Dataprint in Business Times on August 25 described the company as South Africa's oldest printer

Edward Lacy, of Lacy Printers of Alberton, says that his company, which trades as PC Westwood, was established in Fordsburg, Johannesburg, in 1903

Iscor claims innocence

S/Times (Bus) (260) 8/9/91

By IAN ROBINSON

ISCOR has defended its steel pricing policies which have been under consistent attack from users in South Africa

Iscor's two-tier pricing policy is said to make SA users subsidise Iscor exports

An Iscor spokesman says domestic prices are among the lowest in the world Steel can, therefore, be imported at a price below the SA price only if it is dumped

Dumped imports will harm not only the steel industry, but SA's economy It must, therefore, be accepted that dumping of steel cannot be allowed, he says

Iscor pricing for the domestic market is related to both production costs and ruling international market prices

However, because fixed costs comprise a large proportion of the total, it is important for steel-makers to maintain production at a high level to contain unit charges

This means that Iscor must find export markets for steel it cannot sell here

World overproduction of steel means that there is intense competition for export markets Iscor is forced to offer lower prices on foreign markets than in SA

The depressed SA market forces Iscor to export a high proportion of its production

Current SA steel production is about 7-million tons a year compared with domestic demand for about 4,5-million tons

SA's steel production constitutes only about 1% of world production Iscor exports are too small to disrupt world trade

Iscor claims that the phenomenon of lower export than domestic steel prices is a worldwide problem It results from oversupply

The Iscor spokesman says British Steel needs to export almost three tons to earn the equivalent of one ton on the domestic market

NEWS ROUND-UP

SABC closes its American bureau

S Times 8/9/91 (260)

THE SABC has axed its Washington bureau to save money and recalled correspondent André le Roux to take over the political beat at home

Cash-strapped Auckland Park, with a budget of R900-million to meet when its new financial year starts next month, will in future cover events in the US via CNN

Mr Le Roux, 40, closed the bureau last weekend and was back in Johannesburg on Monday as political editor.

London correspondent Cliff Saunders will also include America in his beat, which now stretches from Moscow to California.

Stringers in Paris and Brussels were cut six months ago

SASOL

FM 6|9|91 (260)

Huge spending programme

Weakening demand from local and international economies and funding costs of the Sasol 3 takeover have not impeded Sasol's march towards bumper profit levels

In the 1991 financial year, a combination of favourable factors pushed attributable earnings up by 39%

These results should have put to rest any lingering ideas that a rights issue will be needed soon — though the group remains capital hungry

It is now investing some R3bn in new capital projects and is considering other new projects that will cost upwards of R2bn MD Paul Kruger emphasises that the latter figure is conservative and could eventually be far higher

Soaring prices of fuels and petrochemicals after the Iraqi invasion of Kuwait had to be bullish for Sasol, which is producing a widening range of these products

However, according to the annual report the weighted average of petrochemical prices increased by only 8% and, after cost escalation is taken into account, selling price increases had only a "minimal" effect on the profits of oil and chemicals from coal operations

Chairman Joe Stegmann says the main factors contributing to the advance in attributable profit were the high international petroleum product prices resulting from the crisis in the Middle East and accordingly attractive crude oil refining margins, the Sasol 3 acquisition, increased output at Sasol 2 and Secunda Collieries; and the successful entry of Sasol Polymers into the market

Most important of these, according to Stegmann, was the sharply improved production performance, particularly at Sasol 2, where output had been hampered during the previous couple of years by technical problems and a fire.

Production volumes of synthetic oil and ethylene exceeded those of the best previous year by 1,4% and 3,4% respectively, while the increase in costs per ton of product on a year-on-year basis was limited to only 5,2%.

Sasol 3 also achieved sharply higher production levels than those of the 1990 financial year, with turnover increasing by 37% and oil production by 17% If output can be maintained at these levels at Sasol 3, which is mainly a synfuels producer, it will obviously help to compensate for a fundamentally sluggish liquid fuel market.

As has been noted before, refining margins have been on a rising trend internationally for several years

However, Kruger says that Sasol's refining margins also benefited from astute buying of crude oil, which favourably affected costs, as well as from a good yield of white product from a highly efficient refinery

Sasol's Stegmann *profit boost from higher production*

Comparisons — and the latest profit figures — are affected markedly by the Sasol 3 deal, in which the outstanding 50% held by the Central Energy Fund was acquired with effect from July 1 1990

Until now Sasol 3, previously 50%-held, was not consolidated or even treated as an associate or an investment, only dividend income was brought to account But Stegmann emphasises that the full benefits of the takeover will only be seen in years to come

The overall result was that turnover leapt by 50% and operating income rose by 55%. A higher effective tax rate and the finance charge of R372m compared with the previous year's interest income of R109m, left after-tax income marginally down

But the decision to make no transfer to the equalisation reserve for 1991, after R320m was transferred in 1990, left earnings well ahead.

The Sasol 3 deal and the large number of capital projects under way or coming on stream, have contributed to a changing mix of profit sources for Sasol

Kruger says that in the 1991 year just over 50% of operating profit was from synfuels production, up from about a third in 1990 In the current year, an expected change in product margins and the impact of new petrochemical projects is likely to result in synfuels contributing just over 35%

This underlines the profit growth that Sasol is generating from its huge capital programme

Despite a slackening of demand, the new propylene/polypropylene project is said to have had a "meaningful" effect on profit and is meeting expectations

Last year, Sasol bought in some 2,7 Mt of coal, with the production build-up at the Syferfontein strip mine, no further coal purchases will be made in the foreseeable future

Kruger cites numerous projects which are being considered, though these are not yet approved by the board

They include a R500m plant to produce 100 000 t/year of acrylonitrile, a methanol production plant, and the installation at Secunda of a new generation fixed fluid bed reactor

This last project will require investment of R400m, but will have the capacity of three existing reactors

It will enable the recapture of production lost to petrochemicals and will smooth out synfuels availability

With the latest results and the confidence expressed by forging ahead with the large spending programme, Sasol has emphasised that it is far from being simply a synfuels producer tied to flagging markets

The 20% increase in the dividend, coming on top of the year's large outlay of funds, further underscores the point *Andrew McNulty*

PROFIT SURGE

Year to June 30	1990	1991
Turnover (Rbn)	5,03	7,56
Operating profit (Rm)	1 222	1 897
Attributable earnings (Rm)	746	1 041
Earnings (c)*	132,4	184,7
Dividend (c)	59,5	71,5

* After equalisation reserve transfers

TOLLGATE HOLDINGS FM 6|9|91

Turning slowly

The Tollgate interim report reveals first signs of a turnaround in the group's fortunes And so it should, after all the ground that has been covered by the consortium since they took over in June last year

While the core tramways business is still intact for the time being — providing substantial cash flow — there has been much paring and pruning in the various divisions Major disposals have been Arwa, Norths Industries and Gant's But these sales took longer than chairman Julian Askin would have liked and the results may have been even better had the weak economy not influenced the pace at which the disposals could take place

The primary reason for the disposals was to eliminate the large debt burden, which had caused interest charges to effectively eliminate operating profits And because none of these companies was profitable when

continue →

TASK GROUP REPORT ON BROADCASTING

Dead on arrival?

(260)
FM 6/9/91.

By remaining true to its old authoritarian ways, government may have ensured that the Task Group on Broadcasting's report will die an early death

While the 150-page report sits on Home Affairs Minister Gene Louw's desk waiting to be presented to the Cabinet on Wednesday, critics are already practising their catcalls It is not expected to make the report public — if it does at all — before the end of the month, though the thrust of the report has leaked out

Committee members indicate that it calls for allowing more radio stations and perhaps another television service, which would possibly give Bop-TV the go-ahead to beam its signal to a wider audience It is also believed to call for depoliticising the airwaves by forming a regulatory authority, modelled on the US Federal Communications Commission But it is unlikely that any government-appointed commission could do this, unless it restricts itself just to making sure two stations don't try to use the same spot on the dial The task force also devoted a lot of attention to technology and management of the communications spectrum

But what the report doesn't advocate is a near-total deregulation that would allow for perhaps hundreds of new radio stations and dozens of new television channels. To defend this, committee members cite spurious reasons such as the finite nature of the spectrum, the low population density and the size of the advertising pie

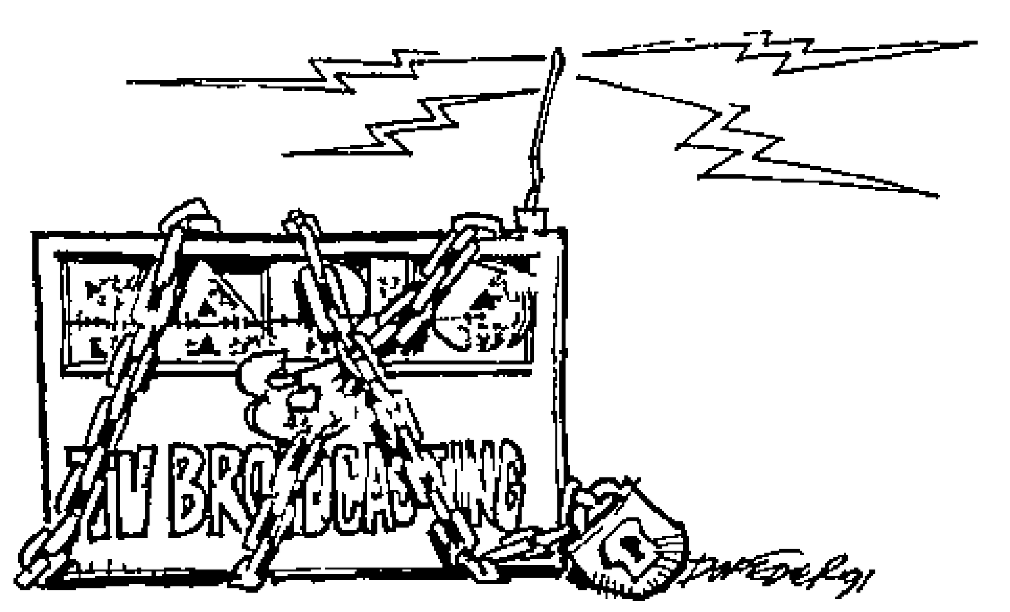
Some critics charge that the report could never have gone far enough because there were simply too many special interests on the 15-member, all-male, overwhelmingly Afrikaans-speaking, government-orientated committee Aggrey Klaaste, editor of the *Sowetan*, was the only black member and he was added later, when the committee was increased from 10 to 15. The committee, picked by government a year and a half ago, was chaired by SABC supremo Christo Viljoen.

"The committee is essentially people on the inside," says Leon Louw of the Free Market Foundation, which submitted a proposal for complete deregulation to the task force "It's unreasonable to expect they will go for full deregulation"

Viljoen says the committee was not meant to be representative. "We wanted a group of experts and we got the most knowledgeable people"

The range of people still upset about the composition of the committee, as well as its closed-door proceedings, extends across the spectrum

The Campaign for Open Media is "totally opposed" to just about everything concern-



Not exactly representative

Colin Adcock ... former Toyota MD
Edgar Bold ... independent film producer
Pieter Cronjé ... seconded by SABC to act as task force secretary
Arrie de Beer ... head of department of communications, Potchefstroom University
Pieter de Lange ... academic, on the board of Nasionale Pers
Andries Engelbrecht ... Home Affairs, chief director of media office
Charl Jooste ... National Intelligence
Aggrey Klaaste ... Sowetan editor
Brigadier Gerrit Murphy ... SADF director of telecommunications
Cobus Stofberg ... M-Net deputy general manager
Piet Theron ... SABC general manager of Topsport
Boet van Loggerenberg ... assistant GM of international services for the Post Office
Dries Venter ... Foreign Affairs, chief director for the independent homelands
Christo Viljoen ... chairman of SABC and the task force
Ton Vosloo ... M-Net chairman and MD of Nasionale Pers

ing the task force. That includes who was on it, how they got there, why they conducted the investigation in private and the lack of input by groups such as itself, Cosatu, the ANC and others, which refused to make submissions "We dismiss it as totally inappropriate," says chairman Raymond Louw, a former editor of the *Rand Daily Mail.*

Viljoen says the committee didn't hear from the ANC, but it also didn't hear from the National Party, the Conservative Party or Inkatha "We had more than 100 submissions. If they didn't respond to our invitation, they have only themselves to blame"

Louw says the SABC should be turned over to an interim controlling body, though he says he knows this has no chance of approval But, he adds, government should expect the ANC and aligned groups to mount a campaign to prevent the implementation of even the half-measures proposed, including mass demonstrations and the occupation of broadcasting facilities.

One reason why the report doesn't recommend freedom of the airwaves is the all-purpose "SA is different" argument One fallacy is that SA cannot have the same amount of airwave freedom that the US enjoys — and needs a strong State broadcaster — because this is a smaller, less densely populated country, though the fact is that the US actually has fewer people per square kilometre In the US, where 98% of homes have at least one television, sparsely settled areas have radio and TV not through the benevolence of a State broadcaster, but via the initiative of the private sector

Another reason for the report's reticence on opening the airwaves is the belief that sufficient advertising revenue just isn't there The task group does not envisage an explosion of radio numbers, citing this reason

But John Montgomery, chairman of the Media Directors Circle, says "People would listen more if there was more to listen to And similarly with TV, if there were more options, people would watch more If there was mass access to TV, people would consume it voraciously"

Montgomery, who is director of the Ogilvy & Mather RST&M ad agency, says whites, coloureds and Asians watch television for an average of two and a half hours a day "It's not the penetration, but the time that's likely to increase" with the availablity of more stations And with more viewers, the ad pie is likely to grow.

Viljoen recently told the SABC magazine, *Interkom*, that the decision for granting broadcasting rights had to be based on economics and, therefore, an unlimited number would not be possible But what concerns proponents of deregulation is that candidates will be kept off the airwaves because they are not millionaires or because they don't fit the required moral mould.

Says Louw of the Free Market Foundation "There's a lot of huff and puff made about freedom of the press, but only a minute elite handful reads the press, especially the political press The masses receive their news by the airwaves so the airwaves should be treated the same as the print media — as free — or freer"

Indeed, a study by the Rhodes University journalism department showed that, while 83% of people in the eastern Cape are illiterate, 98% listen to radio

Louw adds that his Houghton-based organisation is considering going ahead with its own free-market radio station "It's remarkably cheap and easy We would initially transmit in northern Johannesburg, Sandton and Alexandra"

As for television, the handwriting is pretty much on the wall SABC CE Wynand Harmse (who wasn't on the task group) told government's *SA Policy Review* that he believes "it is hardly possible to keep two channels going in SA at the moment" Viljoen also told *Interkom* that only one more TV

continued

FM 6/9/91 (260)

channel at the most would be economically viable

A sports channel, he added, would not be viable though a channel devoted to sports, actuality programmes, films and re-runs probably could make it

Theo Rutstein, chairman of television rental company Teljoy, says his company would be interested in applying for a broadcasting licence for an entertainment station "There's no reason channels 2, 3 and 4 can't be subdivided and given to additional private broadcasters " Teljoy has a "friendly association" with the UK's Granada TV, which used to be a shareholder and could provide access to international technology "But it's a low priority for us I don't think the priority will be realised "

Among those anxiously awaiting the outcome of the report are Bop-TV and Bop-based Radio 702, both of which have a lot to gain from a freeing of the airwaves "I think it will give us more competition," says Radio 702's Stan Katz, who is hoping to be allowed to broadcast on the FM band within SA "I just hope they will level the playing field "

But if the whole report — flawed as it is — is permanently filed away like so many other government attempts at reform, we will be stuck with the same old heavily regulated airwaves for a long time to come

Viljoen says he doesn't think the report will be buried "Quite frankly, it's an excellent report I expect that government will act with alacrity and haste " *Maureen Sullivan*

High performance by pumped-up Sasol

Star 4/9/91

By Derek Tommey (260)

Sasol, the petro-chemical giant, has cheering news for its shareholders: the sharp profit growth it enjoyed in the six months to December accelerated in the six months to June.

Earnings a share, after rising 29,2 percent in the first half of its financial year to 82,5c, increased in the second half to 102,2c — up 49 percent on the year-ago figure.

Attributable profit for the full year was R1,05 billion, or 184,7c a share — an increase of 39,5 percent on last year's earnings of R746,3 million and equal to 132,4c a share.

Main factors behind the profit increase were higher refining margins arising from the higher international petrol price, greater volume throughput, increased earnings from Sasol 3 and the successful entry of Sasol Polymers into the market.

Full capacity

The Sasol 2 and Sasol 3 plants produced at full capacity and the Secunda Collieries achieved record production.

The new polypropylene plant reached its design capacity towards the end of the year, and limited coal production started at the Syferfontein strip mining project.

As a result of the takeover of Sasol 3, group profits were boosted by its entire profits, instead of the R50 million dividend received last year.

Although heavy interest payments on the balance of Sasol 3's purchase price absorbed a substantial part of its profits, enough remained to make a significant contribution to group earnings.

As the Sasol 3 interest payments will fall away over the next few years, Sasol has significant profit growth already built into its accounts.

Further profit growth is expected to come from new investment and a major drive into the export market.

Chairman Joe Stegman says the group is investing R3 billion in new projects and is investigating some exciting projects requiring an investment of a further R2 billion.

Mr Stegman challenges the belief prevalent in some quarters that in the new South Africa capital-intensive investment should be avoided because of the surplus of labour.

"This a false notion," he says. "The test that should be applied is that of economic viability in a globally competitive environment and, therefore, of ability to create new wealth."

He says that in a growing economy most of the new wealth derives from sophisticated and often high-technology industries and services.

"Without their contribution to growth, the process of job creation, which takes place largely in the labour-intensive small business and informal sectors, would proceed slowly and inefficiently."

Mr Stegman attacks the view that only export-oriented projects should be encouraged and that import replacement is undesirable in the present phase of SA's development.

"Here again, the valid test is not whether a project is outward-looking or inward-looking, but whether it will be truly economically viable and create new wealth for the country."

Sasol is a capital-intensive undertaking, says Mr Stegman. This provides a high cash flow, which facilitates further investment in capital-intensive projects.

In the past year Sasol generated R1,86 billion in cash. Dividends will absorb about 20 percent, the balance to be invested in growth.

New products

The result will be a large increase in the number of petrochemical products not previously produced in South Africa.

More growth is expected to come from increased exports because Sasol has a major price advantage over many foreign competitors.

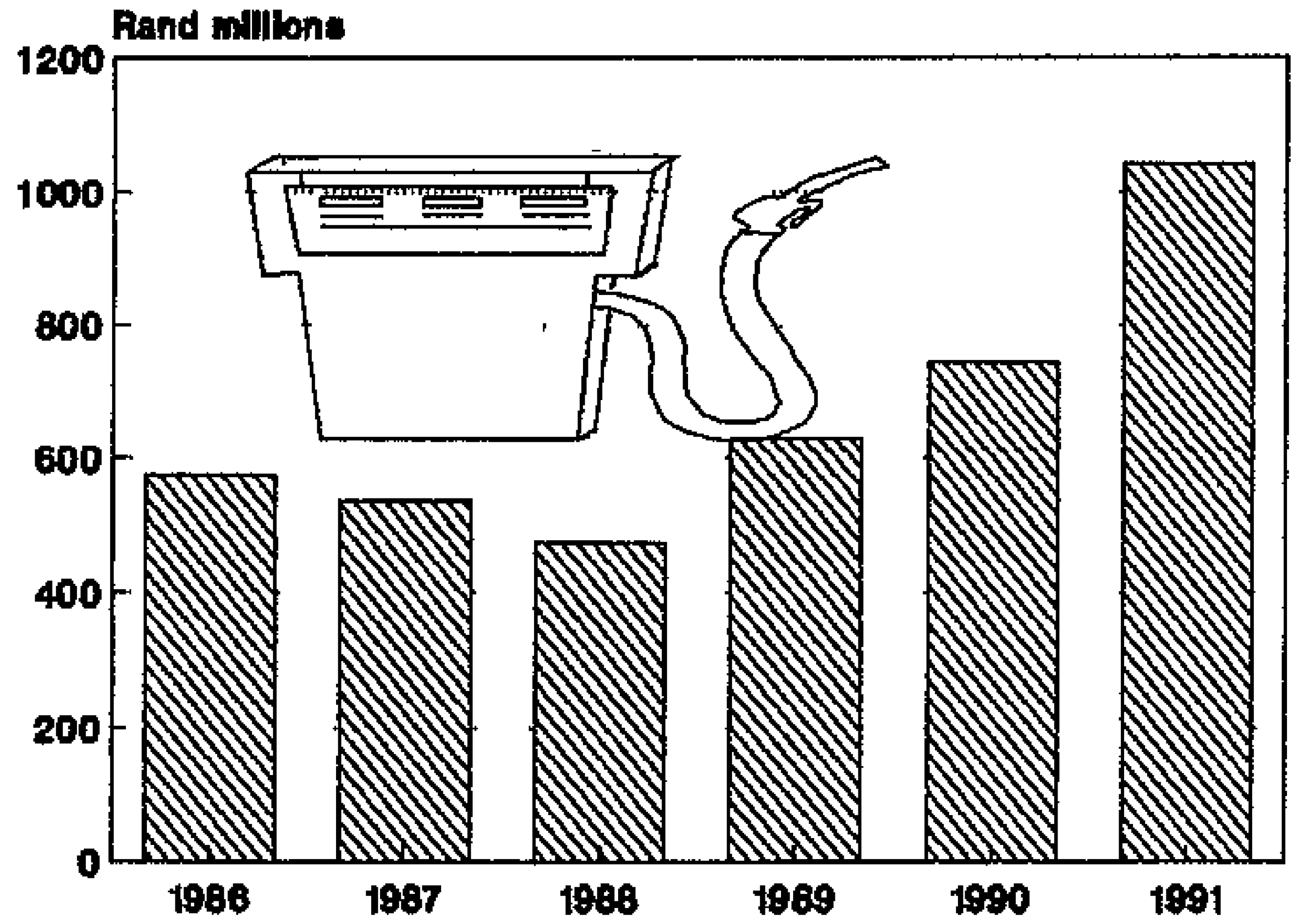
Sasol produces ethylene, the source of many chemicals, at roughly the same price as it produces petrol and diesel.

Foreign competitors have to use petrol and diesel as a starting point for ethylene production.

Consequently their ethylene is considerably more expensive — and their chemicals less competitive.

Sasol's export drive is already bearing fruit.

Export earnings rose 80 percent in the year to June to R800 million and currently account for 31 percent of Sasol's total non-fuel sales.



In the money . . . Sasol profits are leaping ahead.

Sasol set to launch R2bn capex plan

BDay 4/9/91 (260)

BRENT VON MELVILLE

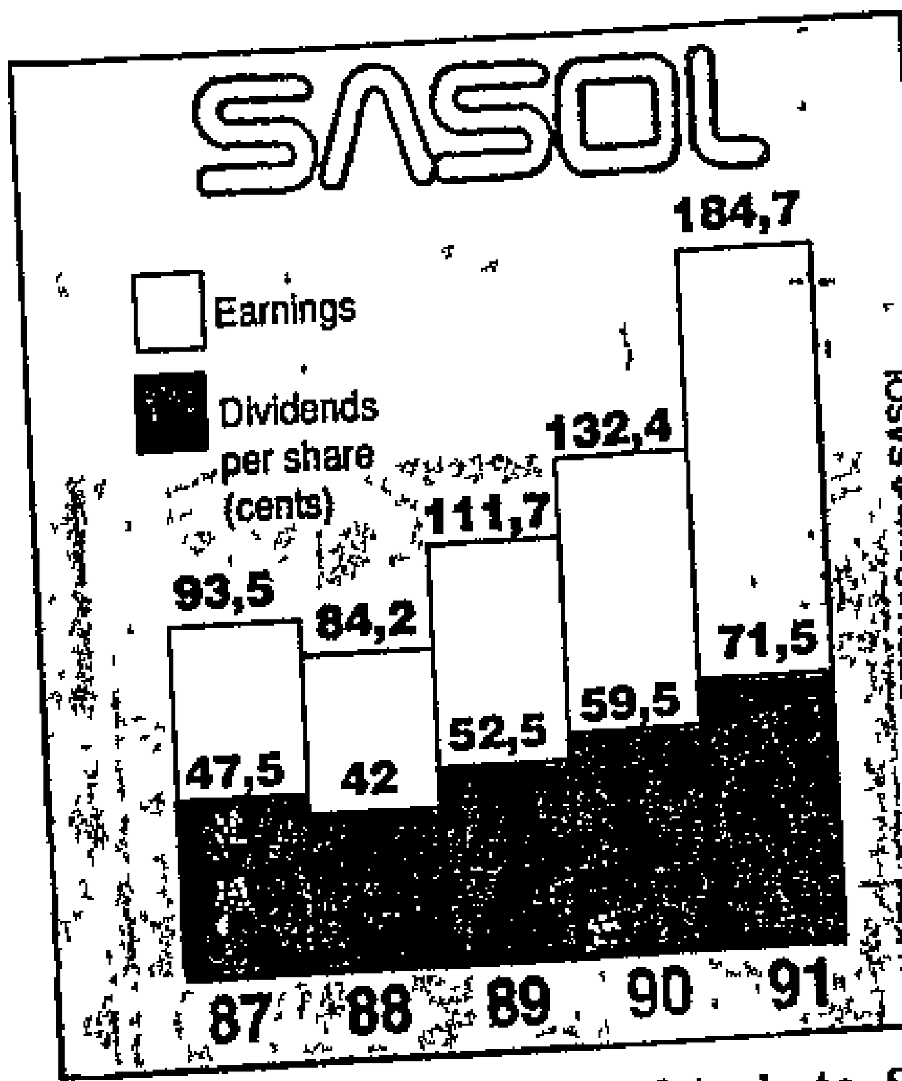
SASOL is set to embark on an ambitious R2bn capex programme over the next year, and has several other projects in the pipeline, it was disclosed yesterday

The plans include several feedstock, chemical and petrochemical projects, and are in addition to the group's ongoing R3bn capex programme announced last year.

Outlining a sketch of the programme at the announcement of Sasol's year-end results yesterday, MD Paul Kruger said the R2bn price tag was probably an underestimate. He said there were other, larger, plans on the drawing board.

Chairman Joe Stegmann said the result of the growth phase would be a further reduction in the relative contribution to earnings of the group's synfuel activities

As part of the expansion, Kruger said, the group would embark on a R500m programme later this year or early next year in conjunction with the Industrial Development Corporation (IDC) to produce about 100 000 tons of acrylo-nitrile annually About 70 000 tons of the product, used to produce acrylic fibre for the textile industry, would be exported



This would provide feedstock to SA's first acrylic fibre plant planned for 1993, also a joint venture between Sasol and the IDC The fibre plant will be worth R320m and produce 35 000 tons of acrylic fibre, more than enough to supply the entire SA market

Kruger said there were also plans for an

☐ To Page 2

Sasol

BDay 4/9/91 (260)

☐ From Page 1

acetic acid plant, to be brought on line early next year The plant would be built in two phases, the first at a capital cost of about R60m and the second on a much larger scale

Also on a large scale would be the installation of a new generation synthol fixed fluid bed for about R400m at Secunda The new technology bed would produce the same amount of synfuel as three older synfuel reactors

He said the new bed would have the same production capacity as Mossgas

Depending on the fuel market, there was a strong possibility of producing unleaded fuel after the R400m upgrading of Natref was complete in 1993 The upgrading would enable the Sasolburg refinery to produce more than 50% lead-free petrol

Further down the road were plans for the production of acrylic acid, a feedstock for the paint industry. Stegmann, however, insisted the group had no plans to enter the paint market

Analysts yesterday, however, suggested that the extensive spending programme might hurt the balance sheet. Last year's capex of R1,3bn pushed interest-bearing debt to R2,2bn (R416,5m), moved gearing up to 37,4% (5,6%) and pulled interest charges to R372m from finance income last year of R109m

Kruger said the current gearing level was acceptable, although he said a hump was expected to materialise over the next year or two as capital spending increased.

Most would be funded by cash flow, but the group could be looking to some form of special financing He discounted the possibility of a rights issue, largely because of the prevailing low stock rating

● See Page 10

Sasol profits break R1bn barrier for the first time

B/Day 4/9/91

BRENT VON MELVILLE

EXPANSION-driven Sasol has beaten market expectations to boost attributable profits 39,5% to more than R1bn (R746m) for the first time, translating to earnings of 184,7c (132,4c) a share.

The dividend was bolstered 20% to 71,5c (59,5c) a share.

Market analysts were expecting earnings and dividends at about 175c and 70c respectively. Mathison & Hollidge analyst Rob Kadish said the results had been difficult to assess because of the change in the group's accounting policy for deferred tax.

He said however that the results had generally been better than expected. Ahead of results yesterday, the market pushed the share price up 80c (5,5%) to R15,10.

The strong bottom-line performance came on the back of a 50% jump in turnover to R7,6bn (R5bn) and a 55% rise in operating profit to R1,9bn (R1,2bn), largely as a result of the incorporation of Sasol III's results for the first time.

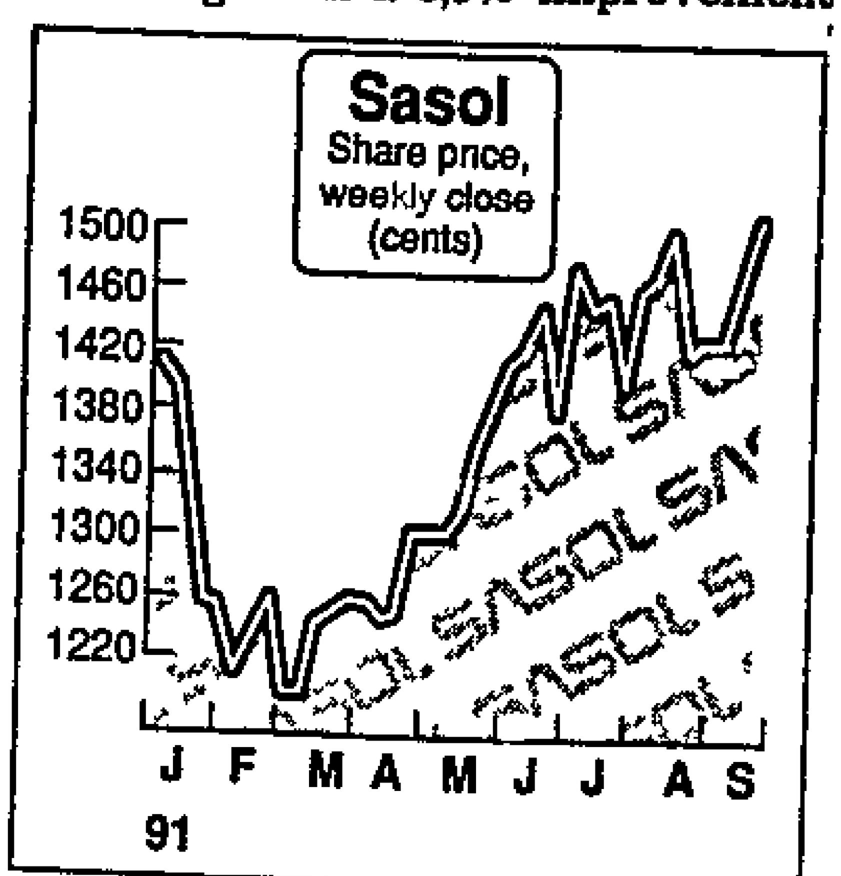
After finance charges however — at R372,3m off interest bearing debt which jumped to R2,2bn (R416,5m) — net income before tax was up 14,6% to R1,5bn (R1,3bn). The increase in debt arose largely from the R2,9bn acquisition of Sasol III.

The effective tax rate moved up to 31% from 19% last year, as tax benefits accruing from the commissioning of a number of high value capital projects were used up. Provision for taxation was up R215m to R470m.

Sasol chairman Joe Stegmann attributed the improvement to high refining margins on international petroleum product prices stemming from the Middle East crisis, the takeover of Sasol III from the Central Energy Fund, increased output at Sasol II and Secunda Collieries and the Sasol Polymer's marketplace entry.

Stegmann said the higher petroleum prices had resulted in the elimination of tariff protection for the indigenous fuels industry for a full seven months of the financial year.

Turnover of the group's fuel products increased by 24,7% to R5,8bn, resulting from a 3,5% improvement in sales volumes and high petroleum prices during the Gulf war.



Graphic LEE EMERTON Source I-NET

Divisionally Sasol I's contribution was hit by the costs of maintaining the older sections of the plant, the high ash content of the coal from the Sigma Colliery and the increased cost of chemical raw materials.

Group MD Paul Kruger said the full benefits of the group's R900m upgrading plans for the plant would be felt only in 1992/3.

Conversely Sasol II (which produces synthetic oil and ethylene) showed strong growth during the year, and operated consistently at levels well above design.

Sasol III (automotive fuels) performed substantially better than the previous year.

Turnover increased 37% while oil production climbed 17%.

On the coal side, Sigma Colliery had a poor year as a result of adverse geological conditions, while Secunda Collieries achieved a set of strong results for the year, producing 30,5-million (29,2-million) tons of coal. The mine however is still 4,5-million tons shy of meeting the total coal requirements of Sasol II and III.

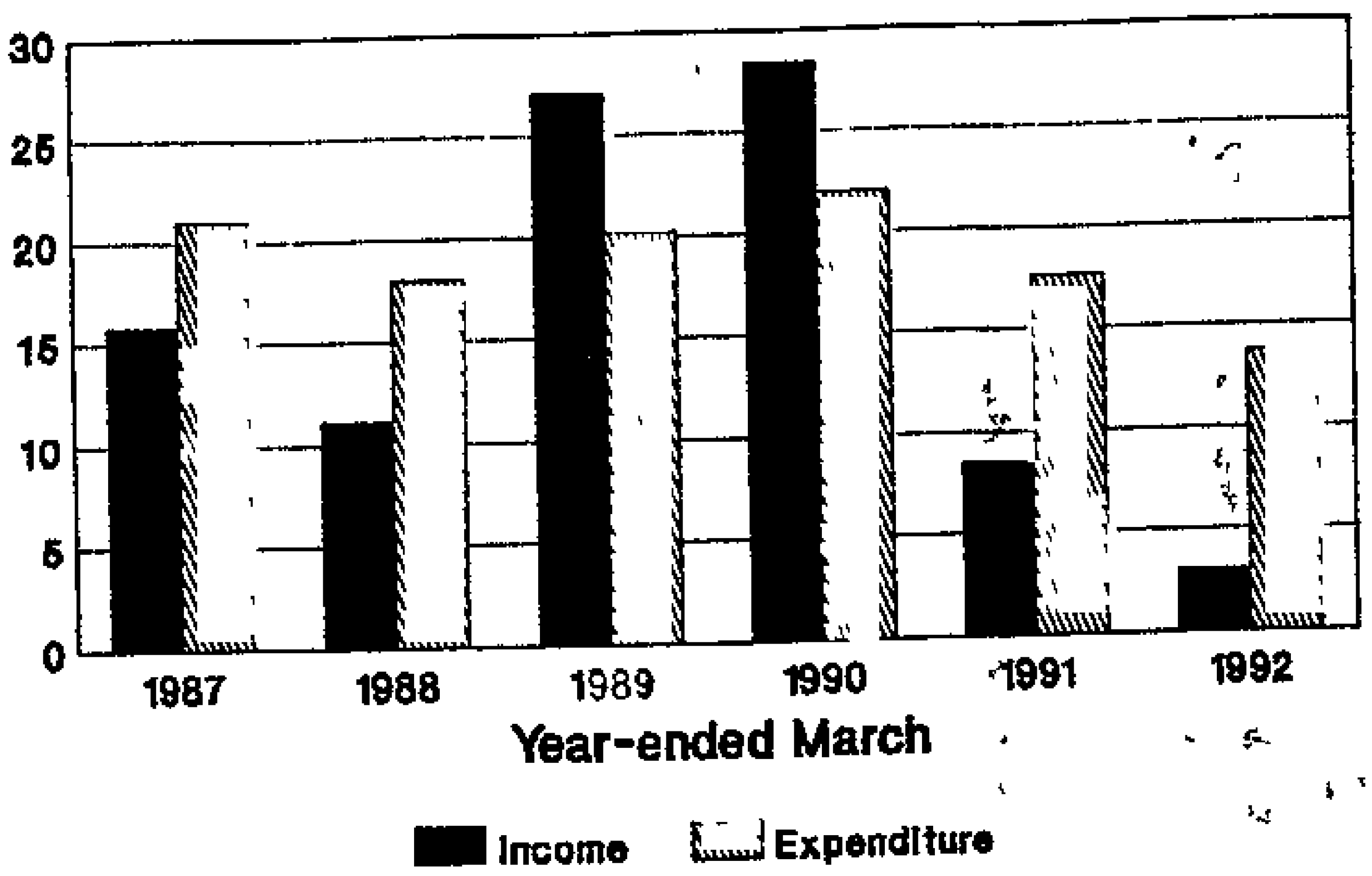
Kruger said it was with this in mind that the group had commissioned the new R1bn Syferfontein strip mine, to produce 7-million tons of coal a year by 1993 and bring total production to about 43-million tons.

Government heading for serious cash crisis

Star 2/9/91 260

By Derek Tommey

State finances
percentage growth



Revenue rose three percent in the four months to July, against a projected 11,1 percent for the full year

If the alarm bells are not already ringing at the Department of Finance, they soon will be.

An analysis of revenue figures and recent company results suggests the Government is heading for a serious crash crisis.

The figures suggest it might have to consider reducing expenditure next year, if not this year, if it is to have any hope of balancing its books.

Governor of the Reserve Bank, Dr Chris Stals, with his tight money policy, and the international recession, which has lowered the price of many major exports, appear to have achieved between them what many thought impossible: to force the Government to start counting its pennies.

Such a move would also help in the fight against inflation.

The Government's failure to limit expenditure has been one of the major factors behind continuing high inflation. Now that the Government is about to be squeezed, the prospect has been greatly improved for a reduction in inflation in the next 12 to 18 months.

Government difficulties were highlighted by Dr Stals in his annual address last week when he said revenue had risen only three percent in the four months to July.

This is well below the 11,1 percent rise expected for the full year and well down on the 13,7 percent forecast rise in expenditure.

No doubt the Government is hoping revenue in the remaining eight months of the fiscal year will improve sufficiently to make good at least a significant part of th shortfall. But one cannot be to sanguine about this

Times are tough in the business world, with profits — and tax payments — under pressure.

Last week two major companies said their tax payments for the year to June would be substantially lower than last year.

Samancor reported that owing to a drop in profit, its tax payment had been cut from R388,8 million to R210,8 million — a drop of R177,7, or 45 percent.

Iscor had an even bigger shock for the Receiver when it said its tax payments had fallen from R259,0 million to R32 million — a drop of R227 million, or 88 percent.

Together, the two are paying R400 million less than they did last year — an amount which could have a significant impact on government finances

But these figures are for the year to June, and included results for the six months to December when times were not quite so hard.

What has been happening since then to company profits, and especially to those of mining companies, must be causing serious concern at the Treasury

Impala Platinum paid R555,6 million in lease considerations, royalties and tax in the year to June. But that was achieved on earnings from an average platinum price of $424 an ounce and a rhodium price of $3 715 an ounce.

Platinum and rhodium are now some 20 percent lower at $340 and $3 000 respectively The result is that Impala would be having the same problems as a marginal gold mine but for rhodium revenue, Impala chairman Brian Gilbertson said last week.

It is clear that Impala and fellow platinum producer Rustenburg will be making smaller tax payments in the current six months than they did a year ago

This must apply to a great many other mines, including coal producers.

What is the Government going to do if revenue does not recover? It has already been attacked by Dr Stals for borrowing 55 percent of its loan requirements in the first four months of the year

If it continues to borrow heavily it will drive high interest rates even higher Its only alternative would be to cut its spending.

It certainly looks as if 1992 is going to be a difficult year for the public service.

Eskom in drive to lift appliance sales

(260)

S|Times (Business) 1|9|91

By CIARAN RYAN

THE electrical appliance trade is about to receive a boost from Eskom, which is promoting sales of electrical goods in black townships.

Up to 3-million new households could be electrified by 1996

The proposed scheme would bring electricity to 23-million South Africans

Eskom plans to electrify more than 300 000 houses in the next two years

It is testing several marketing schemes in conjunction with retailers, such as Beares, Lewis and Lubners The appliances include stoves, kettles, irons, hot plates and other heating elements But Eskom is also investigating the marketing of refrigerators, light fittings, radio, TV and hi-fi sets

Eskom corporate sales manager Hugh McGibbon says research shows that switching from batteries, paraffin and coal to electricity results in savings of as much as 50% in energy bills But electrical appliances are often too costly for low-income earners

Positive

Eskom's marketing division is exploring ways of making appliances more affordable for them

Mr McGibbon says "We do not wish to compete with manufacturers and suppliers of appliances which meet our customers' needs in terms of price, product and place"

Pilot schemes are under way in the low-income Orange Farm area outside Johannesburg, Bloemfontein, Natal and the southern Cape

Appliances are being promoted by "party sales" similar to the Tupperware method It is planned to use stokvels — groups pool their cash and take turns to buy appliances — "green stamp" schemes, personal loans to lower-income earners employed by Eskom and the franchising of appliance packages

The scheme is aimed at households using less than 350 kilowatt hours a month

"We will facilitate the sale of appliances in areas far from retail centres," says Mr McGibbon

"We believe we will reach only 25% of newly electrified houses and 10% of existing ones using fewer than 350kW hours a month."

Electricity sales from these schemes are expected to be R2,2-million in 1991, R4,6-million in 1992 and R8,6-million in 1993 If the results of tests are positive, Eskom will take the schemes to other areas

It is investigating the possibility of recovering appliance costs by tariff Early feedback from the pilot promotions is positive, says Mr McGibbon, R19 000 of appliances having been sold in a month at a site in the Cape

Orange Farm, with a population of 70 000, has been electrified But only a few hundred have electricity Some residents complain about the high cost of appliances, saying profit margins are too high

Risk

Retailers deny the charge, claiming there is a high risk in granting credit to low-income earners

Bears executive director for the Transvaal and Free State, Andre de Beer, says margins on white appliances are between 50% and 60%

"They protect us against non-payment by low-income earners"

Mr De Beer says Eskom's scheme provides a new market for appliance retailers, much of whose business is in replacements

Furniture Traders Association executive director Frans Jordaan says Eskom's marketing of appliances will boost trade

"Eskom has indicated it will not promote any particular product It will promote a range of makes and this we support"

Kyalami Business Park takes shape

By DON ROBERTSON

STANDS at the multi-use Kyalami Business Park, next to the Grand Prix circuit, are being snapped up — two months ahead of proclamation

The park, long a dream of developer Anglo American Property (Amaprop), has stands of 1 900 square metres to 1,4ha, ranging in price from R100/m² to R135/m² for those immediately north of the race track

The price of race-track stands will increase to R150/m² this month To date, 45 of the 156 stands have been bought or committed for de- ... regional operations Midrand has become a focal point

The 180ha north of the track was bought by Amaprop for about R4-million from Kyalami Enterprises (KE) in 1985 It was intended to build houses

Storage

A minor dispute between Amaprop and KE resulted in the return of 45ha to the new owners of the track, Motor Racing Enterprises (MRE) An agreement which re- ... centre, a hotel and conference centre are planned

A motor manufacturer has expressed an interest in establishing offices at the complex. Financial institutions are investigating the area's potential

Perimeter security with controlled access will be established and guards will patrol the area A park owners association will maintain the gardens

An architectural committee will guide construction to ensure it blends with the environment

Major links with the N1 motorway as well as the Mid-

More space

None can hold a candle to Sasol

(260)
STTIMES (Bus)
11/1/91

By DON ROBERTSON

SASOL has become South Africa's candle king.

It bought Price's Candles from Shell SA for R30-million this week.

The purchase, together with planned expansion of the wax plant at Sasol 1, will save and earn R80-million in foreign currency a year by 1993.

Most of SA's candle wax is imported. About 70 000 tons of wax is used each year, enough for 900-million candles.

Sasolchem plans to establish a joint marketing organisation with manufacturers to exploit export opportunities for household and decorative candles.

Price's operates five candle factories in SA and about 90% of output is used for household lighting. The rest are decorative.

Sasol announced, earlier this year, that it would increase wax production from 64 000 tons to 120 000 a year as part of a R850-million capital expenditure programme aimed at converting Sasol 1 from a fuels complex to a chemical facility.

The long-term availability of SA-produced waxes will provide candle-makers with a competitive advantage in export markets.

Expenditure at Sasol 1 will include a R300-million ammonia plant to produce 240 000 tons a year. It will replace the 68 000-ton plant and will make SA self-sufficient with a saving of R42-million annually.

In all, six new projects were announced last year costing R1,2-billion. Foreign-currency savings and earnings from exports as a result of this are estimated at R400-million a year.

SUND

High capex hurts Iscor

S/Times (Buss) 1/9/91 (260)

By DON ROBERTSON

TOUGH trading conditions in Iscor's domestic and foreign markets strangled the group's cash flow and forced it to borrow heavily to finance capital expenditure in the year to June.

The decline in margins to 10,8% led to the slashing of attributable earnings by 33,6% in spite of a 87% cut in the tax rate

Managing director, Willem van Wyk says capital expenditure peaked at R1,4-billion in the past year Spending in the current year is expected to decline to about R800-million

In spite of this, the current year's profit will be lower than last year's

Iscor generated internal cash flow of R780-million during the year But, because of difficult trading conditions, there was a net cash outflow of R1,1-billion

As a result, the company had to borrow almost all the money for capital expenditure, says Mr Van Wyk

Coal

Although turnover improved by 6,5% from R6,9-billion to R7,3-billion, taxed profit fell to R617-million from R929-million

The bottom line was hit by a rise in the interest bill to R257-million from R100-million in the previous year Long-term loans rose to R1,1-billion from R880-million A decline in tax to R32-million from R259-million was insufficient to offset interest

Earnings fell from 50,1c to 33c a share, out of which a dividend of 11c was paid, covered 3 times This compares with 17,6c in 1990

The increase in capital expenditure for a coal beneficiation plant at Grootegeluk, an electrolytic chroming line and upgrading of the hot strip mill at Vanderbijlpark, lifted net asset value to 348c a share from 327c

Unfavourable economic conditions resulted in sales of steel on the domestic market falling by 13,6% to a 12-year low of 2,9-million tons The previous year's total was 3,4-million tons

Less profitable exports sales were increased to 2,6-million tons from 1,9-million in spite of recession in world markets

Iron ore exports failed to reach expectations and were pegged at 14,2-million tons, a marginal increase on the 13,5-million of the previous year

Exports made up a record 47% of total sales and were hit by a 10% drop in dollar prices The subsequent weakening of the rand against the dollar failed to offset the high inflation rate in SA But the rate of increase in unit costs was lower than inflation

Mr Van Wyk says there appears to be no improvement in either the domestic or international markets which have been poor for the past two years

"Under these circumstances, it will be difficult to repeat this year's results," says Mr Van Wyk

Productivity will continue to be improved, tight internal cost controls will be maintained and production should continue to grow as a result of modernisation projects

Iscor's return to markets where sanctions have been lifted could compensate partly for unfavourable conditions

In the belief that interest rates would soon decline, most of the additional borrowings were taken short term, rising from R19-million in 1990 to R867-million at the end of the past year

WILLEM VAN WYK Outlook poor

A day at Eskom's Letabo plant

260

Sowetan 3/10/91

ESKOM, the sponsors of this year's *Sowetan* Woman of the Year award, took all 15 nominees on a tour of the company's power stations, Letabo and Megawatt Park

The women were given a brief lecture on how electricity is generated before being taken on a tour of Letabo power station near Vereeniging and later Megawatt Park.

Generates

Letabo compares favourably with the sophisticated high-tech power stations in Western Europe It is the only one in the world that generates electricity from the poorest quality coal available It took five years to plan, 10 years to build and cost maore than R5 million

Eskom is South Africa's national electricity supply utility and provides about 97 percent of the electricity used in this country and more than half of the electricity used in the whole of Africa.

It is one of the 10 largest electricity suppliers in the world. It generates electricity from coal, water and nuclear energy

The company has a vision of being excellent in its business performance and internationally recognised as a top utility It has committed itself to making electricity available to all in South Africa There are 100 million limited access to electricity people in Africa with tricity

Eskom realises that it forms part of the macro-environment in South Africa and that it cannot operate in isolation The educational, political, economic and social realities in South Africa have a direct impact on it and on the communities and educational institutions with which it is involved.

In 1989 it launched an integrated approach to address the challenge of the macro-environment aimed at identifying and utilising human potential for economic development and an improved quality of life

Through Eskom's social investment strategy, financial aid, in the form of secondary school scholarships as well as support for outreach programmes and teaching and training equipment, is made available to both pupils and teachers

Flow

The emphasis is on the upgrading of mathematics, science and language skills and to increase the flow of technologically oriented pupils into tertiary education. This programme reached more than 6 700 teachers and pupils in 1989 alone.

Eskom's commitment to business excellence and customer focus extends to include the accelerated electrification of urban and rural areas and closer contact with other utilities on the subcontinent.

CHEMICAL INDUSTRY

FM 4|10|91 260

Sasol's promising new technology

New technologies developed by Sasol could reduce the cost of producing fuel domestically and be marketable abroad

Sasol recently announced that it has perfected the technology for operating two new types of synthetic reactors at large commercial scale One, a version of the equipment used for producing petrol and diesel as well as chemical intermediates, is the fixed fluidised bed synthol reactor (FFB), also known as the advanced synthol reactor.

The second is the slurry bed reactor, a considerable advance on the Arge reactors used at Sasol 1 to produce high-value waxes for export (as well as some diesel)

Sasol has also announced important plans for extending its manufacture of chemical intermediates and final products

Sasol Ltd GM Jan Fourie says a commercial scale FFB reactor has been operating at Sasol 1 since 1989 Sasol is now confident it can commit itself to a further major scaling-up Probable installation of one FFB reactor at Secunda will remove the limiting factor to expansion of fuel and chemicals production (there is a surplus of synthesis gas)

Sasol is busy with detailed studies to confirm the economics of a large FFB reactor This installation will also improve Sasol's ability to sell the technology internationally — for which it sees great prospects It has had several inquiries from international clients which have access to fairly cheap natural gas, which could be converted to fuels or chemicals Sasol considers that some of these projects could be profitable with a dollar oil price of about US$25

Sasol Technology MD John Marriott says the FFB's capital cost can be 40%-60% lower than that of the circulating fluidised bed reactor (CFB) with the gooseneck profile. Savings derive from two sources a much simpler design, which cuts the quantity of steel required, and the far greater scaling-up possible than with the CFB

The FFB reactor can also bring significant savings in energy consumption and operating and maintenance costs It is much simpler, uses less energy and produces more of its waste heat in usable form So there is a big gain in thermal efficiency. It consumes less catalyst — an enormous advance — and, as it operates as a stable fluidised bed system, catalyst can be added and removed continuously

Sasol believes that the FFB will be able to run for up to two years without needing down time for maintenance or catalyst changes The CFB reactor can be run for only four to six weeks before it has to be taken down

Sasol has received inquiries from countries interested in the technology for exploiting cheap and remote natural gas sources, particularly in the Pacific Rim area, as well as from international oil companies.

Natural gas is a valuable fuel and raw material but costly and difficult to transport. Converted into liquid fuels, however, it is easily carried

Marriott says Sasol's studies show that an advanced synthol process using the FFB can be profitable if it is applied on a large scale and if the gas is reasonably priced This should intensify the effort to find natural gas sources in and around SA, because it is not economic to expand the synfuels industry on a coal base at anything like current oil prices.

Sasol has also perfected a new process reflecting a great advance on the Arge method used to make heavier products, including diesel and particularly the waxes much in demand in international markets. This is the so-called slurry bed reactor At mid-1990 Sasol built the first semi-commercial scale slurry bed reactor at Sasol 1 in Sasolburg.

By mid-1993 a scaled-up slurry bed reactor will be on stream at Sasolburg, which will produce as much as all six existing Arge reactors, so permitting a doubling of output. Sasol believes this will be a world first. It has developed a highly advanced catalyst for the slurry-bed reactor.

Sasol's criteria for new chemical projects recognise the limitations of the local market So future operations require export orientation and enough capacity to generate economies of scale The competitive advantage essential in international chemical markets can often be achieved by extracting intermediates from the synthol product stream.

Sasol's competitors usually have to crack naphtha to make the same intermediates This is more expensive. Unfortunately, Sasol's inland plants labour under a competitive disadvantage — distance from the coast. The aim, therefore, is largely to produce high-value chemicals to reduce transport costs as a fraction of selling price.

A further need is access to the most recent technology for any given synthetic process This, says Fourie, is the one competitive advantage that may last longer than markets or access to cheap feedstocks.

A third possible source of competitive advantage is tax and capital incentives for export projects

Several projects will be based on propylene, including the manufacture of acrylic acid, acrylic fibre, and acrylonitrile — the intermediate for nylon and acrylic fibre — which is based on ammonia and propylene, both of which Sasol can produce at attractive prices.

Fourie emphasises Sasol does not have an obsession with "wanting to do everything alone" If any SA chemical company can add anything to a project's competitive advantage, Sasol will welcome a joint venture.

To illustrate the application of these principles, Fourie explains that the planned acrylic fibre plant (a joint venture with the IDC, to end our total dependence on imports) will be at Durban, the location of the fibre fabricator

It will also be far cheaper to transport intermediate chemicals to service the fibre plant from Secunda rather than to move the high-volume finished product The plant will be large enough and cheap enough to produce a competitive export surplus

Another possibility is to produce "octane enhancers" to replace lead-based petrol additives Fourie says such plants would be large enough to compete internationally.

Sasol will soon formally announce plans for a world-scale methanol plant, which could supply a major intermediate for lead-free octane enhancers Other intermediates would be butenes, which can be extracted from Sasol's process stream ■

CORRUPTION BILL FM 4|10|91

Weapon for harassment?

The Corruption Bill, drafted at government's request by the Law Commission to tighten up existing legislation, does that — and more.

Businessmen and civil servants could end up serving life sentences if found guilty under the proposed legislation. The problem is that they can't be certain just what corrup-


Poolman


Leon

tion is Except for a reference to "any benefit not legally due," the Bill does not define corruption — in fact, nothing is defined

The Bill is short on detail (less than two pages), wide in application (jurisdiction is extended outside SA) and lethal in effect. It could be interpreted to cover everything from a business lunch to an overt bribe

Says Afrikaanse Handelsinstituut CE Joe Poolman. "The Bill is wide enough to include normal everyday business practice, previously considered legitimate One doesn't need regulations which interfere with business ac-

continue →

Sasol to go ahead with R3bn projects

(260)

BDay 7/10/91

PAUL ASH

SASOL confirmed at the weekend it was going ahead with major capital projects worth R3bn, financed from cash flow.

The company said it was investigating further expansions worth another R2bn

Sasol executive director Andre du Toit said financing would be raised from cash flow, although bridging finance could be required from time to time It was unlikely that the company would come to the market with any rights offers.

The board still had to approve some of the projects, he said.

Cash flow after interest, dividends and tax amounted to R1,5bn Capex of R1,1bn a year and annual loan repayments of R400m could "easily" be accommodated

The projects, some of which are under way, are the rejuvenation of Sasol One (R900m), the building of an anode coke plant (R340m), the Natref expansion (R370m), the acrylic fibre plant (R320m), and the Syferfontein mine (R1 200m). The time frame on the projects is three years.

The Sasol One project would end the facility's synfuel production About 500 workers would be retrenched, and Sasol would try to place the affected workers with contractors or train them to do contract work for the group.

Du Toit said synfuel production at Sasol One was slight. Production creep, small de-bottlenecking programmes and the possible installation of a new fixed fluidised bed reactor at the Secunda

☐ To Page 2

Sasol

BDay 7/10/91

(260) ☐ From Page 1

operation would ensure that synfuel production stayed at current levels.

Sasol disclosed a 39,5% rise to R1,04bn (R746,3m previously) in attributable profits for the year to end-June

High prices realised for petroleum products during the Gulf war crisis and the group's acquisition of the Central Energy Fund's 50% stake in Sasol Three were major factors in the group's profitable year, chairman Joe Stegmann said

Other contributory factors were increased output at Sasol Two and Secunda Collieries and the launch of Sasol Polymers into the market, he said

Turnover was 50,2% up at R7,6bn (R5,03bn) and operating income climbed 55,3% to R1,9bn (R1,2bn) Earnings per share were 184,7c (132,4c) and the group declared a dividend of 71,5c a share (59,5c).

The acquisition of outstanding interest in Sasol Three cost the group about R2,9bn Consolidation of Sasol Three's remaining debt increased group borrowings

Stegman expected financial results to improve in the new financial year.

Rationalisation of the fertiliser production facilities, full production at the polypropylene plant and increased production at the Syferfontein strip mine should boost future results. Exports had increased 38% a year during the past three years, and now accounted for 31% of non-fuel sales.

With the end of sanctions in sight, future economic policy should aim at a minimum 5% growth rate, but this could only be achieved if full financial relations were established internationally.

Ability to control unrest and manage fiscal and monetary affairs was necessary to inspire investor confidence.

SA's education and training systems, which were turning out people with qualifications unsuited to industry's needs, needed radical reform, Stegmann said

Remuneration of semi-skilled and unskilled workers had priced SA out of the market, impeding the economy's global and domestic competitiveness and contributing to SA's high unemployment levels.

LABOUR

Iscor pay settlement averts strike action

W/mail 11/10 – 17/10/91

By FERIAL HAFFAJEE

THE threatened wage strike at Iscor has been averted, and settlement has been reached at numerous other large firms hit by disputes in annual house agreement talks with the National Union of Metalworkers (Numsa).

With the annual round of house agreement talks now completed, only two firms, Ferralloys and Cisco, are known to have been hit by strike action. But levels of settlement are generally below inflation, reflecting the sorry state of the metal and engineering industries.

Numsa also revealed that most union proposals in house negotiations on job security had been "thrown out of the window", as were attempts to persuade employers to join industry-wide training agreements earlier clinched in central forums in the metal, automobile manufacturing and tyre industries

For largely historical reasons, major firms employing a total of some 20 000 workers are exempted from the metal industries' main agreement and negotiate in-house with trade unions. The annual wage round is concluded in the aftermath of, and is strongly influenced by, the national settlement.

At Iscor, where Numsa staged a successful strike ballot, further negotiations yielded an increase of 10 percent on actuals, which is to be backdated. At Iscor's Cape Town subsidiary, Cisco, workers won an increase of 10,5 percent on actuals after going on a one-week strike.

At Usco in the Vaal, workers accepted a low five percent increase because, said a Numsa spokesman, the company was floundering and negotiations to sell the company to Iscor and other interests were under way

Settlement has finally been reached at Feralloys plants in Machadadorp and Cato Manor in Natal, ending a five-week strike. Numsa secured an 11 percent increase, backdated to August, and workers will also receive a 5c-an-hour increase in January.

March 21 (Sharpeville Day) was won as a paid holiday — but this concession has only been granted until next year and will be renegotiated in next year's wage round.

Huletts Aluminium workers in Natal and Olifantsfontein have been granted March 21 as a paid day off and won an 11 percent increase.

At Middelburg Steel and Alloys, Numsa has claimed a minor breakthrough on a tool allowance for artisans. In terms of the agreement, the company will subsidise half the cost of tools and will provide workers with interest-free loans to pay the balance.

The company also upped its wage offer to R2,77 an hour, a 70c increase on its original proposal, according to the union.

At Alusaf, workers received a 10 percent on actuals, while at the Manganese Metal Company plants in Klerksdorp and Nelspruit — where a positive ballot threatened strike action — a settlement was subsequently reached on a revised employer offer of 11,5 percent, a two percent improvement.

(260)

Sastech wins top award in US

S/Times (B-ws) 13/10/91

260

By IAN SMITH

SASOL's technology division Sastech has won the International Project of the Year Award at the Project Management Institute's symposium in Dallas, Texas

The judges said Sasol's propylene/polypropylene project was remarkable because first production of commercial saleable product came 22 months after project kick-off, compared with a previous best of 26 months and a world norm of 30 months.

Recognised

Sasol's prolypropylene plant was completed at a cost of R540-million in April last year The high quality of the polypropylene has been recognised worldwide

Three other projects entered for the award included the R3-billion military communications system in the Project Desert Storm operation in the Gulf War

TV channel to be 'English'

Ian Gray

ALTHOUGH the SABC is set to announce the name and details of its new-look channel — the combination of TV2/3/4 — only at the end of this month one aspect has become clear: the main language will be English.

The SABC this week admitted the unified channel would, in essence, become completely English, with certain limited exceptions This is a complete reversal of its stated intentions for TV2/3/4 two years ago when chairman Christo Viljoen denied a Sunday Star report that the three stations would eventually become one — with English the main language

Some of the changes have already been introduced and others will follow in the next few months

However, the SABC said this week that scientific research into the language issue had been done and was still being carried out on a continuous basis by the Human Sciences Research Council and other organisations It said, too, that "we have had only good response" from black viewers on the changes

More than two years ago the Sunday Star reported "The SABC is planning to drop its two 'black' television channels and in a revolutionary move, combine TV2, TV3 and TV4 into one multicultural service to run parallel to TV1 It is believed the new channel will broadcast mainly in English with simulcasts in various black languages when possible, with the emphasis on light entertainment."

The report was described by

Good responses to changes from blacks, says SABC

star 13/10/91

260

Professor Viljoen in a TV newscast that night as "wild speculation", as was the Sunday Star's report that major management restructuring was in the offing Professor Viljoen said neither the management committee nor the board had discussed the proposal

One year later, the SABC announced the three services were to be combined in one multicultural channel and earlier this year major managerial restructuring took place including the appointment of Madala Mphahlele as boss of the new-look channel, the first black to hold such a high executive position in the SABC

This week SABC executives, questioned by the Sunday Star, insisted that "it is not true that all local magazine and variety programmes will be produced and transmitted in English The new regional magazine programme (in the early evening, starting in January) will be in a variety of languages but existing programmes will still be in the vernacular"

In addition, the main news bulletins (on TV2 and TV3) will continue to be presented in the black languages. But many other news and news magazine programmes will be in English

"We have already started a daily CNN programme The 50-minute programme — "International Hour" — is broadcast after the last scheduled programme

"Two of the three weekly in-depth programmes on TV2 and TV3 will be in English This is a natural development as most newsmakers speak English In effect, the programmes have been in English for some time The main political players communicate in English"

Asked whether more international (imported) dramas and programmes would be broadcast in English — on Wednesdays, Fridays, Saturdays and Sundays at 8 pm and on Mondays and Thursdays at 8 30 pm — the SABC replied "Yes, we plan to broadcast more international dramas in English."

The weekly documentary programme, however, will be broadcast in the original language of the production

Regarding children's programmes, the Sunday Star put the following to the SABC At present TV2 and TV3 offer weekly, five half-hour programmes each for toddlers in their mother tongue and six half-hour youth programmes each in all black languages. Is it planned for 1992 that only one programme for toddlers and one youth programme will be produced in a black language?

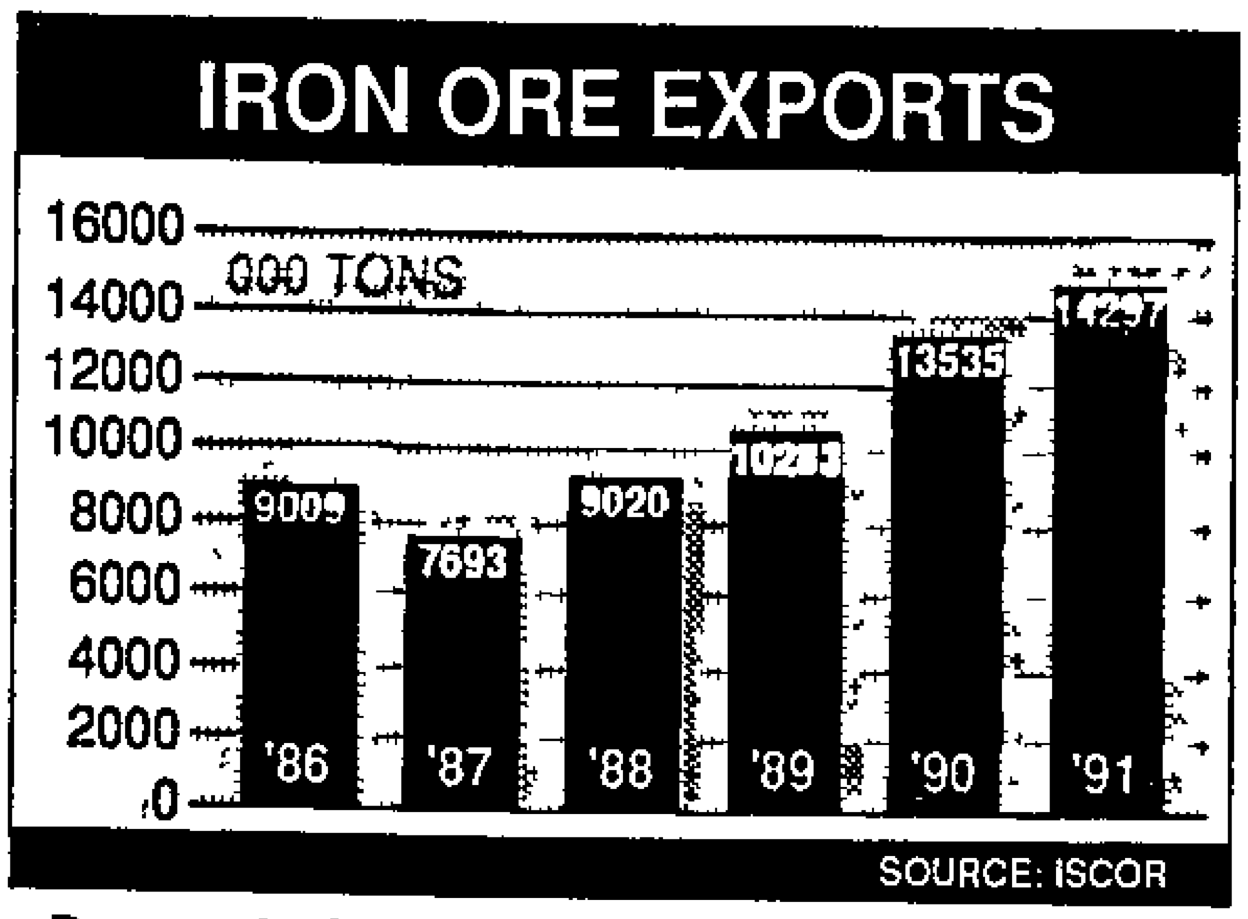
The SABC replied "It is true that only one youth programme and one toddler programme will be produced locally The other programmes will be dubbed into a black language"

Sishen on way to peak production

S|Times (Buss) 260

27/10/91

By DON ROBERTSON



A NEW contract with Japanese steel mills and additional exports to Europe will take Iscor's Sishen iron-ore mine to peak capacity.

Iscor hopes to increase exports of iron ore by a million tons a year in the next 12 months

This should lift the mine's output to 22-million tons from 18-million.

Iscor managing director Willem van Wyk says, however, that the 20-million tons sold to six steel mills over the next five years will not represent a major increase in tonnages taken by Japan.

Similar

But it should increase exports to last year's target of 15,5-million tons compared with an achieved 14,2-million The rest of the ore will be used by Iscor

A similar contract with Japanese mills, negotiated in 1974 for the export of 7-million tons annually for 12 years was not completed Since 1988, between 3,8-million and 4,5-million tons have been shipped each year to make up the balance

Because of a decline in the steel industry, all 7-million tons were not taken each year.

Mr Van Wyk says. "The new contract really brings us back to where we were with the Japanese steel mills

"Had the contract not been signed, we would have been in a spot of bother."

Although the contract was signed on September 23, shipments began in April

Exports of this size will generate foreign currency of between R700-million and R800-million a year and should contribute handsomely to Iscor profits

In the year to June, foreign earnings from steel and iron ore exports amounted to nearly R3-billion Iscor is unable to give a breakdown of the iron-ore exports to profits

The additional tonnages to be mined will not require a large increase in capital or staff, says Mr Van Wyk.

The mine has a staff complement of 3 500 Another 1 500 people are employed by Transnet to operate the trains and for loading facilities at Saldanha Bay

Marginal

The rail line, built by Iscor between Sishen and Saldanha, was taken over by Transnet in 1987 because of a sharp fall in iron-ore exports. The amount owing was R840-million, but after an improvement in sales, the money has been repaid

Mr Van Wyk believes demand for iron ore will remain at present levels for some time. Should demand increase, Iscor would be able to supply additional tonnages at minimal cost.

The Sishen deposit has proven reserves of between 800-million and a billion tons.

The marginal increase in tonnages destined for Japan will also help the shipping venture between Iscor (40%) and Safmarine (60%)

Safore operates a 170 000-ton vessel and will soon take delivery of a 171 800-ton ship being built in Romania

These ships, plus other charters, will help move iron ore from SA to Japan

Strategy indaba

BUSINESS and government representatives will examine environmental problems at the Southern African international conference at Somerset West tomorrow and on Tuesday

The meeting will plan strategy for next year's UN earth summit in Brazil.

Speakers will include Sir Laurens van der Post, Eskom chairman John Maree and Anglo American chairman Gavin Relly

Eskom in line for 25% of Alusaf

By CURT VON KEYSERLINGK 260

ESKOM has acquired an option to buy a 25% stake in Richards Bay aluminium producer Alusaf.

Gencor is the main shareholder.

An Eskom spokesman says it was given the option free because it identified the opportunity for Alusaf's capacity expansion programme, now under review, and played a key role in feasibility studies.

Eskom is a statutory body and has never held shares in manufacturing concerns But the spokesman says there is nothing to prevent it from doing so

Eskom will become involved if the opportunity improves its cost effectiveness in supplying electricity to its customers generally

He says if Eskom takes up its option, it will not try to influence day-to-day management

S Times (Buss) 27/10/91

Discounts

The cost of the 25% shareholding is not known because the debt equity ratio of the undertaking, if it goes ahead, has not been determined

If the expansion takes place, it will use 800 megawatts of power and could account for 16% of surplus generating capacity in 1994 This could result in the reactivation of some generators six months earlier than expected.

Electricity accounts for much of aluminium's cost. The project depends on a low tariff from Eskom linked to the price of aluminium If this formula were applied now, Alusaf's electricity tariffs would fall by about 40%

The spokesman says the project will benefit other customers through reduced tariff increases in future because all carry the cost burden of Eskom's surplus capacity.

The arrangement is in line with a plan announced last year by Wim de Villiers shortly before his death when he was Minister of Economic Co-ordination and Administration

The plan involved helping new export industries with discounted tariffs for rail transport and electricity.

Eskom still looking at its option on Alusaf

ROBERT LAING

ESKOM had entered the second phase of its investigation into the purchase of 25% of aluminium producer Alusaf, Eskom CE Ian McRae said at the weekend. Bday 28/10/91.

"Our option is still very open and we will only take a decision once the study has gone further. Eskom's decision will not affect Alusaf's expansion programme," he said.

Eskom was given the option free because it assisted in making a proposed expansion project more feasible by agreeing to tie electricity rates to the aluminium price for the next 25 years.

Alusaf hopes to expand its smelting capacity from 172 000 to 636 000 tons a year at a cost of about R4,5bn. The expansion, scheduled for completion in 1994, would raise Alusaf's power consumption to 800 megawatts — 16% of Eskom's spare capacity.

A R7m feasibility study, scheduled for completion in April, will indicate profitability of the project.

Gencor holds 31% of Alusaf, the Industrial Development Corporation 41% and Swiss aluminium group Alusuisse 22%.

McRae said the tariff deal enabled Alusaf to produce at competively low prices.

Power costs account for as much as a third of aluminium production costs. The deal should reduce electricity costs by 40%. (260)

No figure could be placed on the 25% stake yet, McRae said.

Alusaf forecast that aluminium consumption would grow by 3% a year. MD Rob Barbour recently said he wanted to impress upon 15 other producers planning to increase production that the SA project was unstoppable.

If competing projects went ahead, markets would be flooded and the already low aluminium prices would fall further.

Sasol to launch non-fuel project

B/Day 30/10/91

BRENT VON MELVILLE

IN A major move away from fuel production and into higher-value chemical products, Sasol has announced plans to build a R250m plant for the purification of exportable specialist chemicals.

The plant, which will use existing streams from Sasol II in Secunda, will be capable of producing 750 000 tons of alpha olefins annually, which will make Sasol one of the world's biggest producers.

The total world market for all alpha olefins, used in the plastics industries and in the manufacture of high-grade synthetic lubricants and biodegradable detergents, is more than a million tons.

Sasol MD Paul Kruger said Sasol had a significant competitive advantage in the field, and the international market value of alpha olefins was "at least" five times its fuel value.

(260) (685)

He said about 95% of production would be exported, but he would not place a value on forex earnings.

Markets included Africa, Asia and the Middle East, and to a lesser extent Europe and the US.

Kruger said the plant would be based on a newly developed low-cost recovery and purification process, which would make Sasol one of the cheapest producers of alpha olefins in the world.

Sasol spokesman Jan Krynauw said the production of the olefins would be one of Sasol's most lucrative moves.

Move could generate at least R1bn

IDC poised to sell off major stake in Sasol

BIDay 31/10/97 (260)

BRENT VON MELVILLE

THE Industrial Development Corporation (IDC) is expected to make a major announcement today outlining details of the sale of part or all of its stake in Sasol. This could mobilise up to R3,2bn for new developments

Sources said yesterday part of the IDC's 30% stake in Sasol, and possibly other interests, could go to state pension funds, although this could not be confirmed.

The sources said the IDC would probably hive off only about one-third of its holding, worth more than R1bn at Sasol's current price IDC MD Carel van der Merwe would not confirm the planned sale yesterday, but said a statement would be made today "which would involve Sasol"

In the past two days Sasol has stolen the limelight on the market, moving up more than 11% on heavy volumes Yesterday the share traded R10,6m worth of shares in 86 deals and rose 100c to a new high of R20 — a rise of nearly 40% since the release of year-end results on September 4

Today's announcement will follow last week's report that the IDC intended to raise about R2bn for future and current industrial projects this year. The jump in approved funding is in line with government's restructuring programme, which will also see the IDC pay out R500m a year for the next two years to the Development Bank of Southern Africa, and about R10bn over the next six years

In April Van der Merwe was quoted as saying that part of the holdings in either Sasol or Iscor would be disposed of in 1992, depending on the performance of the shares

Analysts said the early decision to sell part of the Sasol stake was motivated by the recent strong share performance of the oil-from-coal and petrochemical producer, which has attracted strong investor interest recently. "Historically Sasol has been down-rated because of several factors, including the political danger of a change in government, and the oil price"

IDC senior GM Malcolm McDonald said it was well known that the IDC would have to realise certain of its investments to fund its commitments to industrial projects, but there were other continuing financing schemes, he said, adding that the sale of investments and subsidiaries could be as far as six years down the road

Apart from its holding in Sasol, the IDC's quoted stock includes 16,2% of Iscor, 53% of Industrial Selections worth R374m, 51% of National Selections worth R330m, and lesser stakes in Sappi and Sentrachem.

Sasol was first privatised in 1979, largely to raise funds for the purchase of Sasol I from the IDC. Sasol listed 375-million shares (of which the IDC held 112,5-million) at an issue price of R2 a share Of proceeds of R525m, R400m went to the IDC for Sasol I

The IDC also followed Sasol's R780m rights issue in November 1983, taking up 56,25-million shares at R4,15 a share Analysts reckon the IDC's stake did not cost it more than R500m, meaning that at the current price, the IDC could net a profit of about R2,7bn for its total 30% stake.

IDC earmarks R10-bn for industrial ventures

Star 25/10/91 (260)

By Sven Lünsche

The Industrial Development Corporation (IDC) will be able to mobilise up to R10 billion over the next six years for backing industrial projects valued at R30 billion.

As part of this expansion the IDC is currently investigating a R3 billion project which would make SA self-sufficient in alumina and magnesia and a major producer of potash

In its latest annual report the IDC says the cash for such projects would be raised through its normal cash revenues and a continued sale of assets to the private sector

In the current financial year alone the IDC plans to raise R2 billion to fund projects.

The IDC says it intends to borrow larger amounts on foreign capital markets after establishing a $150 million Italian credit line recently

It will focus investment on natural resource beneficiation projects, which are feasible in an internationally competitive environment.

Turning to the alumina, magnesia and potash project, the IDC says it has developed a process to recover these minerals from phlogopite, a waste product of its Foskor phospate operation, near Phalaborwa

"Studies indicate an economically viable project with an annual capacity of 350 000 tons of alumina, 300 000 tons of magnesia and 220 000 tons of potash"

The next phase of the project is a demonstration plant costing R95 million and discussions are under way with interested parties for participation in the project, "which could ultimately involve an investment in excess of R3 billion".

The report details a number of other projects under investigation by the IDC.

It has been approached by Samancor and Highveld Steel for financial assistance in the R4 billion Columbus project and will consider participation once the go-ahead has been given.

The IDC confirms its decision not to take up a 20 percent stake in the Mossgas project but says "it intends playing an active role in promoting the downstream optimisation of Mossgas' petrochemical production Discussion on the establishment of a cracker (chemical plant) are ongoing as the first step in down-stream beneficiation."

The IDC says most of these projects will require its assistance to spread the risk inherent in large-scale undertakings dependent largely on international markets

In the 1990/1 financial year, the IDC's industrial financing authorisations rose 41 percent to R1,18 billion, representing 22 percent of total project requirements.

Industrial financing totalled R600 million, while R580 million was approved for credit facilities for the import of capital equipment

An estimated 8 300 new jobs will be created by these projects and 60 percent of the capacity is targeted for exports

Despite the high profile of its larger projects, 65 percent of authorisations were for smaller industrial undertakings with assets of less than R10 million

In its attempt to assist in the financing of broader development needs the IDC will continue to pay annual dividends of R500 million to the Development Bank this year.

Despite the higher investments, IDC profits fell by nine percent to R414 million in financial '91 as a result of lower dividends received from subsidiaries. A further drop in profits is expected this year as the IDC will lose out on interest payments following a R1 billion dividend payment to the state.

Sasol to export coal

S/Times (BUSS) 27/10/91 260

By IAN ROBINSON

SASOL plans to become a coal exporter.

Production from its new R1,3 billion Syferfontein mine near Trichardt in the Eastern Transvaal will exceed Sasol's needs. Officials say high-quality coal from the No 5 seam will be available for export.

Exports could total a million tons a year, but the coal would have to be upgraded by a washing plant. This would require further capital expenditure as coal produced for Sasol's use does not need to be washed. It is merely crushed and screeneed.

Since 1982, demand for coal from Sasol 2 and 3 has exceeded supply from its Secunda Collieries as a result of greater operating efficiencies Sasol has had to buy coal. In the last financial year it bought 2,7-million tons.

When Syferfontein reaches full production it will raise Sasol's output from its Sigma Colliery (for Sasol 1), Secunda Collieries and Syferfontein to an annual 43-million tons.

That would nearly equal output by Amcoal, South Africa's largest coal miner.

Sasol is believed to be involved in moves to establish a second coal export terminal at Richards Bay.

ated by the 300ZX and the

Cheap power Alusaf's key

260

S/Times (Buss) 27/10/91

By IAN ROBINSON

ALUSAF needs a second low-cost smelter to ensure its survival.

Managing director Rob Barbour says that to remain an international player Alusaf needs competitive power costs.

Alusaf's survival is also critical to Eskom, which has to maintain electricity sales at a high level to reduce overcapacity

The convergence of their interests led to a deal which will convert Alusaf from a high-cost producer in the top quarter of world operators to a low-cost one.

This will be achieved through linking Eskom's power charges to Alusaf to the price of aluminium on the London Metal Exchange (LME) at a fixed ratio of 16,3%.

Raw

This tariff rate will also apply to Alusaf's smelter as soon as the new one is commissioned and could result in a reduction in power costs of up to 40% at today's LME price

Aluminium smelting uses a lot of electricity — up to 15 000 kilowatt hours (kWh) a ton of aluminium produced compared with only 3 500 kWh for ferrochrome. Power usually comprises from a quarter to a third of aluminium production costs.

Mr Barbour believes that Alusaf will be competitive in other major cost areas — raw materials, labour and maintenance

Alumina is the major raw material used in making aluminium, which is produced from bauxite About 1,9 tons of alumina are required for a ton of aluminium

Neither alumina nor bauxite is produced in South Africa and Alusaf is seeking contracts with a "sensible portfolio of suppliers", both principal-to-principal and through traders. It is also exploring the possibility of deals whereby alumina would be exchanged for aluminium

Mr Barbour believes Alusaf will obtain alumina at competitive prices because of its large size and buying power and SA's favourable geographical situation on world trade routes.

Maintenance and low production costs are a function of plant design. Alusaf has signed a contract with Pechiney of France which will provide engineering technology and assistance with cost data.

Mr Barbour is hopeful that a R7-million feasibility study, due for completion in April 1992, will confirm confidence in the profitability of the project.

Alusaf is about to select the site of the new smelter. The choice has been narrowed to Richards Bay and sites in the Eastern Transvaal.

Saldanha Bay is no longer being considered

The existing smelter will be upgraded after commissioning of the second one and annual production capacity will be raised by 50 000 tons from 165 000

Peaks

Mr Barbour's major concern about the decision to go ahead with the project relates to the aluminium price more than to its competitiveness. LME prices of under $1 200 a ton have fallen from more than $2 600 in mid-1988.

Although prices should improve by the time the smelter is commissioned in three or four years — they could reach peaks — the low current quote could raise doubts about the project's profitability.

Alusaf is confident that world demand for aluminium will grow at an average annual rate of about 3% until the end of the century from about 16-million tons.

Alusaf's new smelter will provide only a tenth of new capacity required

STEEL TARIFFS FM 25/10/91

Score one for David

Iscor and other big steel producers came away disappointed last week when government finally ruled on their application for higher steel import tariffs (260)

Government decided not to go along with the request filed by the SA Rolled Steel Producers' Co-ordinating Council in December to increase the protection for locally made hot-rolled steel products and wire rod The decision was published in last Friday's *Government Gazette.*

Iscor argued that the protection for these products has not been raised since 1985 "Over the past six years, cost inflation in the local economy has soared, so we are understandably disappointed that government turned us down on wire rod and hot-rolled

continue →

FM 25/10/91

steel imports," says Iscor spokesman Ernest Webb-Stock (260)

The decision is a big victory for the Independent Wire Converters' Association, which furiously lobbied against the wire rod tariff hike Chairman Robin Bosomworth says the refusal to heighten protection is a welcome sign that government will be showing more sensitivity to the interests of small companies and consumers

"Government is becoming increasingly aware of conspiracies within industry The fact that it refused to hike tariffs on imported wire rod also illustrates the importance of effective lobbying in SA's overprotected economy. This might be a lesson to other steel users in the economy."

Bosomworth says that if government had gone along with the council's application, imported wire would have cost about R1 550/t on the Reef, more than double Iscor's export price of R750/t While the council argued that jobs would be lost if protection were not raised, the association argued that local steel users would create more jobs if steel prices were kept down

But the big steel makers did not go away empty handed. Government did agree to increase the reference prices for the formula duties on imported cold-rolled and galvanised flat steel products "While the ad valorem duty has remained at 5%, the formula duties have been increased to conform with international prices," Webb-Stock says.

Bosomworth says his association's lobbying success underlines the need to form a steel consumers' council "to offset the lobbying abilities of the big boys," especially now that government seems to be realising the importance of a more competitive business environment ■

rices include VAT 488-4911 CAPE TOWN, FRIDAY OCTOBER 25 1991 The Cape's largest daily newspaper

260 ARCI 25/10/91

New TV service for 'white progressives, black yuppies'

TYRONE SEALE
Television Reporter

SOUTH Africa will have a new television service on January 1 — CCV-TV, or Contemporary Community Values Television which will replace TV2/3/4

Unveiling CCV-TV to advertising executives and the media last night, station general manager Mr Madala Mphahlele said the new service would "address and debate issues that confront our society and will exploit the commonalities among South Africans while also making the most of the interesting differences among us

"We will channel formerly divisive elements in our society into a rich diversity of culture and entertainment," he said

It was amid platters of oysters and strawberries and a lavish, multi-media song-and-dance routine that involved open racial and social stereotyping that South Africa's new broadcasting baby made its first appearance at Nederburg wine-estate last night

CCV-TV — insiders say the name is no more unwieldy than the short form of Cable News Network — will offer entertainment and education for what the station management have identified as "the white progressive", "the black yuppie", "the coloured family" and "the African traditional".

Mr Mphahlele said any suspicion that Afrikaners would be excluded from or alienated by the new station were based only on outdated prejudices shaped by language issues

"It's not an exclusive station. Afrikaner audiences are not steered clear of at all. All South Africans will find programmes of interest on CCV. It will be part of our mission as the channel with programmes in more languages than any other service, from Tamil and Hindi on a programme like *Impressions* to African languages and English and Afrikaans in simulcasts or triplecasts"

Mr Mphahlele said CCV-TV programme buyers had secured major American successes and, on a more limited scale, British programmes for broadcast next year, but said that local talent and content would form a "critical part" of the new service

"It is only through developing local content that CCV can evolve into a service that represents all the aspirations of all South Africans and espouses our common values"

IDC to raise R2bn to fund projects

BDay 25/10/91

260

LESLEY LAMBERT

THE Industrial Development Corporation (IDC) is expecting to raise about R2bn for new and existing industrial projects this year, following a massive 41% increase in the funds it approved during the 1991/92 financial year.

The corporation, which provides subsidised loans and import credit facilities for industrial projects, increased its funding from R835m to R1,2bn during the year to June 1991 despite the economic downturn, the annual report disclosed yesterday.

It hoped to boost this amount by 30% during the current financial year, which meant it could approve up to R2bn in low-rated loans and import financing, IDC MD Carel van der Merwe said yesterday.

"We are very hopeful that the expected economic upturn, coupled with new tax incentives for beneficiation projects and the exclusion from VAT of new capital purchases will accelerate industrial development next year," Van der Merwe said.

He confirmed that the IDC had the capacity to mobilise about R10bn over the next six years — an amount expected to contribute to new projects worth about R30bn

The IDC had developed an appropriate strategy to achieve this objective If it succeeded, the strategy would contribute to a quantum increase in exports and foreign exchange savings, he said.

This, in turn, would facilitate the changeover to a new market-oriented industrial policy which the IDC had recommended to government, he said.

The financial assistance provided last year represented an average 22% of the projects' requirements, with the balance provided by owners and other financial institutions

An estimated 8 300 jobs would be created by the projects, which tended to be small to medium-sized, and 60% of their new production capacity would be targeted for export markets.

Apart from major projects in the pipeline such as the joint IDC-Sasol acrylic fibre plant and the Samancor and Highveld Steel and Vanadium Columbus stainless steel project, the IDC had targeted a number of other natural resource beneficiation projects for special assistance, the report stated.

Van der Merwe said the massive increase in last year's funding was attributed largely to import financing — foreign

☐ To Page 2

IDC funding

BDay 25/10/91

☐ From Page 1

260

bank loans channelled through the IDC for imported equipment

There was also an increase in new medium-term borrowings on the Swiss and German capital markets — the first since the 1985 debt moratorium

Offshore borrowings would increase further this year as existing import financing commitments were drawn down and additional foreign bond issues were made, the report said

This would be in line with the IDC's efforts to raise the bulk of its capital requirements on foreign markets in order to relieve pressure on the local capital market.

The targeted investment ~~strategy~~ strategy would also require significant sales of existing investments, the report stated.

It was announced earlier this year that the IDC would pay an annual R500m dividend to the Development Bank of Southern Africa this year and next.

But in order to raise sufficient capital for its development programme it would be able to keep the proceeds from the sale of its subsidiaries which included the SA Micro-Electronic Systems, Industrial Selections and National Selections.

Unions campaign on electrification

(260)

A campaign aimed at securing greater union participation in the restructuring of Eskom and in South Africa's mass electrification policy was launched at a joint union meeting in Soweto last weekend. W/Mail 25/10 - 31/10/91.

The National Union of Mineworkers, the National Union of Metalworkers and the Electrical Workers' Union, all of which have members at Eskom, are demanding that Eskom immediately halt all restructuring and that a working group consisting of civics, mass organisations and the Congress of South African Trade Unions be set up to "enter into negotiations with the government and Eskom on electrification".

The campaign also aims to unite all Eskom workers under one union.

Electronic media

Viljoen probe causes some heated debate

260

BDay 24/10/91

HE recommendations) government by the 'iljoen task group on roadcasting have aused heated debate.

While some industry ob- ervers see the recommen- ations on re-regulating the outh African broadcast in- ustry as wide ranging, thers say they advocate ttle or no change to exist- g structures

The recommendations sk for the SABC to reduce s advertising revenue by 300m a year

This could see its dissolu- ion by the year 2005, as ell as a large increase in evenues for other media roups

A complaint about the commendations is the ex- lusion of homeland broad- asters from any new dis- ensation, notably Radio 02 and Capital Radio

The recommendations or television are not far- eaching, with only one more viable station being advocated

However, the task group put particular emphasis on radio, saying this would be the growing medium in a re-regulated situation

Stranglehold

Radio 702 GM Stan Katz says the task group is ask- ing for the SABC to main- tain its stranglehold on SA broadcasting under the guise of freeing the air- waves

While there are some positive aspects, which should be supported, Katz says the thinking behind some of the recommenda- tions is muddy

He says he agrees in prin- ciple with the idea of an Independent Broadcasting Authority, but not with the way it would be constitu- ted

While the task group ad- vocates that the SABC, with its public broadcasting re- sponsibilities, become less reliant on advertising, the contradiction is that it is maintaining its numerous stations to compete with the private sector

With the re-regulation of the industry, and the possi- bility of many more sta- tions opening up, Katz says the SABC will have to re- lease some of its advertis- ing revenue if the commer- cial sector is to succeed

Yet the SABC recently organised itself into a new business orientated struc- ture

Welcomes

SABC radio CE Carel van der Merwe says the task group has recommended radio should be the first growth area following re- regulation

SABC radio welcomes this and has been predict- ing and preparing for radio to be the fastest short-term growth area

He says this growth will be centred around local, and not regional, radio sta- tions

In the past year, many people had approached his department for advice on starting local stations

However, he says his per- sonal view is that this is an area for new entrants and enterprises

The SABC would be in- terested in forming part- nerships with these new en- terprises as it has infrastructure and techni- cal knowhow

The SABC already works in partnership with numer- ous broadcasters in south- ern Africa

On the grandfather clause in the task group recommendations, in terms of which existing broad- casters keep what they have, he says his personal view is that the SABC does not need as many as 21 ra- dio stations

Opportunity

Synergy between the big broadcasting amd media groups and local stations in terms of advertising is a great opportunity which has not been tapped

He says the big groups, which have the infrastru- cutre and news-gathering abilities, are looking at local radio stations

SABC Group CE Wynand Harmse earlier expressed reservations on the viabil- ity of the proposals, which said the SABC should be- come less reliant on adver- tising

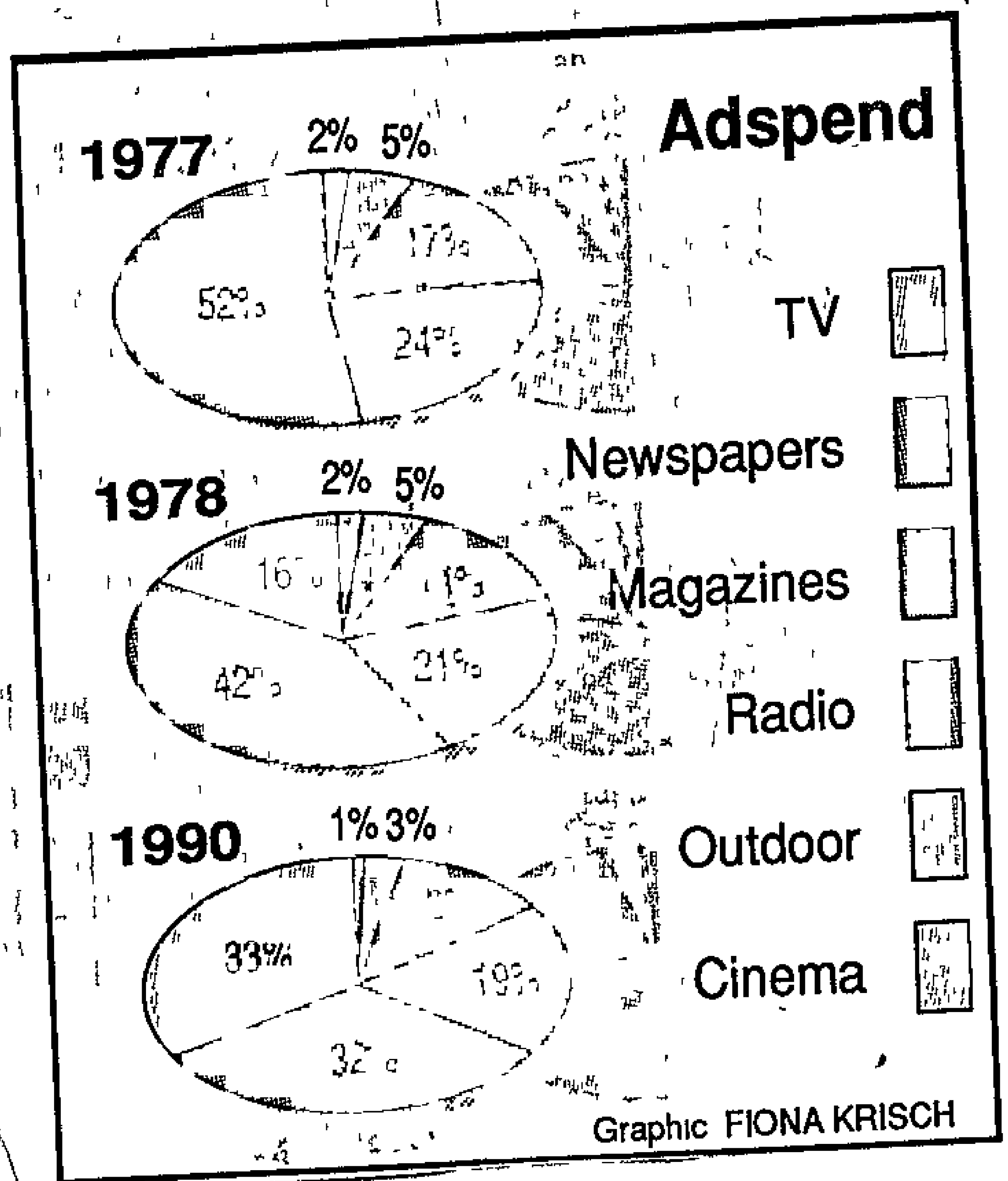
This was contrary to the SABC's view that broad- casting as an industry should stand on its own feet

He said the SABC, "which earned three out of every four rands from advertis- ing", was the largest com- mercial broadcaster in Africa and provided public broadcasting services

More recently, he said one thing which was clear from the recommendations was that the SABC would have to function as effi- ciently as possible in the new broadcasting environ- ment, as it would be mea- sured against other broad- casters

24/10/91

260



Graphic FIONA KRISCH

Viljoen report a sham, says Katz

THE radio deregulation proposals in the Viljoen task group report are a sham and grant the private sector only limited opportunities, says Radio 702 general manager Stan Katz Sowetan 24/10/91. (260)

Speaking at a Radio Workshop conference in Johannesburg, Katz said that FM frequencies in the major urban area were almost fully occupied by the SABC

"This, coupled with the report's recommendation that the SABC should retain all its radio services, means that certain private-sector broadcasters could be denied FM access. Thus FM access would be severely limited," said Katz

According to the report, all currently available FM frequencies in Johannesburg, Cape Town and Port Elizabeth are occupied by the SABC. In Durban, Pretoria and East London, only one FM frequency a city remians open, with all the rest occupied by the SABC

Iscor announces R1-billion deal as Japan lifts sanctions

260

Star 22/10/91.

While Commonwealth leaders in Harare last night said financial and trade sanctions should remain in place for the time being, South African steel giant Iscor announced a R1 billion iron-ore deal with six major Japanese steel manufacturers

And the Japanese government announced today the ending of all economic sanctions, including those on investment, imports of steel and iron, and air links.

Johannesburg businessmen hailed the deal as "the best news we've had in a long time".

Iscor spokesman David Webbstock said that in terms of the deal, signed last week in Tokyo, Iscor would supply an annual 4 million tons of Sishen iron ore for the next five years.

He did not disclose the price, but in its 1990/91 financial year Iscor received an average FOB (free on board) price of R51 a ton for Sishen ore exported

Exports in the year to end-June totalled 14,3 million tons. Export revenue from iron ore was R731 million.

Iron ore imports from South Africa were never banned officially by Japan, but steel firms were asked to show "voluntary restraint" in buying from South Africa

As a result, Iscor's exports to Japan over the past 16 years were limited to 75 million tons.

It is understood that the Japanese steel manufacturers agreed to the deal in anticipation of the official lifting of sanctions

Announcing the end of the embargo today, government spokesmen said the only ban to remain would be on exports of computers for military use

The sanctions to be lifted include bans on investment and imports of steel and iron, and a suspension of air links. Japan will also scrap a "voluntary restraint" that prevents companies importing Krugerrands and other gold coins. A government spokesman said Tokyo would not establish full diplomatic relations with Pretoria for the time being

The South African Foundation today welcomed Japan's decision to lift sanctions as "a most significant development" The decision, the foundation said, followed the positive recommendations of the delegation of the Keidanren, a Japanese association of economic organisations, which visited South Africa this year

● Commonwealth summit — Page 2

Forum for mass electrification proposed

ANTHONY NDLOVU

B/Day 23/10/91

A NATIONAL electricity working group involving Eskom, Cosatu and political parties is being discussed to guide a mass electrification programme in a future SA.

Trade unions Numsa, the NUM and the Electrical Workers' Union said in a joint statement after a two-day meeting of electricity workers in Soweto earlier this week that electrification could not be left to government and Eskom "without negotiations with mass organisations".

The unions planned, through Cosatu, to propose to Eskom an electricity forum involving township civics, unions and political organisations to implement an electrification programme 260

Eskom CE Ian McRae said last night Eskom would welcome discussions with all parties on electricity supply and electrification. He supported the principle of negotiations on electrification.

The unions accused Eskom of unilaterally conducting its own study into restructuring for commercialisation without consulting them.

They said they rejected the plan

Iscor clinches iron ore deals worth R1bn

BRENT VON MELVILLE (260)

SIX top Japanese steel producers have signed a new five-year import contract with Iscor for 20-million tons of iron ore worth more than R1bn.

Iscor spokesman Ernest Webb-Stock said the contracts were officially signed last week after negotiations with Nippon Steel Corporation, which represented the Japanese steel makers. B/Day

In terms of the contracts, signed individually with Iscor, Nippon is committed to importing about 45% of the iron ore requirement — about 1,8-million tons annually. The remainder will be taken up by Nkk Corporation, which will import 648 000 tons, Kawasaki Steel at 568 000 tons, Sumitomo Metal Industries 552 000 tons, Kobe Steel 304 000 tons and Nisshin Steel 120 000 tons. B/Day 21/10/91

Although iron ore has never been officially subject to sanctions by the Japanese, the six companies have held off renewing contracts with Iscor since March 1988, when the last 12-year contract expired. The prior contract was for 7-million tons of iron ore from Iscor yearly.

Webb-Stock confirmed, however, that exports to Japan had not stopped during the intervening three years, as not all of the iron ore under the prior 12-year contracts had been shipped yet. As a result Iscor exported between 3,8-million and 4,5-million tons annually until this year.

The Japanese market will represent about a quarter of Iscor's iron ore exports of 15-million tons for the current financial year, making it Iscor's biggest buyer.

Webb-Stock said the Pacific Rim represented the most important market for iron ore, with countries such as Taiwan becoming big buyers of SA iron ore and steel.

Last year Iscor exported 11[illegible]-million tons of its total iron ore production of 22,8-million tons, attracting export revenue of R731m. At the free-on-board price of iron ore of about R51,50 a ton, the Japanese contracts are worth about R206m a year.

Over the past 16 years Iscor has exported about 75-million tons of iron ore, making it about the fourth largest exporter after Australia, Canada and the Soviet Union.

Conference centre will draw in the big foreign spenders

(263)

21/10/91. B/DAY 21/10/91

THE race is on between Cape Town, Johannesburg, Durban and Port Elizabeth to develop a world class conference centre

Studies of conference centres worldwide have found them to be big business, having major spinoffs for the tourist industry and economy generally

Kessel Feinstein Consulting's Gillian Saunders says it is estimated that worldwide, 20% of international business travel is for the purpose of attending a conference or seminar

Now that SA is becoming an acceptable guest at the international table, the prospects of hosting international conferences such as those for Rotary, Organisation of African Unity, sports conferences and educational conferences have become promising

The Cape Town City Council, after initially baulking on the issue, has commissioned Kessel Feinstein Consultants to undertake a R50 000 study on the establishment of a conference centre in the city.

Other studies have established the need for an international conference centre, so the Cape Town study — due for completion in mid-November — will focus on the best site, a suitable size and how the project should be financed

Cape Town City Council research has shown the western Cape has enough conference facilities, which can hold up to 300 delegates, and these are well utilised

But it lacks facilities to establish itself as a major national and international conference destination

Cape Town Chamber of Commerce former president Lionel Hartmann, one of the prime movers for the international conference centre idea, says there are five possible locations — the Waterfront, the Foreshore, the Good Hope Centre site, the parking lot next to the Civic Centre, or a site near the railway station

"The goal is for Cape Town to be the first to have a conference centre," says Hartmann

"In Johannesburg, research has shown that in 1992 there will be a demand for 235 000 bednights related to conferences and we feel the same will apply to Cape Town"

Nationally, Kessel Feinstein Consultants have estimated there to be an annual demand for about 90 conferences with more than 1 000 delegates Only six have more than 2 000 delegates

At present, the only conference centre large enough to host major conferences is the one at Sun City, which can cater for about 2 500 people

The underutilised Good Hope Centre in Cape Town can only accommodate about 1 000 and has inadequate facilities.

It is located in a bad part of town, where theft and muggings are common

Hartmann says the experience of conference centres worldwide has shown them to be net loss-makers in themselves, hence the need for them to be attached to a hotel

"The idea is to get the spinoffs for the hotel, catering and tourist industries

Eskom dream taking shape

STimes 2(Bus) 20/10/91

By DON ROBERTSON

ESKOM's aim of a power grid involving all countries in southern Africa is no longer a dream — it could be completed by the end of the century

Ian McRae, chief executive of Eskom, the fifth-largest electricity utility in the world, says negotiations continue with several of countries and others have expressed an interest in joining the grid

Mr McRae says "It is no longer a dream, it is recognised in Africa, but it might only be achieved by the end of the century"

Mr McRae says the South African National Committee of the World Energy Council (Sancwec) will host the annual executive assembly of the World Energy Council (WEC) in Cape Town in October 1994

Sancwec's offer to host the conference was accepted almost unanimously at an assembly meeting in Budapest in September Delegates from about 90 member countries are expected to attend the conference

"The world is keen to co-operate with SA in all matters," says Mr McRae, who is also chairman of Sancwec

Eskom has signed co-operation agreements with a large utility in Germany and two in Britain A similar agreement is expected to be signed with an electricity company in Spain to add to those with Portugal, France and Taiwan. 260

The agreements allow for the transfer of information, technology, staff and the establishment of joint vetures or projects.

Eskom has had discussions with Zaire, Angola, Namibia, Zimbabwe and Zambia, all of whom are keen to join the grid

The proposed Ipupa Falls hydro-electric scheme on the Kunene River in Namibia and the Inga project on the Congo River could form part of the grid

Bend

The Inga project has the potential to produce 100 000MW of power without the necessity of damming the river The flow of water on a bend in the river at the proposed site would be sufficient to drive turbines and produce electricity The largest of Eskom's power stations produce 3 600MW

Eskom has also agreed with Mozambique to allow the transfer of power to Harare.

CSIR takes aggressive steps deeper into Africa

260

B|Day 17/10/91

SEAN VAN ZYL

GOVERNMENT's scientific and industrial technology organisation, the CSIR, has embarked on an aggressive African expansion programme now that political attitudes towards SA have started to thaw

Although the CSIR has been indirectly involved in southern Africa over the past two years through exported technology, the organisation was now marketing its management and technical services directly as far north as the Ivory Coast, Africa business development manager Loic Desselas said in an interview this week.

Desselas said most of the infrastructural development projects which the CSIR had targeted were of more than R10m and normally involved international funding He added the CSIR was involved with a road-upgrading project in Malawi, which had been financed by the World Bank

Although competition for African development projects was fierce between US and European technology developers, Desselas said the CSIR was ideally placed "as the organisation has been involved with developing and adapting technology for Third World conditions for years"

The CSIR was formed specifically to develop technology to suite African conditions

"The First World technology available from overseas developers often exceeds the needs and financial resources of developing African countries"

Citing a case in point, Desselas said the CSIR recently adapted a solar cell system which could be used for cheap irrigation, among other things

He noted the CSIR's annual budget of R400m accounted for roughly 25% of Africa's total research expenditure a year The CSIR had the largest permanent research centre on the continent

Although the organisation's revenue generated from Africa was "very modest", Desselas noted the groundwork of establishing contact with African countries and financing institutions like the World Bank was now in place

As a result, he expected demand for the CSIR's services to increase dramatically in coming years

Efforts

"The number of official African representatives who have approached the CSIR this year has more than quadrupled"

Desselas noted CSIR's marketing efforts were also opening up business opportunities in Africa for SA manufacturing companies He added the CSIR only developed and marketed technology, and left the production to outside manufacturers

"The CSIR is also looking to joint projects with local and outside private firms to manufacture developed equipment"

He added the Africa expansion programme was in line with a general reorganisation of the CSIR to that of a market-driven operation

Once fully funded by government, roughly 55% of the CSIR's annual budget was now self-generated

Top management team investigating 'major' changes at Eskom

260

BRENT VON MELVILLE

B/Day 16/10/91

ESKOM has appointed a four-man commission of general managers to look into sweeping changes to the utility, which could involve extensive rationalisation.

According to Eskom sources, the commission will probably disclose its proposals on October 24. They could involve the merging of several departments.

Eskom employees were told of the impending changes in a letter earlier this month by CE Ian McRae.

McRae said the management board had released four general managers from their routine duties to investigate and define changes that should be made.

"These people have met daily for several weeks. They are asking fundamental questions. They are analysing key systems and structures.

"The process has come a long way, but there is still a lot to be done," said McRae.

Inevitably, he said, the project would have an impact on everyone in Eskom.

"There may be a change in our working lives to overcome the hurdles in our path. Some will view this prospect with fear, while to others it will be an opportunity."

He was aware there would be uncertainties and anxieties, but called on employees to accept that "this major change" had to take place because it was important to Eskom and SA.

"We must improve our efficiency as a business, we must keep costs down; we must look at surplus capacity and other factors," said McRae.

GM management services Johan van den Bergh said last night that the investigation was still going on.

"No final decisions have been made," he said.

Van den Bergh and human resources GM George Lindeque, who is a member of the investigating team, would not comment on possible job cuts.

Lindeque confirmed the investigating committee included GM (CE office) Jac Messerschmidt, GM generation Paul Semark and GM distribution and marketing Randolph Forbes.

One senior employee yesterday described the move as an attempt to catch up with rationalisations which should have been made long ago. She admitted nervousness about possible revamps to her department.

Sources speculated that the distribution and marketing section, which had recently been decentralised, would come in for further rationalisation.

Eskom chairman John Maree is on record as saying that the utility could operate effectively with about 45 000 employees.

The number of employees has dropped from about 50 000 at last year-end to about 48 000 — a 27% decline from the 1985 level of about 66 000.

IDC eyes world bond market

B/Day 1/11/91 (260)

BRENT VON MELVILLE

THE Industrial Development Corporation (IDC) yesterday indicated that it could go to the international bond market for funds next year.

Announcing the corporation's sale of a third of its Sasol shareholding, senior GM Malcolm MacDonald confirmed that the IDC would undertake a public issue of about $100m next year.

He said the IDC was relatively underborrowed and was looking to take part more in foreign capital issues. The corporation would, however, keep its foreign borrowings at manageable levels

The foreign issue would go towards funding SA projects. The IDC's current borrowing ceiling of about R500m could be raised, he said.

The IDC announcement follows news that South African parastatals are queueing to tap the international bond markets, with five new borrowers planning to launch public bond issues next year.

London's Financial Times says the five are Transnet, Eskom, the Post Office, the Development Bank of SA and the IDC.

The Times quoted SA Finance Ministry director-general Gerhard Croeser as saying that in all, SA borrowers had six Deutschmark and two Swiss franc bond issues, totalling $500m, maturing next year. All maturing debt would be refinanced with new bond issues.

A spokesman for Eskom yesterday said the power utility had moved on European capital markets, recently rolling over debt of more than DM120m in a four-year issue

During the six years after the debt standstill was imposed, government refinanced about 50% of maturing international debt issues, and raised no new international funding.

However, in September government launched a DM400m five-year bond issue lead-managed by Deutsche Bank. Croeser was quoted as saying that the next SA government international bond issue could be in ecu at the start of next year.

The Independent Development Trust last month announced it was planning to launch a $200m Eurobond, lead-managed by US bank J P Morgan.

The Times said demand for SA bonds had yet to be tested. "Up to 80% of the government's Deutschmark issue was placed within Germany... Successful bond issues in other currencies will require the support of a broader base of international investors."

IDC sells one-third of Sasol holding

(260) B/Day 1/11/91

BRENT VON MELVILLE

THE Industrial Development Corporation (IDC) has formally announced the disposal of one-third of its holding in oil and chemical group Sasol to the Government Service Pension Fund for about R950m.

The disposal, effective yesterday, sees the pension fund acquire 56-million shares in Sasol, or 10% of the issued share capital, for an effective R17 a share Sasol closed yesterday down 75c at R19,25.

IDC senior GM Malcolm MacDonald said yesterday the sale would unlock funds for use in other project developments, as estimated cash flow alone for the coming year would not be enough to fund planned projects. The IDC has committed itself to investing R10bn over the next five years to projects worth about R30bn.

MacDonald said the IDC had been sensitive to the expectation by existing Sasol shareholders that the stake would be sold through a rights offer.

"At the time of the issue of the Sasol prospectus in 1979, it was envisaged that Sasol might have to create and issue additional share capital to the IDC in order to acquire the state's 50% holding in Sasol II and III.

"In terms of the prospectus such shares would have had to be sold by the IDC via rights offers," MacDonald said.

"But since Sasol purchased Sasol II shares by way of a rights issue out of its then existing unissued authorised share capital, and the purchase of Sasol III without the further issue of its own shares, there is no obligation to the IDC to sell by way of rights issues."

Finance Minister Barend du Plessis said government was confident that this was an excellent deal for all parties concerned.

MacDonald said further sales of the IDC's remaining 114-million Sasol shares would be made in line with its capital requirements, and would probably be hived off in a similar manner.

Other holdings include a 16% stake in Iscor, lesser holdings in Sappi and Sentrachem, and controlling stakes in both Industrial Selections (Indsel) and National Selections (Natsel).

Proceeds from the sale would go towards six multibillion-rand projects in the pipeline.

They included the R2,5bn Columbus stainless steel venture, for which the IDC would provide about R1bn financing, the new Alusaf aluminium smelter for about R1,5bn, the R4,5bn "cracker" plant to be built at Mossgas, Foskor's new R1,5bn potash project to produce alumina, and financing for the Sappi expansion at Saiccor.

About R160m would also go towards Sasol's recently announced acrylic fibre plant, and MacDonald alluded to another project under consideration — a joint venture involving paper producers Sappi and Mondi.

● See Page 3

Eskom set to raise tariffs by 10% (260)

BRENT VON MELVILLE

ESKOM's tariff increase for 1992, to be announced today, would be held to about 10% — well below the prevailing 15,4% rate of inflation — industry sources said yesterday. B | Day 1/11/91

An increase of this order would be in line with Eskom's commitment to reducing the real price of electricity for the next several years. Eskom CE Ian McRae is also on record as saying that because electricity is the key to economiic growth, the utility will make every effort to keep the price of electricity down.

A 10% rise would put the base price of Eskom electricity at 9,88c/kW per hour, up from 8,98c/kWh.

The power utility is also expected to announce a new "compact" with consumers, which will see the price of electricity decline over the next several years, sources said.

Details of the new plan were not made available, but it is believed to follow the lines of the economic development strategy formulated by the late Economics Coordination Minister Wim de Villiers.

The strategy entails keeping electricity and transport costs down as the main means of boosting the economy. This would mean effectively that Eskom and Transnet would no longer be required to maximise profits but aim, rather, at improving efficiency and productivity.

Education? It's all up in the air in SA

260

w/mail 1/11-7/11/91

In the US they have 'Sesame Street' In South Africa we have 'The Pumpkin Patch' MARK GEVISSER argues that the SABC should recognise its responsibility for on-the-air education

IN Nicaragua, the literacy level went from 13 percent to 75 percent in one year, because of a campaign that depended heavily on radio. In Mexico, a state-sponsored radio campaign rendered 700 000 people literate in one year In China, Radio and Television University has over a million enrolled students In Japan, television programming is fully integrated into the educational structure from pre-school to university level

And if you want to know how seriously the SABC takes educational broadcasting, tune in to TV1 on Saturdays at 3 45pm Or at any other children's hour time.

On SABC-TV, the lackadaisical and rather cynical attitude seems to be to broadcast as little educational programming as is mandated, and things can only get worse with the decision to become profit-oriented and base programming on audience ratings. There is, of course, *K-TV* on M-Net, but only subscribers get it — and none of it is local material On Bop-TV, there is a fairly good channel called Edutel that serves the greater metropolitan region of Mmabatho, a region in which there is little electricity and fewer television sets

In a country like South Africa, economic levels and lack of electrification do not make television a widespread medium Nine out of 10 rural households do, however, own an FM radio — and surveys have shown that 99 percent of all rural black South Africans listen to SABC's African language stations

Unless you count the Radio 702 and Radio Metro talk-shows (which only reach, as their advertising plugs announce, the already-educated elite), there is no radio education A crime when you realise that one in two South Africans is functionally illiterate and at least seven in 10 South Africans listen to the radio

Of course, there are problems with educational programming on radio or television and, despite the examples quoted above, attempts to use it in largely-illiterate societies have had dubious results a massive radio-literacy campaign in Brazil, for example, crashed spectacularly when studies proved that the achievement rates of students who participated were no greater than those who didn't. Open Universities, like those in China, might have six-digit enrolment numbers, but they also often have four-digit dropout numbers

There is no guarantee that the would-be learner will go anywhere near the programme broadcast for her benefit and, even if she does, distance-education can result in passive, unconstructive learning — particularly if it is not accompanied by interaction with a teacher.

But educational broadcasting does not have to be boring or "distant". In Mexico the literacy campaign worked because it was popular and accessible and was accompanied by group lessons where literacy teachers used printed material to reinforce the broadcasts In some parts of the United States, the Public Broadcasting System (PBS) arranges to broadcast programming directly into schools

The report of the Task Group on Broadcasting, published last month, acknowledges the poverty of educational broadcasting in this country, and identifies three modes of education that can be offered by television and radio formal education (in which lessons are planned in conjunction with schools and universities), non-formal education (which would include things like cookery), and informal education (which takes place "on a mother's lap, at the dinner table, listening to the radio or TV").

The report acknowledges that "the greatest disadvantage of educational radio and television broadcasts is that there is no real interaction", and therefore recommends a multi-media approach in which printed educational media are developed.

Wits University's acting head of drama and film, John van Zyl, goes one stage further he believes that a programme has to be launched to train people to both develop and use these multi-media educational programmes To these ends, he is developing an Educational Broadcasting Institute, with the assistance of Radio Netherlands Training Centre, that will be in operation at Wits from the beginning of 1992

"It's part of a three-phase programme," he says Two years after the opening of the institute, Wits, in conjunction with other universities across the country, will apply for a licence and begin broadcasting pilot educational television programming Then, by 1995, a national educational channel, supported by organisations like the American Ford Foundation, could be launched.

Other educators say the SABC should be held responsible for on-the-air education This is not going to happen until the government makes literacy and education a priority, and until an independent broadcasting authority forces the SABC to fulfil its role as the public broadcaster

'At last I can read — but what?'

w/mail 1/11-7/11/91.

By LINDA RULASHE

AN education officer from the National Union of Metalworkers was once quoted as saying "post literacy" should be seen as a rung of a ladder which takes a person from no literacy at all to professional status Few, however, ever reach the top rung because there is little material available for them

What basic literates need is not more primers, says Edward French, convener of the Zenex Adult Literacy unit, but "relevant reading and educational programmes to follow on from the basics, taking them deeper into literacy and into a language of wider communication"

Post-literacy can be divided into two levels, according to a book titled *Never Too Old to Learn! Towards formulating policy for adult basic education in a post-apartheid South Africa*, published by Learn and Teach, the English Literacy Project and Lacom (Sached)

The first level involves the improvement of literacy skills and use thereof to learn subjects up to Standard Five level People at this level are technically literate in their first language and have a basic knowledge of English Those at the second level need improved practical skills, history, numeracy, science and political economy up to the equivalent of Standard Seven

There is a shortage of reading material with a local flavour for newly literate adults They aren't able to read "ordinary" newspapers or magazines, says Learn and Teach director Marc Suttner, so material must be simple but interesting Comics are popular. Storyteller Group researcher Mary Anne Bahr says the pictures are easier to follow.

"New literates must have material to reinforce the skills they have acquired," Suttner says, "for unless they carry on reading, they can lose them " Learn and Teach publishes a monthly magazine which he says is the only mass circulation publication aimed at post-literate adults

Read has close to 300 books in its book unit, including material from the universities of Cape Town and Natal, Heineman, Macmillan Boleswa and the English Literacy Project. Material from the Children's Press in America and the Adult Basic Literacy and Basic Skills Unit in Britain is also available. Topics as diverse as Aids, drugs and pollution are covered

Literacy groups publish a range of material, often drawing on stories about learners' lives, but there is a dearth of reading matter in vernacular languages. Organiser of the English Reading for Adults project, Beulah Thumbadoo, hopes to have 20 publishers and literacy groups coming up with one Easy Reader each by next year

Publishers don't perceive a market for such material "Traditionally, they deal with big chains and, after all, they are there to make money However, if they encourage a reading culture by publishing more books of this kind, it will be to their benefit in 10 years time," she said.

LEADING ARTICLES

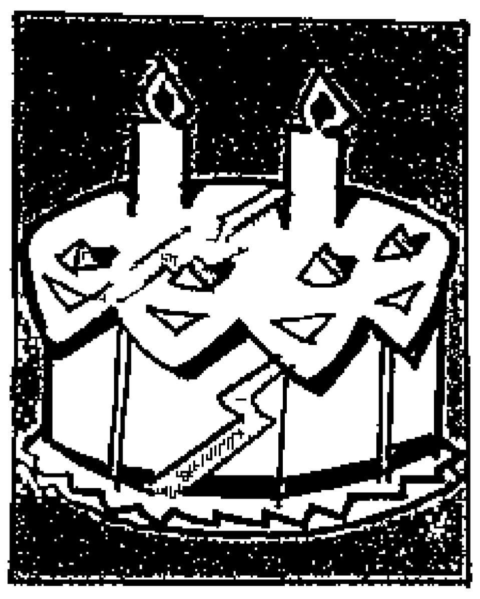
ISCOR

Blowing out the candles

FM 1/11/91

(260)

The privatisation was mistimed — now the upturn will test managerial skills



Two years ago, Iscor was privatised in one of the most hyped-up listings of recent memory Intensive promotion, as well as the strong performance of the company in previous years, helped encourage small and large investors to rush into the stock

The period since then has not been greatly rewarding for shareholders — of whom there are still a great number Iscor was listed with roughly 250 000 shareholders, its 1991 annual report shows that, at June 30, there were 214 621 shareholders Of these, 211 824 were individuals, who collectively held 9,3% of the issued shares — the rest were held by companies and financial institutions

The first bad news came early last year, when Iscor warned it would not meet its earnings forecast for 1990 Since then, investors have seen the 1990 year's EPS fall short of the pre-listing forecast by 5,1%, then the 1991 year's EPS fell by 34,1% and the dividend was cut by 37,5%

The share has been a poor performer, trading for much of the period below the issue price of R2 and sharply underperforming the Industrial index

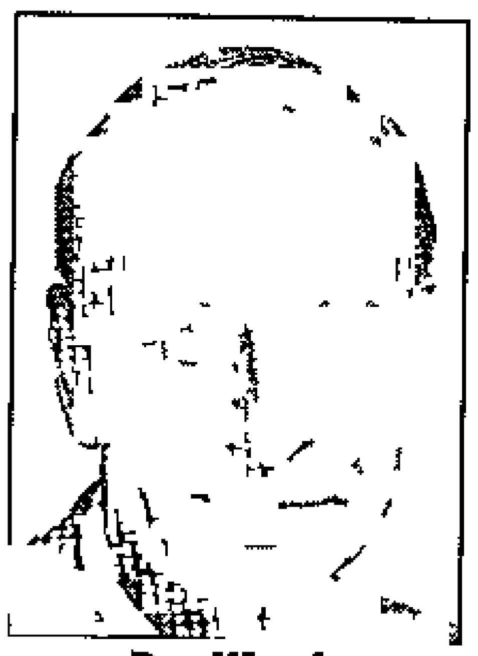
Against that background, the anniversary of the steelmaker's listing — hoped to be the forerunner of a much more ambitious privatisation programme — is not entirely a joyous occasion If the listing was seen as an advance for "people's capitalism," the image of the share since then has not reflected a victory Nor is a recovery imminent Markets remain sluggish and profit is expected to weaken further

But it is not all gloom The listing is forcing management to give more attention to earnings and dividends And capital spending of R3,5bn over the past three years should have placed Iscor in a much stronger position to perform when demand does improve Returns could swing sharply upwards when demand eventually picks up in the more profitable home markets

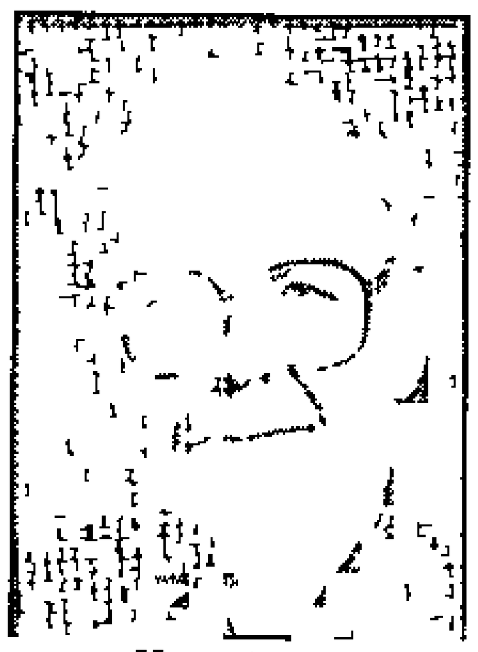
When domestic demand withered last year, the group achieved some compensation by expanding exports rapidly Total sales of steel were up by nearly 200 000 t, at 5,6 Mt (though some analysts were forecasting sales of 6 Mt) Now sanctions are being lifted and barriers are (or soon will be) coming down in some important international markets, offering promise of better export earnings in future

Despite sanctions in some of the better steel markets — particularly the US and the European Community — Iscor has expanded its position in exports Success with foreign sales enabled the group to maintain output close to full capacity last year, even though sales to the local market — where Iscor's market share was held at 73% — dropped by 467 000 t to 2,97 Mt, the lowest in 12 years Exports accounted for 47% of Iscor's steel sales, against 37% in the previous two years

Exports of all products last year produced



De Waal



Van Wyk

revenues for Iscor of about R3bn, of which attributable iron exports from Sishen accounted for R731m — up from R552m in 1990, and R260m in 1988

But for Iscor there is a trade-off in any rapid expansion of exports While exports of steel help to absorb fixed costs, these sales have always been at significantly lower profit margins than local sales Last year's margins on exports were particularly thin, as world steel prices plunged precipitously from 1989 peaks

MD Willem van Wyk, who has just returned from an International Iron & Steel Institute conference in Montreal, tells the *FM* it is forecast that world consumption of iron and steel will be 5% lower in calendar 1991 than in 1990, though the figure drops to 2,5% if Comecon countries are excluded Indications are that 1992 consumption levels will be roughly the same as in 1991 "It remains to be seen whether that will happen," he says "But at least there are signs of stability, with an end to the downward trend "

Inventories have generally been cut back from the large surpluses of a year ago, but there is no sign yet of restocking Van Wyk believes consumers will take a wary approach towards stock building after the excesses of recent years

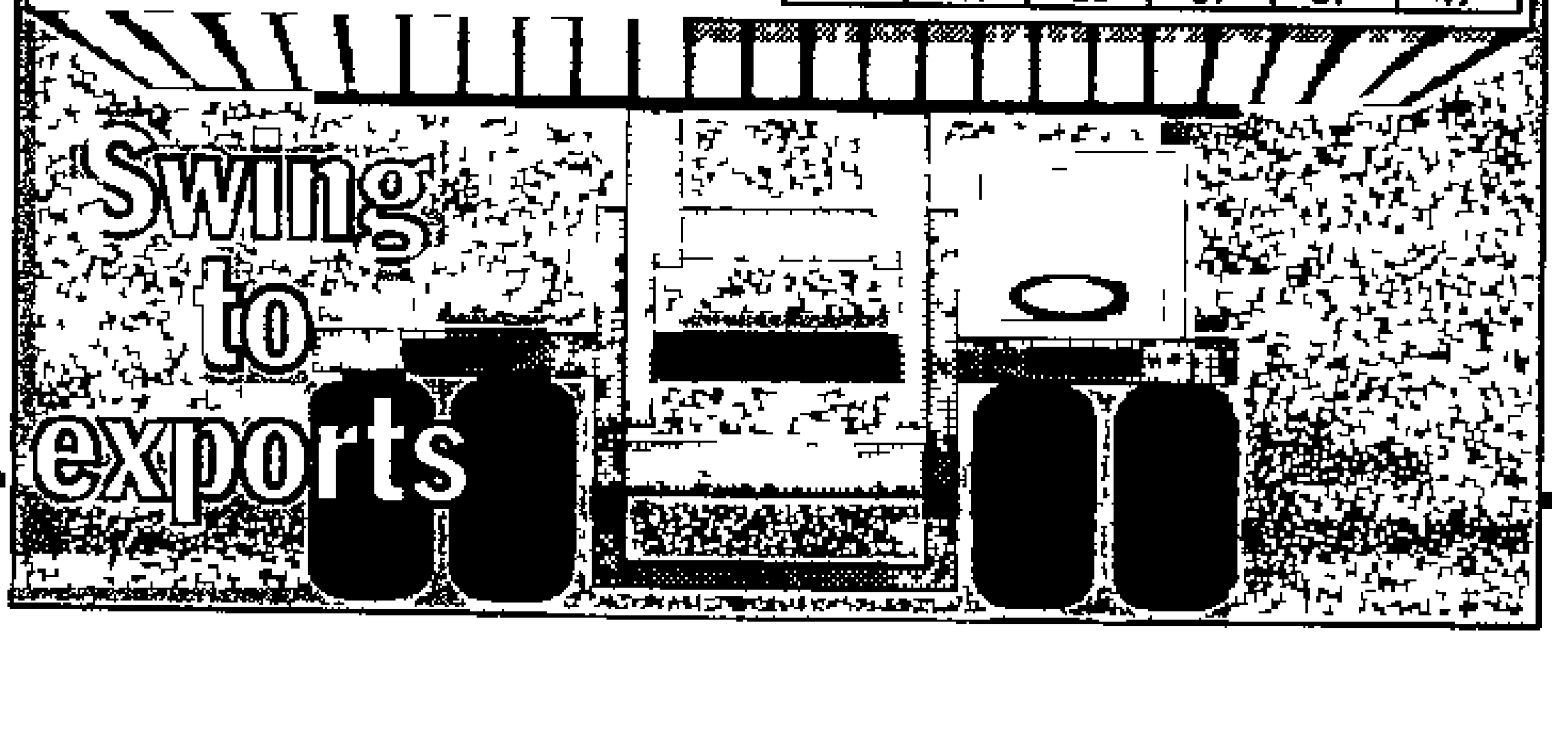
He is cautious, too, about the direct effects of the lifting of sanctions He points out that the group is essentially selling all its capacity When sanctions were applied in leading industrialised nations, Iscor built up markets in many countries that had previously been considered less profitable There is no intention, Van Wyk says, of peremptorily switching out of these markets again Also, export prices of SA steel — unlike coal — have not carried a "political discount" during the sanctions period, though margins are evidently thinner in some of the newer markets

Even so, chairman Marius de Waal says that the formal lifting of sanctions by the US and imminent steps by the EC are "being explored with enthusiasm" by the SA steel industry — and Iscor in particular He says it's expected these developments will result in favourable policy stances from other countries worldwide that have restricted trade with SA De Waal adds that "Iscor plans to re-enter these markets at the earliest possible opportunity and in an orderly fashion "

Van Wyk believes that the political changes in SA have made it easier for Iscor to retain its position in world markets and renew existing contracts Last week's announcement of the renewal of the five-year contract to supply 20 Mt of iron ore to six large Japanese steel producers was a case in point Though exports to Japan have continued, steel producers there had staved off signing a new long-term contract with Iscor since the last one expired in March 1988

Iron ore of high quality and purity is produced at low cost at the large, opencast Sishen mine Analysts believe the product could probably have been exported on favourable terms to other buyers if necessary But the new contract is encouraging and will help ensure Iscor reaches targeted iron ore exports of 15 Mt for this year,

Year to June 30	1986	1987	1988	1989	1990	1991
SA steel market						
Country total (rolled, drawn, forged) '000t	4016	4028	4562	4573	4530	4017
Supplied by Iscor '000t	2995	2959	3370	3404	3436	2969
Iscor market share (excluding rerollers) %	73	73	72	73	74	73
Iscor liquid steel production						
Total '000t	7184	7036	6870	7008	6980	7209
Iscor steel sales						
Total '000t	5674	5423	5487	5411	5408	5605
SA customers %	53	55	61	63	63	53
Exports %	47	45	39	37	37	47



continued

FM 1/11/91

NEGOTIATIONS

Questions of power

Government's fairly positive response to the outcome of the Patriotic Front conference paves the way for multi-party talks Is it as simple as that? No The level of invective which the major protagonists are levelling at each other has not diminished — nor is there anything approaching workable agreement on what is actually to be done

Faced with such essential contradictions, all who hope for a new SA revived by economic prosperity have a tendency to gloom Yet contradictions are not all bad — not if they result in a constitution which will not fray in a very short period of time indeed

Outsiders may be forgiven for assuming that when the Nationalists speak of "transitional arrangements" and the ANC-PAC of an "interim government" the difference is semantic And, of course, once a process of negotiation has been genuinely engaged, the difference may diminish In fact, at this stage, the opposing sides are talking different languages Herein lie dangers both immediate and long-term

At the NP federal congress in Bloemfontein in September, F W de Klerk stated his party's essential position "Black domination is as unacceptable as white domination The NP rejects both Power domination spells catastrophe" A proposed constitution was floated to enshrine this principle But less attention has been paid to it than it deserves, probably because it was immediately conceded as a negotiable document Yet it represents NP thinking pretty comprehensively

The Nationalists believe in power-sharing — that is to say, a controlled process of inaugurating black participation in government Each step of the way is to be negotiated, it must not be precipitate The dangers of white reaction are frequently underlined by commentators as making the process subject to control by political need This week, Constitutional Development Minister Gerrit Viljoen — a wily survivor entrusted with such matters — made one of those breezy comments which closer inspection reveals to be a restatement of the principle of continuing government control.

The constitution, he said, could well be amended to permit the Patriotic Front — and Inkatha — a growing say in elements of government This might be needed to assure smooth transitional arrangements and the changes could be made through parliament if they were not fundamental, in which contrary case they would have to be put to the white electorate by means of the referendum promised by De Klerk as the precursor to a new constitution.

Of course, this will not meet the demands of the ANC-PAC alliance — which are for a constituent assembly before discussions on the final form of the constitution Indeed, the ambition of next week's general strike has been shifted from its primary focus on the alleged inequities of VAT to the kind of power sharing which amounts to an interim government, though whether this should be put in place before or after an election for a constituent assembly is not clear.

Behind the statements of either side lie the elements of a huge power play Both understand this, which is why the proposed strike has the aspect of a showdown Either one side or the other will be strengthened by its success or failure The Patriotic Front hopes, obviously, that the strike will be so successful that it will persuade government to narrow participation at the multi-party talks — if not compel it to accept the fabled "two-sided table" at which nothing could be debated except the parameters of the transfer of final power Inkatha would then be formally aligned with the NP

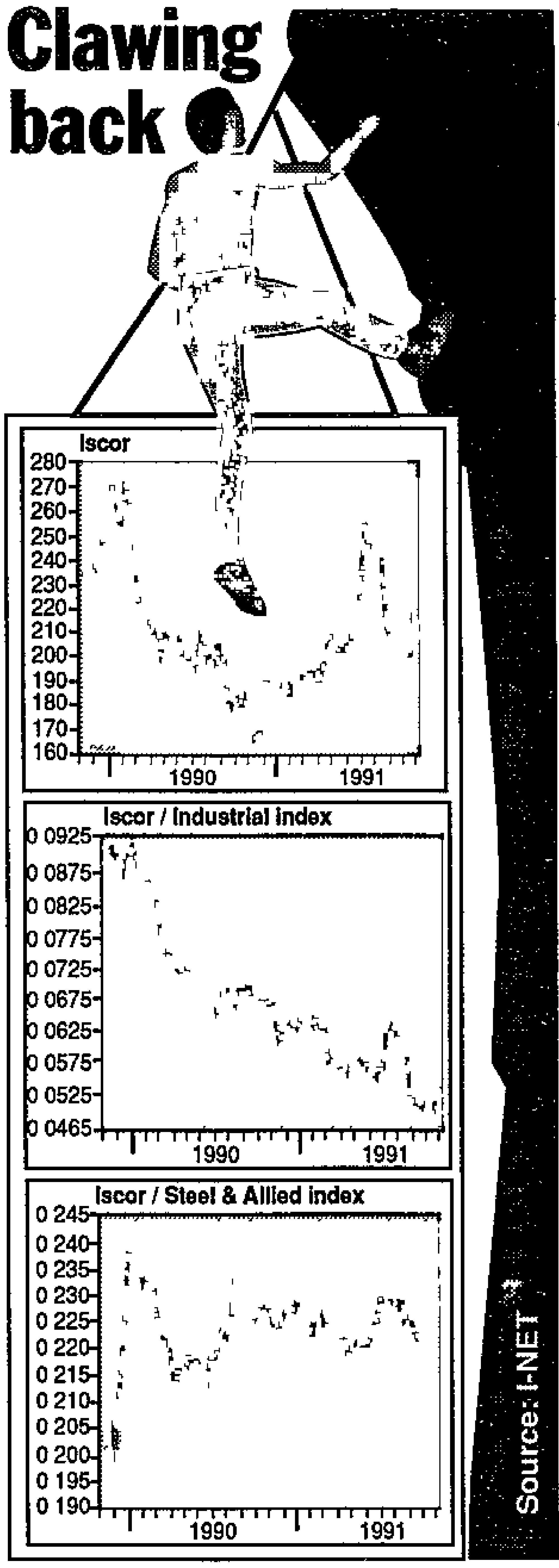
In the way of things, no such clear-cut outcome is likely. More probable would be a variety of competing viewpoints, some strong in terms of notional electoral support, some weak Out of such competition a constitution could then laboriously be assembled clause by clause This would require a focusing of minds on the practicalities of governing SA in terms of its resources and potential, not on a division of the spoils

Any extension of confrontational tactics to the negotiating table is certain to lead to a botched piece of work Compromise is going to have to be thoroughgoing when one considers that the Nationalists at this stage propose *three* presidents — tripartite political structures are notoriously unstable — while the ANC would appear to want to leave property rights out of the constitution altogether, while legislating for affirmative action in the most sweeping sense

At this stage, government is conceding less than it appears to be saying, and the Patriotic Front, which is unlikely to outlast protracted negotiations, sees apparent benefit in confrontation and haste In assessing the impact of next week's strike, these concealed agendas on both sides need to be borne in mind ■

 (260) FM 1/11/91

Clawing back



(260) FM 1/11/91

after 14,3 Mt last year

There are other potential benefits in a lifting of sanctions The process opens up wider options for exports, especially of the larger range of higher-value products, which Iscor will be able to produce because of its capital programme

But steel sales to the more profitable domestic market remains Iscor's primary concern It is hoped that SA's return to the world stage may contribute to an earlier and firmer recovery at home, where there is still no real sign of improvement Van Wyk says demand is not expected to increase in key local sectors served by Iscor soon enough to benefit sales in the 1992 financial year

Deterioration of markets may have been the biggest factor that clobbered profitability over the past two years, but the cost of financing the ambitious capital programme made things far worse Capex peaked last year at R1,4bn (1990 R1,3bn), in a period when operating cash flow and investment income declined by R247,9m (R81,4m)

Rapid growth in the working capital requirement has intensified demands on cash flow Though turnover rose by only 6,5%, net working capital (stock plus debtors less creditors) climbed by 31,1% Debtors were up by 20% and stocks by 18,8%, with finished products rising by a third Funding requirements for working capital grew by R561,5m after rising by R334,5m in the 1990 year

Van Wyk explains that stock build-up was partly caused by the swift growth in exports He says management is getting stocks down in many areas of the business, but had "overstressed" the infrastructure needed to handle higher exports

Even so, ratios such as these have caused some investors to question the quality of the group's asset management and cost controls It is noted also that, while staff have been reduced from 61 600 in 1987 to 58 600 in 1991, the value-added statement shows that employee costs (salaries, wages and other) rose last year by 19,5% And salaries and wages, at R1,63bn, was the largest cost component, accounting for 26% of total costs

As one analyst puts it "They have made the transition to private-sector ownership, but have they made the transition to private-sector management?"

Last year's financing requirements, combined with sinking profitability, took a toll on the balance sheet Total borrowings increased by R1,1bn while net cash resources dropped by R65,1m This resulted in a net gearing ratio of 29% — still moderate, but enough to lift the finance costs by R156,8m to R256,5m The objective, Van Wyk says, is to reach the stage as quickly as possible where borrowings and the liability ratio do not rise further This is expected to be achieved during this year, implying the escalation in finance costs is not yet over

A falling effective tax rate has helped buttress earnings over the past two years Thanks to allowances on capex and export incentives, the rate dropped from 29,5% in 1989, to 21,5% in 1990 and then fell to only 5,1% last year That was a useful parachute on the way down, but it won't offer much help this year Spending is being cut back and the proportion of exports will fall when local demand rises — so a rising tax rate will restrain earnings during the recovery

At any rate, the spending splurge is ending No major new projects to increase basic steelmaking capacity or to modernise plants will be undertaken during the next four years The board has allocated about R800m to be spent in each of the 1992 and 1993 years — and, thereafter, R600m a year — to finish projects already committed and for essential replacement and maintenance

A range of projects has been completed or is in progress Though much of the capex programme has been aimed at modernisation and improving efficiencies, it effects some increase in capacity to produce steel or other products There is the commissioning of a second coal beneficiation plant at Grootegeluk coal mine, doubling to 8 Mt a year the mine's capacity to produce power station coal for Eskom

The extension of Iscor's range of higher-margin products has also been aimed at Last year saw completion of the 120 000 t/year chroming line at Vanderbijlpark, which produces chrome plate to supplement tin plate primarily for the can-making industry This is expected to replace imports of some 36 000 t/year of tin plate and enable exports of tin or chrome plate at a net revenue 2,8 times higher than exports of the equivalent tonnage of hot rolled steel

An electrogalvanising line, to be commissioned at Vanderbijlpark by mid-1992, will replace about 70 000 t/year of imports mainly for the motor industry It includes capacity for export of this high value-added product to replace exports of uncoated hot and rolled sheets

Projects such as these are among the reasons profitability could swing very sharply upwards when demand firms sufficiently Assuming that control of assets and costs also improves, the group should emerge leaner and more efficient — in a couple of years

How rapidly the present generation of management will adapt to new disciplines remains to be seen Meanwhile, investors have had to recognise that Iscor is in a cyclical business

A vertically integrated operation, it is a fairly low-cost producer Its performance in the downturn has been better than those of other local steel producers, though none is directly comparable Highveld Steel, hurt by the vanadium market, reported earnings down 54% for the year to December 1990 Middelburg Steel & Alloys, exposed to the ferrochrome market, could lose around R30m in the year to September

Iscor's earnings are forecast to be slightly down again this year, before showing recovery in the 1993 year But the crucial factor will be a recovery in the domestic economy Steve Rubenstein, analyst at Fergusson Bros Hall Stewart, reckons profit could rise by R350-R450 for every ton that Iscor can swing from exports to the local market Given firmer domestic offtake, he believes pre-tax profit in 1993 could rise by more than 40% and earnings by about 25% Robin Washer, analyst at Ed Hern, feels the real profit recovery will come in the following year and a three-year view should be taken on the share

Many holders will probably continue to offload the shares, but brokers say some institutions have been steady buyers The share, at 219c, and yielding 5,5% on dividend, still offers fair long-term value There is probably no point rushing into it now, but the price could appreciate rapidly once SA starts pulling out of recession *Andrew McNulty*

VAT STRIKE

Production of next week's *FM* may be delayed by Cosatu's threatened anti-VAT strike. We will make every effort to come out on time, but readers are warned that, due to these circumstances, it may be necessary to distribute the magazine a day later than normal

End to sanctions spells export boom

Star 1/11/91

260

By Derek Tommey

The lifting of sanctions is about to generate a huge new investment boom

An indication of the size of the coming boom is that even at this early stage the state-financed Industrial Development Corporation (IDC) expects to be involved in projects requiring an investment of more than R30 billion in the next six years

To ensure that it has the cash to participate in these investments, it has raised an initial R1 billion from the sale of some of its Sasol shares, IDC's senior general manager, finance, Malcolm MacDonald, said last night

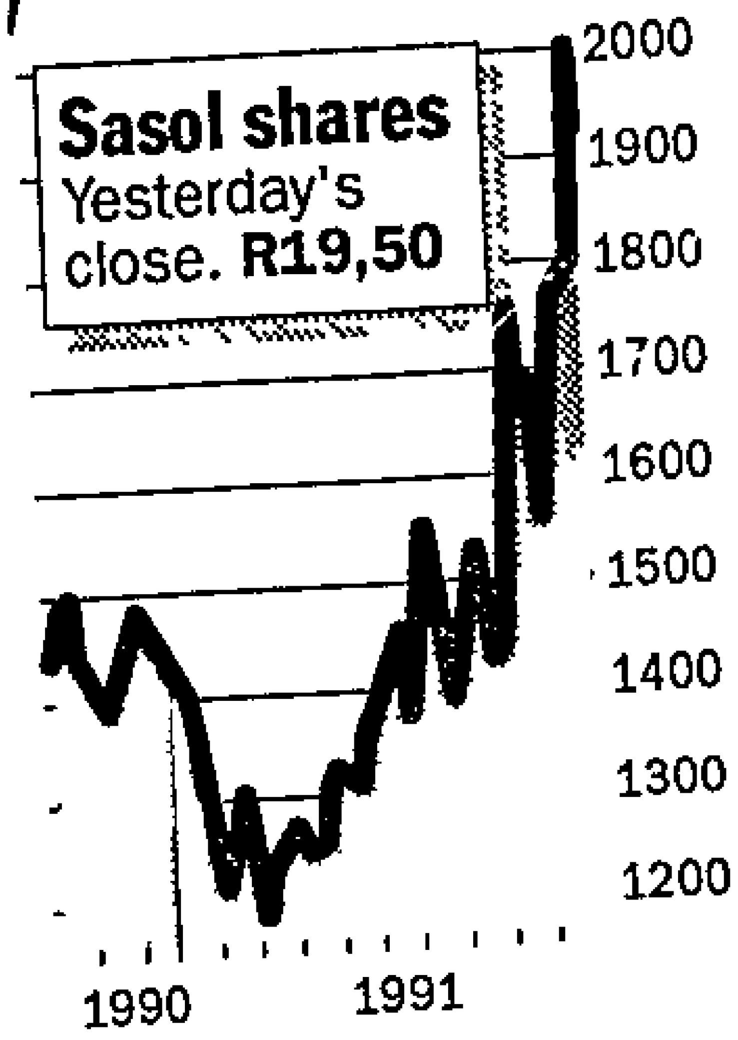
He said the ending of sanctions had opened the way for the establishment of major export industries in those fields where South Africa has a competitive advantage

The IDC was aware of at least six major projects, each costing several billion rand, which were already under consideration.

Several of them were likely to get off the ground shortly

He said the IDC had sold 56 million Sasol shares to the Government Services Pension Fund

This was a third of its holdings and equal to 10 percent of Sasol's issued share capital.



It was a direct transaction between th IDC and the Pension Fund and the price would be the average middle market price of Sasol shares for October.

The transaction was expected to realise about R950 million, and is one of the biggest single share transactions this year

Sasol shareholders will wel come this news

It has been known for some time that the IDC was considering selling some of its Sasol shares

The possibility that the IDC might not have been able to find willing buyers for the shares had tended to depress their price

In fact, the latest surge in the price of Sasol shares could have been the result of the share market getting wind the IDC—Government Pension Fund deal and that the IDC's shares in Sasol were now in firm hands

Mr MacDonald said that the IDC wanted to ensure that it obtained a reasonable return on the shares

"With this sale we managed to achieve all our objectives — to realise the full value of the investment, to avoid disrupting the market, and not to prejudice Sasol's other shareholders"

At the request of the IDC, Dr Japie Jacobs, special economics adviser to the Minister of Finance, had consulted the leading financial institutions about the transaction

According to a statement issued by the Minister of Finance, the transaction was well received by all institutions

Mr MacDonald said the further sale of the 114 million Sasol shares it still held would be made in line with its own capital requirements

"This sale has set a pattern which we hope to follow, in order to optimise proceeds for the IDC and cause the least possible market disruption," he said

Market analysts said the deal was also highly favourable for the Government Service Pension Fund

It had been able to acquire a large number of top-quality shares without having to chase up the price

Mr MacDonald said the IDC's investment in new ventures would not be limited to what it could raise from its present investments

It has borrowed funds overseas and could raise money in Europe — and now in Japan — if required

He said that foreign bankers approached the IDC almost every other day offering to act for it in raising loans overseas

Some of the projects the IDC is looking at or is committed to support include

- The R320 million acrylic fibre plant which it will build in partnership with Sasol,
- The 400 000 tons a year R4 billion Columbus stainless steel plant, which Samancor and Highveld Steel are planning,
- The R3 billion plant to recover alumina, magnesia and potash from a waste product, phlogopite, produced by Foskor,
- The development of a chemical industry based on products from Mossgass.

Mr MacDonald said that the export value of the products of some of these plants could equal 10 percent of SA's gold production.

Frequent communication

9 pc Eskom increase 'a boost for industry'

(260)

Star 2/11/91

KAIZER NYATSUMBA
Political Staff

SOUTH Africa's giant electricity supplier, Eskom, yesterday announced its tariff increase for 1992 would be 9 percent — 5 percent below the predicted inflation rate.

It said that by keeping its increase below inflation, it would be providing an effective reduction in the real price of directly supplied electricity over the next five years of 20 percent.

Eskom believes the move will make SA industries more competitive in the international market.

Announcing what he described as a "precedent-setting compact" with electricity consumers at Megawatt Park, Sandton, yesterday, Eskom general manager for finance Dr Mick Davis said the five-year pricing agreement came on top of a 13,7 percent reduction over the past five years.

He said the benefits of the

● TO PAGE 2.

Eskom

(260)

Star 2/11/91

● FROM PAGE 1.

compact, which Eskom believes will enhance competitiveness in the international market and speed up the electrification of townships, will be felt by consumers as early as next year.

The chairman of Eskom's Electricity Council, Dr John Maree, said keeping the price down will be achieved without sacrificing the quality of supplies.

"The compact," said Dr Maree, "is enormously important as it is a significant role in improving the international competitiveness of many energy-intensive industries. The compact will ensure that SA's cost of electricity remains the cheapest in the world."

The compact was Eskom's contribution to creating a stable climate which was important for investment.

Dr Maree said his company wanted to supply "reliable and high quality electricity" to help improve productivity, electrify townships in co-operation with local municipalities, to help the informal sector grow and to create more jobs.

Eskom-Spanish link

ESKOM strengthened its links with international power groups by signing a co-operation agreement with Spanish utility Union Electrica Fenosa this week

(260)

The agreement specifies that the two utilities will liaise on technology, management and diversification and that they will undertake joint ventures in third-country projects

Other operations that will benefit from the agreement include finance, information technology, managerial systems and customer service

S/Times (Buss) 3/11/91

The agreement was signed by Ian McRae, chief executive officer of Eskom, Elias Velasco Garcia, general manager of Union Electrica, and Tom Sarobe, president of the Spanish-South African Chamber of Commerce

Mr McRae says the agreement opens the way for Eskom to achieve technical co-operation and an exchange of experience in power supply.

Eskom's planned Southern African grid could also benefit from this development

Industrial policy delay

260

SI Times (Buss) 3/11/91.

Business Times Reporter

GOVERNMENT will probably only make a decision on the Industrial Development Corporation report on industrial policy in February, says Minister of Trade and Industry Org Marais

The report was released in April, but the Government advisory committee met for the first time this week after collecting private-sector comment on the document.

Issues

The recommendations from this committee will go to one of the ministers under the chairmanship of Dawie de Villiers, Minister of Public Enterprises and Economic Co-ordination.

Dr Marais says the Cabinet is unlikely to take a decision before November because it is busy with next year's Budget.

The report covers issues involving incentives and a new industrial policy It recommends an across-the-board reduction in tariffs to encourage an export-oriented economy

The recommendations affect several government departments

The report says that to set up and maintain a package aimed at export promotion depends on policies affecting economic stability, a realistic and stable exchange rate, higher domestic saving, a tax system encouraging investment and saving and increasing the supply of goods for sale abroad

Eskom aims for 20% cut

S Times 3.11.91

By CIARAN RYAN

260

ESKOM is supporting the war against inflation by committing itself to a 20% real reduction in the electricity price in the next five years.

It kicked off the campaign by keeping the price increase due to come into effect next January to 9% — more than 5% below the inflation rate.

The commitment to keep tariff rises below inflation will help to cause a climate of stability and price predictability in industries where electricity is a major cost input.

Welcome

"We are sticking our neck out," says Eskom chairman John Maree

"We need a strong economy for political actions to succeed For this to happen we need a formal sector — primarily heavy industry — that can compete effectively"

Econometrix director Tony Twine says "This is welcome. But there are middlemen between Eskom and consumers, mainly municipalities, who might not pass on the full benefit.

"There may also be other tariff adjustments during the year."

Electricity attracts Vat, which means the effective increase from January will be 20% until next September.

The VAT charge will be annualised out then and percentage increases will be calculated off a new, higher base.

Electricity sales have been hit by the low gold price because mining accounts for 27% of Eskom's sales But Eskom's turnover next year will rise from R10,7-billion to R13-billion

Mr Maree says the low price-increase next year will demand better productivity and Eskom will have to find savings of R175-million.

Eskom's electrification programme, which aims to provide power to 70% of the country, or 23-million South Africans, could give a huge boost to sales A University of Pretoria report says electrification could help to provide between 1-million and 2-million additional jobs

Eskom general manager, finance, Mick Davis, says SA has the cheapest power in the world, but price increases have tended to be erratic compared with inflation

The real price of electricity has declined from around 9,9c a kWh in 1986 to 8,5c this year, says Mr Davis

TV slashes freelance budgets

S/Times 3/11/91 (260)

By DOUGLAS GORDON
TV Correspondent

THE SABC has halved its budget for independent TV productions

The chief executive of TV, Quentin Green, told the South African Film and Video Institute, representing 400 producers, that far from easing the SABC's drastic cutbacks in 1992 — he would slash their contracts

The SABC's annual budget for independent drama series, game shows, variety and magazine inserts dropped from R110-million in 1990 to R60-million this year

Next year, it will be cut to R30-million — and SAFVI members confirm the grim forecast made in the Sunday Times two weeks ago that by 1994, there will be fewer than 30 independent TV companies

Feelings are running high One fed-up producer, who refused to be named in case he was passed over for the few remaining contracts next year, said

"The SABC and M-Net turn over a billion rands' worth of business a year, yet they hand out the least freelance work they can get away with

"There are 400 producers out in the cold"

The SAFVI chiefs meet again this week to plan their next moves

Mr Green said that he would open his books to the SAFVI to show them that TV at Auckland Park was run strictly on the lines of good business practice

"They've had up to five years of the good times, in which we built up our TV programme stocks," he said

"I told them that I have nothing to hide

"They have accepted my offer to examine my plans for the next five years and audit my books and stocks

"I want to maintain local productions in the long run, picking the best and most popular programmes to show here and also to export to other networks abroad

"It's bad business to rely on one customer I can't keep 400 outside producers in work

"They must rationalise their own industry"

Iscor to lift prices

(260)

S Times (Bus) 3/11/91

ISCOR is to increase the price of steel by an average of 9,3% from January.

The company will pass on the 1,5% benefit on the selling price to customers following the introduction of Vat, according to deputy managing director Nols Olivier

With the 1,5% Vat benefit, the increase is 1,3% below the rise in the producer price index (PPI) between January and August this year

Across the board, the price rises will be as high as 13% Higher prices will be charged for heavy structurals, rails and a few other items, says Mr Olivier.

Eskom, Spain sign joint venture

260 Star 4\11\91

By Kaizer Nyatsumba
Political Staff

Eskom last week signed a co-operation agreement with a Spanish power utility, Union Electrica Fenosa, to share expertise in technology, management and diversification.

The agreement, signed at Eskom's headquarters in Sandton on Friday, binds the two utilities to undertake joint ventures in projects embarked on in other countries

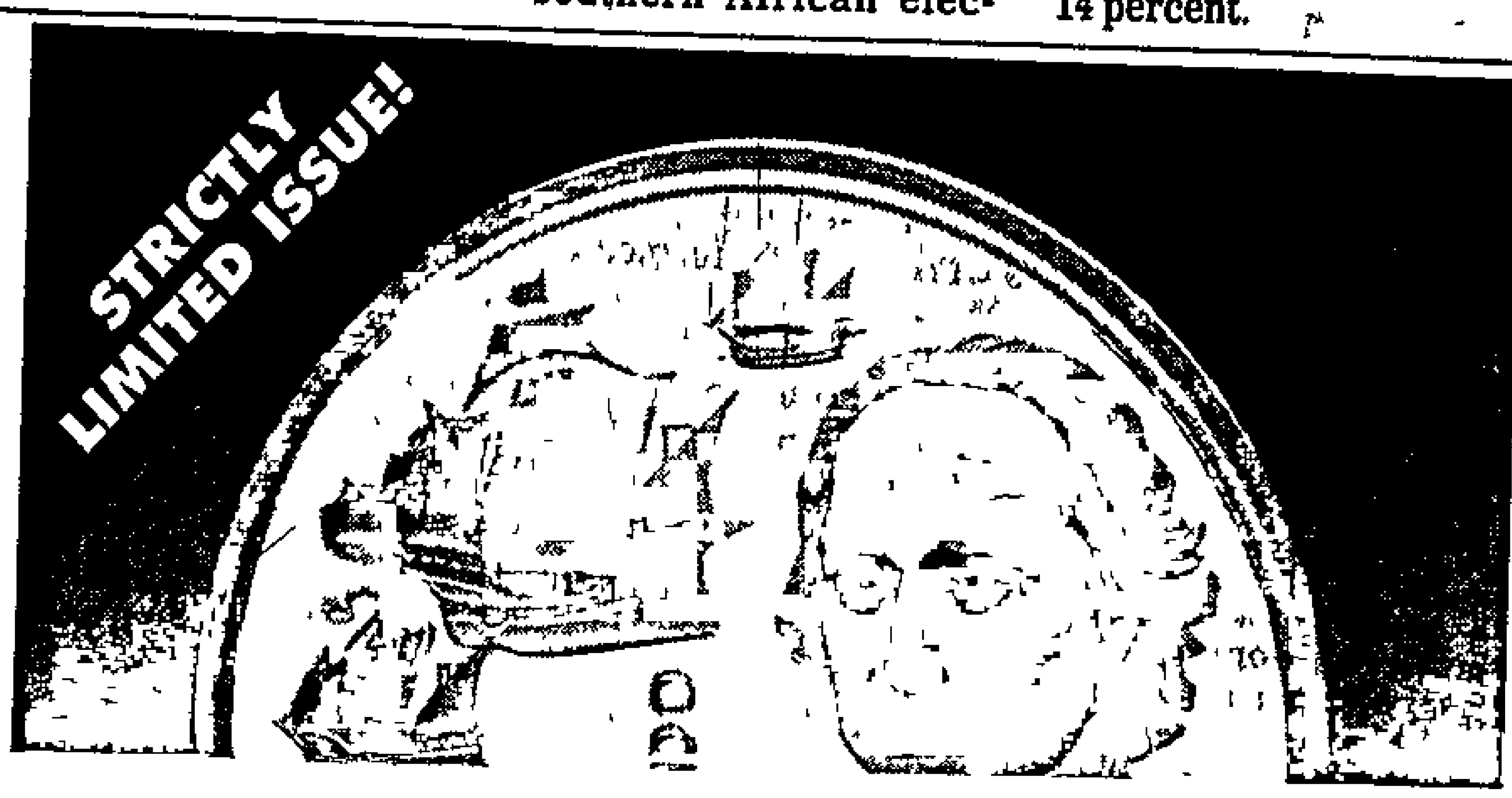
Other operations which will benefit from the agreement include finance, information technology, managerial systems and customer service.

Speaking after the signing, Eskom chief executive Dr Ian McRae said the agreement opened the way for Eskom to achieve technical co-operation and exchange of experience in the area of power supply.

Eskom's projected southern African electricity grid plan, he said, could also benefit from this development.

Eskom on Friday announced a reduction of the real price of directly supplied electricity by 20 percent over the next five years in a move which will make the country's industries more competitive in the international market.

Eskom announced a tariff increase of 9 percent for 1992 — 5 percent below the expected annual inflation rate of 14 percent.



Iscor price hike is well received

(260)

BRENT VON MELVILLE

STEEL converters have accepted, with a minimum of grumbling, Iscor's price increases for the coming year. The rises, announced on Friday, are likely to be emulated by Highveld Steel & Vanadium, SA's second largest steel producer.

Price increases ranged from 0% (for reinforcing bar) to 13% (for heavier structural steels).

Industry sources said rises below the inflation rate were gratefully received. BDay 4/11/91

A National Association of Automobile Manufacturers of SA (Naamsa) spokesman said yesterday rises on such items as cold rolled steel and galvanised sheets had been left at a very reasonable 5% to 6%. The Naamsa spokesman said the industry was assuming this was a "once-off" increase for the year.

Naamsa has been openly critical of Iscor's pricing policy and application for increases in protection for imported steel, and has threatened to "go elsewhere" if prices were not kept within reasonable levels.

Iscor deputy MD Nols Olivier said at the weekend that Iscor steel prices would be adjusted differentially, the weighted average being 9,3% taking market factors into consideration.

Olivier noted that taking the savings due to VAT into account, the increase of 9,3% was 1,5% less than the increase of 12,3% in the PPI from January to August this year.

Eskom praised for cheap power

260

B/Day 4/11/91

PETER GALLI

ECONOMISTS and industry sources have welcomed Eskom's 9% rise in electricity prices, to be implemented on January 1.

By keeping the rise below the rate of inflation, Eskom has cut the real price of electricity by 5% and the move is in line with its objective of improving the international competitiveness of energy-intensive industries

Mining sources said the rise would have a significant impact on the gold mining industry, which had been battling to reduce working costs.

Chamber of Mines senior economist Francois Viruly said at the weekend that the mining industry had spent about 11% or R1,585bn of its total working costs of R14,258bn on electricity in 1990.

"While the 9% rise in electricity prices will increase total working costs by about R143m in 1992, we welcome the move to keep the figure under the inflation rate and the positive effect it will have on that rate," he said.

He said the mining industry was doing everything in its power to contain costs, but government would have to control its expenditure or risk off-setting any benefit of the lower electricity price.

Nedbank chief economist Edward Osborn said the increase was "good news for the consumer" and would be beneficial throughout the economy. While it would not specifically boost exports, these could be made more profitable by this.

"This move is most helpful and Eskom must be commended for its efforts to surpress inflation."

Under a new five-year pricing agreement or "compact", Eskom has guaranteed consumers a saving of 20% in real terms on electricity over that period.

"Consumers need predictable electricity price increases to help create a stable climate. This is vitally important for investment," Eskom chairman John Maree said.

Eskom CE Ian McRae said the compact ensured the financial soundness of Eskom and allowed the full recovery of its costs while ensuring it strove to improve production and sales efficiency.

Despite its similarities with the development strategy formulated by the late Economics Co-ordination Minister Wim de Villiers, the compact did not follow government policy, Eskom financial planning manager Hugh Ashby said.

The De Villiers strategy entails keeping electricity and transport costs between 4% and 8% below the inflation rate as the main means of boosting the economy.

"In formulating the compact, we looked at what was achievable by us and good for the consumer. The fact that we are able to offer a lower electricity price and that this fits in with De Villiers' proposals is of double benefit," Ashby said.

"However, we did not specifically follow government policy in this regard, we merely happened to comply with this," Ashby said.

VAT had also chipped 1,5% off the increase as benefits resulting from this were being passed on to the consumer, Eskom finance GM Mick Davis said

He would not give much detail on the effect the compact would have on Eskom's funding requirements over the next five years, except to say its requirements would not put pressure on the local capital market.

In another development, Eskom signed a co-operation agreement at the weekend with Spanish power utility, Union Electrica Fenosa.

● Comment: Page 8

Veil of secrecy on Sasol is lifted

260

B/Day 6/11/91.

LESLEY LAMBERT

THE veil of secrecy over Sasol's fuel operations has been lifted with a full disclosure of the oil-and-chemical giant's production volumes and the extent to which its profits have benefited from government protection and tax-payers' money.

The latest edition of The Executive magazine, which is released today, discloses that Sasol provides about 30% (5 400 megalitres) of SA's total annual fuel requirements If its 64% stake in the Sasolburg refinery, Natref, is taken into account Sasol provides about 55% (9 700Ml) of the total requirement of 17 000Ml.

The disclosure of the production volumes, which have been classified under the Petroleum Products Act, makes it possible to analyse Sasol's financial position and the full extent to which it has been protected and subsidised during the sanctions years.

Using the volumes and analysts' estimates, The Executive calculates that the R1,04bn net profit which made Sasol one of the JSE's biggest performers last year, was achieved on the back of protection measures valued at R1,1bn a year.

The package of protection measures included R539m from a synfuel subsidy, R324m from the transport levy and R237m from the differential between the in-bond landed cost (IBLC) — which Sasol and other local oil companies use as their selling price — and the benchmark north-west European contract price, according to The Executive article.

An Executive source estimates that recent oil prices of $16 a barrel could have increased Sasol's protection package to R1,4bn a year. But government's National Energy Council disputes this, saying the protection of Sasol is at most "moderate".

The Executive says government falsely claims that the IBLC, a basket of posted or contract prices obtained from four oil refineries east of Suez, is a market-related price. It says government's figures show that IBLC prices used have been an average $21 a ton more than benchmark north-west European prices for each ton of oil consumed between 1980 and 1990.

An independent analysis, which assumes a shipping cost of $20 a ton, suggests the differential is much higher, averaging $50 a ton more than European prices and sometimes about $100 more. The Executive argues that the use of IBLC as a basis for local prices has added an average R2,2bn to SA's fuel bill each year compared with European prices.

NEC group executive Lourens van den Berg argues that if SA bought its total demand in the relatively limited spot markets, this would push up spot prices to levels exceeding the IBLC This was seen during 1989, when significant spot imports took place due to problems at Sasol plants, he says.

The Executive argues that after the problems at Sasol plants, SA imported mainly from Europe

Sasol does not benefit only from the IBLC It also gets a substantial subsidy from the transport levy of 9c on every litre of petrol sold on the Reef Because the Transvaal pump price is not related to the commercial cost of moving crude or refined products from the coast, Sasol's transport costs are estimated by industry sources at only 3c/l rather than 9c/l This adds R324m to Sasol's bottom line, the magazine says

Sasol also benefits from a support system which comes into effect when the oil price falls below $23 a barrel It is based on a formula that guarantees Sasol will be profitable, giving it a guaranteed 10% return on investment, the Executive argues. Sasol and the NEC deny this is a subsidy, preferring "tariff protection"

IDC sells part of its Sasol shares to Government

Sowetan 7/11/91 (260)

By JOSHUA RABOROKO

THE Industrial Development Corporation has announced that it has sold a portion of its shareholding in Sasol to the Government Service Pension Fund, in one of the biggest single share transaction this year

The IDC sold one third of its shareholding in Sasol, equivalent to 10 percent of the issued share capital of the company, in a sale of 56 million shares, realising approximately R950 million

Announcing this at a media briefing, senior general manager Mr Malcolm Macdonald said. "We are in the process of realising capital invested in some of our existing successful project developments in order to pursue our active development strategy "

He said that a significant sale of shares by the IDC over the next six years could be expected, but that it would be done in an orderly manner so as not to disrupt financial markets

The shares were sold at full current market value as a single block to the Government Service Pension Fund, at the average market value of the shares during the month of October

"We wanted to ensure that we obtained a reasonable return for the IDC, keeping in mind our objective is to invest R10 billion in industrial development over the next six year, involving total investments of some R30 million

"With this sale we managed to achieve our objectives, namely to realise the full value of the investment, to avoid disrupting the market, and not to prejudice the other existing shareholders of Sasol," he said

Sasol's chief executive, Mr Paul Kruger, confirmed his satisfaction with the transaction "Many buyers waited for the news before deciding to enter the market," he said

"The Sasol share price can now be expected to gain value due to the fact that the IDC has found a mechanism which removes the uncertainties arising from the sale of its shareholding."

260

Sowetan 7/11/91.

INSIDE SASOL - THE TRUE FACTS

The article in the Executive titled "Inside Sasol" by the editor, K Davie as well as his editorial, was clearly written with the intent to harm Sasol and its stakeholders Sasol's reputation and financial standing are attacked in order to discredit Sasol not only with its customers and investors but also with the public at large The article is so malicious in its intent and so distorted in its content that it is being referred to the South African Media Council

The author had all relevant information in his possession

Unbiased, objective, fair and honest evaluation and appraisal of a complex issue could therefore have been expected.

Unfortunately the result was superficial, sensational and highly misleading reporting

The writer ignored the factual information in his possession and substituted unfounded allegations in its place He was assisted or manipulated by an undisclosed source with its own agenda

This is irresponsible journalism, as shareholders and the public are being led to believe that the Sasol group is not financially viable or that the public is being exploited A wrong perception has been created which now has to be rectified at great cost to Sasol and its reputation

The Executive neglected to address the Group's massive contribution to wealth creation of the country Its R4 000 million contribution to foreign exchange savings and earnings and its huge contribution towards wealth creation, direct and indirect job creation, has for example not been mentioned

The article has further serious shortcomings, e g comparisons are made of figures which are not comparable

If the article had not been so carefully construed to harm Sasol it could have been ignored However it contains serious flaws and misleads the reader A few examples will suffice

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ALLEGATION: IBLC (In Bond Landed Cost) has added more than R2,2 billion per annum to our (the country's) fuel bill

FACT: IBLC is a realistic market price as demonstrated by the international comparison of free of tax pump prices Prices on the Rotterdam and other spot markets are for marginal tonnages and represent an insignificant portion of international fuel trade To attempt to supply the country's needs from these markets would not reduce the fuel bill Even on the author's own premises the calculation of R2,2 billion is ridiculous

ALLEGATION. Sasol benefits to the extent of R324 million per annum from the transport levy

FACT: Sasol does not benefit from any transport levy but rather from lower transport costs due to its favourable location in relation to raw materials and markets If Sasol did not exist the price of fuel in the PWV area (supplied from coastal refineries or imports) would have been identical to what it is today

ALLEGATION: Oil companies are obliged to buy Sasol's product

FACT: The oil companies buy Sasol's fuel products at market prices under a voluntary commercial agreement

ALLEGATION· Industry insiders argue that Sasol paid only R50 million for Sasol III

FACT: Obviously totally wrong The consideration payable for the CEF interest in Sasol III was R2 900 million Confirmed by an independent consultant as fair market value

ALLEGATION· Sasol gets substantially more than R1 billion per annum from the taxpayer

FACT: Sasol receives nothing from the taxpayer It enjoys moderate industrial protection as a member of the synfuel industry Compared with other local industries the protection enjoyed by the synfuel industry is very moderate, averaging less than 10% since the listing of Sasol in 1979 and equal to 7,2% in 1990/91

ALLEGATION: Sasol's protection package is worth about R1,4 billion annually, one source estimates

FACT: Sasol's "protection package" consists of tariff protection only and amounted to only R226 million pretax in its last financial year Without any tariff protection Sasol's earnings per share would have been only 11,5 cents (6,2%) lower at 173,2 cents per share

ALLEGATION: The (protection) formula gives Sasol a guaranteed 10% return on investment

FACT: Sasol has no guaranteed return on investment The $23 reference price gives no guarantee whatsoever with respect to return on investment

Sasol threatens action after magazine report

260

B/Day 7/11/91

SASOL said yesterday it would take The Executive magazine to the Media Council over an article which alleged it benefited from substantial government subsidies

The article, which appeared yesterday in the November issue of The Executive, said Sasol provided up to 55% of SA's total consumption of 17 000 megalitres a year Using information supplied by an Amsterdam bureau and confirmed by local industry sources, the magazine also said Sasol benefited, at taxpayers' expense, from a R1bn package of protection measures

Sasol MD Paul Kruger said in a statement the article was "distorted and misleading Sasol's reputation and financial standing are attacked in order to discredit Sasol not only with its customers but also with the public at large The article is so malicious in its content that it is being referred to the SA Media Council"

The oil and chemical giant — whose activities have been guarded by strict security legislation during the sanctions years — claimed the author of the article, Executive editor Kevin Davie, had "ignored the factual information in his possession and substituted unfounded allegations"

LESLEY LAMBERT

In another development, the Automobile Association called for a "full-scale public investigation into Sasol and the oil industry" in order to determine the extent to which it benefited from the "artificial pricing mechanism imposed on fuel"

Sasol denied The Executive's allegation that it received more than R1bn from taxpayers, saying the "industrial protection" it received as a member of the synfuel industry was "moderate"

"Compared with other local industries, it is very moderate, averaging 10,3% since the listing of Sasol in 1979 In 1990/91 it was R216m — equal to 4,2c/litre or 7,4% "

Sasol said the protection formula did not guarantee a 10% return on investment as The Executive had alleged "Sasol has no guaranteed return on investment The $23 (a barrel) reference price gives no guarantee whatsoever with respect to return on investment," it said

Sasol also argued that the In-Bond Landed Cost (IBLC) used as a basis for SA fuel prices was "a realistic market price as demonstrated by the international comparison of free-of-tax pump prices".

Call for probe into Sasol funding

(260)

Star 7/11/91

Staff Reporters
and Own Correspondent

The Automobile Association and economists have called for an investigation into Government protection of Sasol and has sharply criticised the use of taxpayers money to subsidise South Africa's oil economy.

However, Mineral and Energy Affairs Minister George Bartlett has strongly defended the Sasol project and said when its history was written the world would applaud its achievements

They were responding to a report by The Executive magazine that the Government had been pumping up Sasol's profits and was prepared to give the company — one of South Africa's most profitable — R540 million to ensure a 10 percent return on investment.

The magazine, in editorial comment, said this contrasted sharply with the R220 million earmarked for poverty relief due to the implementation of VAT and called for an independent public inquiry into South Africa's synfuel industry as a first step in achieving a sound economic base needed for political reform

Sasol yesterday called the article, by Kevin Davie, distorted and misleading, and calculated to harm its stakeholders. It said it would refer the matter to the Media Council

It said Davie had ignored the factual information in his possession and had substituted unfounded allegations.

AA managing director Peter Elliot said for too long motorists had been faced with inflated fuel prices because of the veil of secrecy thrown over all fuel-related matters

He said an investigation should be made which should also cover the multi-national oil companies' role

Excess

The Executive also reported that the Government falsely claimed market prices were used to determine petrol prices.

"Government figures, in fact, show that actual prices used have been $21 (about R59) a ton in excess of benchmark European prices for every ton of oil consumed between 1980 and 1990," the magazine states

This translated to 5,3c a litre in today's money for every litre of petrol used since 1980

Mr Bartlett said Sasol was one of the country's most profitable companies, generating more than R1 billion in net profits in 1989/90

But, according to the magazine, this was achieved on the back of a R1,1 billion package of protectionist measures and subsidies

Mr Bartlett said he wanted to study the allegations and figures before issuing a considered response.

Referring to the article, Tony Twine of Econometrix said practically the entire economy was subsidised, regulated and protected by Government.

This included Iscor, motor industries, the wine industry, agriculture and fabric and clothing industries.

These industries were protected by import barriers, which wwere at times tantamount to subsidies, he said.

The whole economy is riddled with "regulation disease", said Mr Twine Regulation of one industry has a knock-on effect, with supplier companies then also being protected and directly or indirectly subsidised

Mr Twine said the whole oil economy, and information on it, was protected from source to the pump

The billions paid by taxpayers amounted to the premium the country paid to avoid sanctions, he said

● Mr Bartlett said an investigation and report into allegations against the Mossgas project would be made public once they were completed a few weeks' time

BUSINESS

State pensions will not push up share prices, says Jacobs

Star 7/11/91

(260)

By Derek Tommey

The proposed purchase of ordinary shares by the extremely wealthy state pension funds (total assets of R47billion) will not trigger a stock market boom

This was made clear yesterday by Dr Japie Jacobs, special economic adviser to the Minister of Finance and one of the Public Investment Commissioners (PIC) responsible for investing the funds

He said the PIC would not chase shares and push up prices

The PIC was still deciding on the investment strategy the state pension funds should follow

But Dr Jacobs said the transaction with the Industrial Development Corporation last week, in which the PIC paid R1 billion for a 10 percent stake in Sasol, could be the model they would follow

He said it was an interesting deal as everyone won

The PIC had obtained a substantial stake in Sasol at a market-related price, the IDC receiving the market price for its shares, while Sasol's other shareholders did not have to worry about the price of their shares being depressed by a heavy market overhang of Sasol shares

Dr Jacobs said it was possible that the PIC would buy more shares from the IDC in the years ahead

The IDC wants to raise R10 billion from the sale of shares from its portfolio in the next six years

The IDC still had a 20 percent stake in Sasol, but the PIC's present 10 percent was probably enough for the state pension funds, Dr Jacobs said

The PIC would not have to sell government stock to raise funds for equity investment It had been building up its cash holdings since the beginning of 1990, said Dr Jcobs

According to the latest Reserve Bank bulletin, these rose from R490 million at the end of 1989 to R3,1 billion at the end of 1990

Analysts are speculating on whether there is any connection between the PIC's direct purchase of Sasol shares and the decision by Anglo American to raise R650 million through the sale by tender of its 5,3 percent interest in Gencor and a two percent stake in First National Bank

Whoever takes up the Gencor shares will have to be flush with cash as they will also have to follow Gencor's R2 billion rights issue early next year So it seems to be a deal tailor-made for the PIC

Soaring govt stock outstrips Eskom

B/Day 8/11/91

(260)

ANDREW GILL

TURNOVER in government stock has soared in recent days, outstripping the normally prevalent Eskom stock as the Reserve Bank steps up its efforts to make a market of the capital market's "poor relations"

The massive funding needs of government and undisciplined deficit funding have been weighing on the marketability of RSA stock and the change in volumes has surprised market participants Economists expect a deficit of at least 4% of GDP this year, up on the budgeted 3,8%

The Reserve Bank is known to be keen on bringing government and Eskom stock rates closer together in an attempt to fund government more cheaply and the Bank has been supporting the stock in the bearish market of the past few months

The recent bull run, however, has allowed the Bank to capitalise on its efforts and push the differential between the two stocks to as low as 40 points from the recent 50 points

Also, RSA stock turnover in the past week has been running well above Eskom's

The running average of R150 turnover compared to the Eskom 168's is about 40% but this week it climbed to as high as 150%

Dealers say this is partly the result of the Reserve Bank's increased market-making role but it was also possible that the Public Investment Commissioner had been doing its buying of government stock through brokers and not directly from the Reserve Bank as was normally the case

The available figures reflect only the deals that have passed through the JSE and brokers say it represents a fraction of the total turnover in the market

One of the key variables in getting government stock more in line with Eskom's is said to be through the options market, in which the Bank has been actively involved

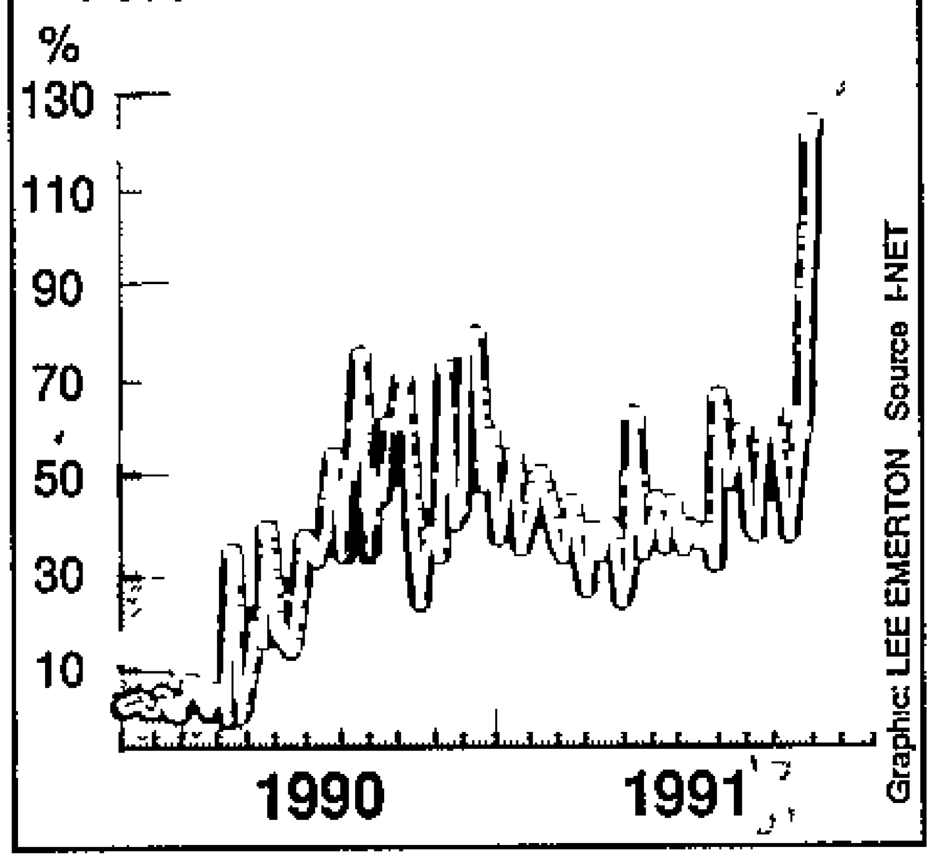
Foreign interest in RSA stock has apparently been picking up after the recent successful DM400m bond issue in Europe The setting up of a secondary market for RSA stock overseas would help increase marketability, an analyst said

If government could control expenditure and succeed in administering revenue more effectively, thus disciplining deficit funding at an acceptable portion of GDP, the market could start to see government stock enter the Eskom league and create a jobbers market The possibility of that, however, is seen as extremely limited

Also limited is the possibility of the Eskom/government differential disappearing

With Eskom needing limited funding below R1bn in the coming financial year and government possibly looking at funding a deficit as high as R12bn in the 1992/93 year, dealers hold out little hope of such an occurence even if government is successful in launching new bond issues on overseas capital markets like the mooted ECU issue next year

Volume ratio:R150 vs E168



Executive magazine defends article on Sasol

LESLEY LAMBERT

THE Executive magazine has defended its article on Sasol which the oil-and-chemical company has referred to the Media Council on the basis that it is "distorted and malicious" 6/Day 8/11/91

In a statement yesterday, Executive editor-in-chief Nigel Bruce said the Executive had taken great care to convey not only its interpretation of the "highly regulated" procurement, refining and distribution of petrol in SA, but also that of Sasol and the National Energy Council.

Sasol, however, had made some claims of the article in a statements issued yesterday and on Wednesday which were not true, Bruce said

"For instance, nowhere does the article question Sasol's financial viability, either overtly or by implication. The Executive believes that Sasol executives have shown exceptional technical and operating skills and the use of its financial resources are not questioned.

"Where the Executive differs is over the extent to which Sasol's resources have been inflated in secrecy to the detriment of the fiscus for political reasons.

"It has no quarrel with Sasol or its executives. The criticism is of government," he said.

Bruce also said that certain "allegations" highlighted in Sasol's statement needed to be "placed in reasonable context".

"Sasol claims that it agreed to pay R2,9bn for Sasol III and not the R50m claimed by the Executive.

"That claim is reported in the article and the NEC's Lourens van den Berg is quoted as saying so," Bruce said (260)

"But another interpretation, also in the article, is that the bulk of the R2,9bn could be financed from the annual subsidy flows which are an impost on the fiscus," he said.

"Sasol claims it receives nothing from the taxpayer. But that is its own interpretation which, too, is quoted at length in the article," he said.

In reaching its point of view, Bruce said the Executive had sought advice from specialists in the international oil industry. However, it did not wish to reveal these sources because of the restrictive clauses of the Petroleum Products Act and because "in a regulated industry the commercial interest of informants could be prejudiced by a resentful administration".

FOREIGN DEBT

FM 8|11|91 260

Now you see it . . .

A second set of figures on government-backed foreign debt, has been published in the *Government Gazette* The schedule, published on October 18 (amending figures published a week earlier), breaks down the various currencies in which the debt is denominated A conversion into US dollars, by UAL economist Dennis Dykes, shows total capital commitments, according to the schedule, fell from $7,1bn on March 31 1990 to $4,6bn at the same date this year

This debt, which is both in and outside the standstill net, consists of the liabilities of government and public-sector corporations, mainly Eskom, Transnet and the Post Office

For more than two weeks the *FM* tried to get an explanation for the dramatic fall . Finally, Corrie Pretorius, Accountant-General in the Department of Finance, identified a mistake in Swiss-denominated debt The schedule shows that the SwFr2,1bn owing in March 1990 fell to SwFr400m in March 1991 (US$1,4bn to $270,8m) A SwFr1,3bn error occurred in the previous year, says Pretorius, which inflated the 1990 figure Actual paybacks during the year to March 1991 amounted to SwFr434m

In addition, dollar debt figures were af-

Cont →

FM 8|11|91

fected by a transfer to the Public Investment Commissioners The schedule shows an amount of $3,1bn was outstanding at March 31 1990 while only $2,4bn was owing a year later, a difference of $700m Pretorius says that, of this, $300m was paid to PIC

This explains $1,2bn of the fall in the global amount as published in the schedule, leaving the amount repaid in the year at $1,3bn "A plausible figure," says Dykes "Reserve Bank figures show a fall in public-sector debt (valued at December 1990 dollars) of $1,2bn in calendar 1990 "

Spokesmen for Eskom, Transnet and the Post Office confirm that they did not refinance all their maturing debt

As published in the schedule, debt in other currencies fell from (UAL dollar values at constant exchange rates appear in brackets)·

- ☐ DM2,6bn to DM2bn ($1,5bn to $1,2bn),
- ☐ FFr2,5bn to just on FFr2bn ($422,3m to $338,2m,
- ☐ £118,8m to £88m ($206,2m to $152,8m),
- ☐ Y42,2bn to Y33,8bn ($298,9m to $240,1m),
- ☐ BFr442,8m to BFr418,9m ($12,5m to $11,9m),
- ☐ Sch19,2m to zero, ($1,6m to zero) and
- ☐ ECU137,3m to ECU33,2m ($164,8m to $39,9m)

This has come at a time when there is increasing concern about the reliability of official statistics (*FM* November 1) Inflation statistics have recently been revised, big revisions have been made to historical national accounts and figures on manufacturing output have been challenged ■

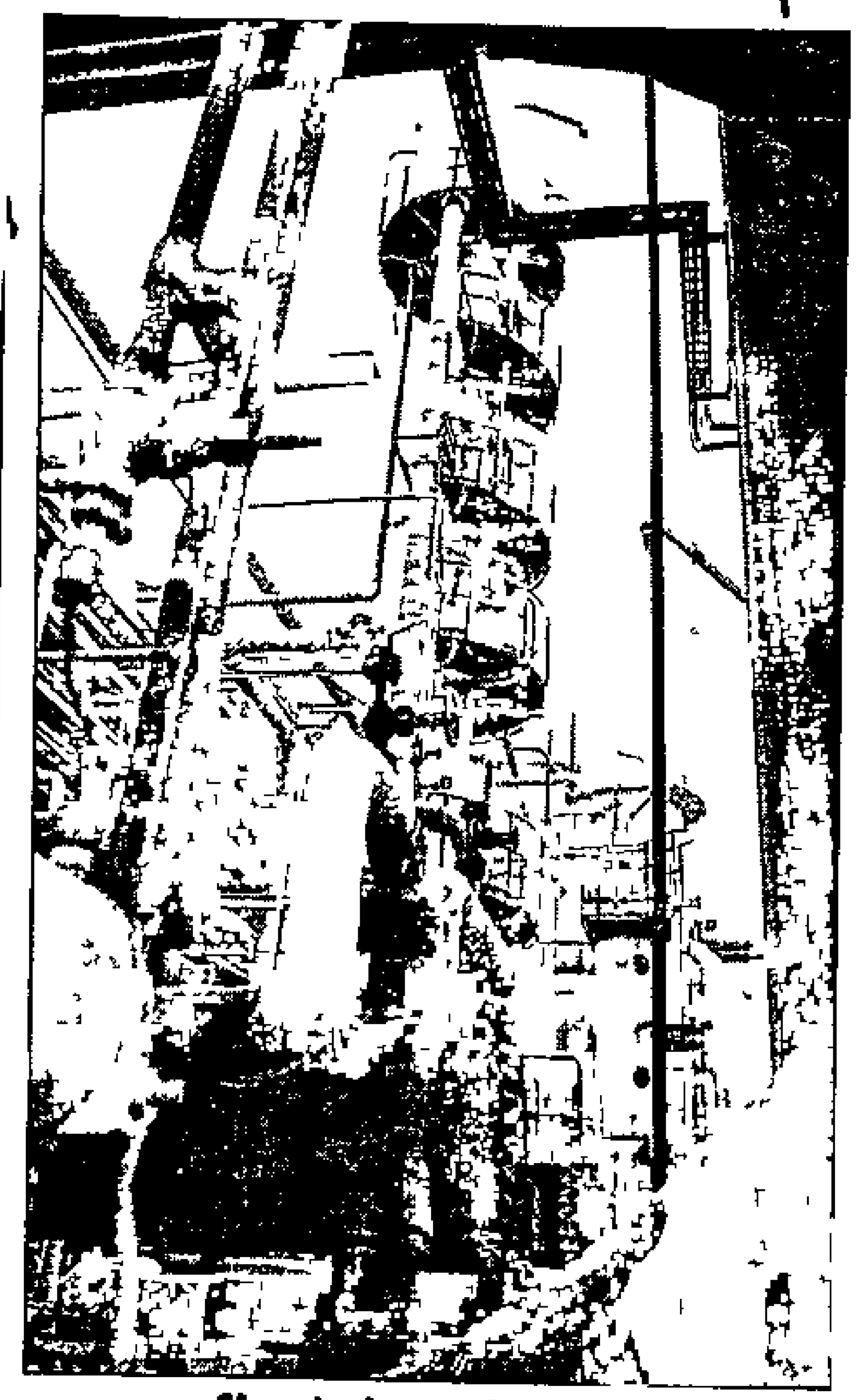
FM 8/11/91 (260)

CHEMICALS (260)

Sasol's ambitious plan

FM 8/11/91

With its announcement last week of plans to build a R250m plant to produce alpha olefins, Sasol signalled its intention to take on Shell, the US-based Ethyl Corp and other international chemical giants in the R5bn world market



Chemical attack *on world giants*

The plant, to be built at Secunda and expected to be completed at the end of 1993, will be capable of producing 750 000 t of alpha olefins a year, nearly three-quarters of the current world demand This means Sasol must dislodge the current market leaders But Sasol MD Paul Kruger says he believes that a low-cost process which the company developed over the past four years to produce alpha olefins will give it the advantage

Alpha olefins have various uses They improve the flexibility, strength and temperature resistance of plastics and they are important chemical building blocks in the manufacture of high-grade synthetic lubricants and biodegradable detergents — detergents that are broken down chemically by micro-organisms and do not accumulate in rivers and dams

The first type of alpha olefins to be produced will be highly purified 1-hexene — the preferred intermediate substance for making superior grades of polyethylene, which is used to make plastics

Sasol's pilot plants have produced small amounts of 1-hexene that have been tested successfully overseas in manufacturing processes Testing will continue as the construction proceeds

There is a shortage of 1-hexene in certain markets because the demand for hexene-based plastics has increased sharply SA is well-located for supplying the rapidly growing demand in Africa, Asia and the Middle East.

With plans for producing 1-hexene — a substance with a six-carbon chain — well under way, Sasol is pressing ahead with plans to extract and sell the five-carbon analogue 1-pentene

Though 1-pentene has been produced before, Sasol will be the first to offer high-grade 1-pentene in commercial quantities at competitive prices But the manufacture of 1-pentene would be phased in to allow the market for pentene co-polymers to develop

Sasol would potentially be able to produce 250 000 t a year of 1-pentene The substance has important advantages over other alpha olefins in various applications, including ultra-low density polyethylene and elastomeric (stretchable) polyethylene It also has advantages in making plastics that meet new, higher US standards for food packaging.

Sasol, founded with State money, has been sharply criticised by the local chemical industry for its moves downstream in chemical manufacture But Kruger notes that the industry is now totally dependent on imports of 1-butene, 1-hexene, available locally, could help the industry become more competitive internationally ■

ESKOM'S GOOD NEWS FOR INDUSTRY

260

FM 8/11/91

Eskom will raise its electricity tariffs by [illegible] for next year, compared with 8% this year. This reflects a reduction of perhaps 5% in the real price of electricity, which will broadly benefit the economy

John Maree, chairman of the Electricity Council, has gone on record as committing Eskom to continued reductions in the real price Eskom intends to achieve a reduction of 20% in the real price of electricity over five years, starting with the latest increase

This favourable trend is based on the exceptional surplus in generating capacity that arose because of the overestimate of SA's growth rate in the late Seventies and Eighties

Eskom responded by closing or mothballing older (and, therefore, less efficient) power stations — to the tune of more than 5 000 MW. Those mothballed include Ingagane, Camden, Highveld, Taaibos, Grootvlei and Komati

Eskom has kept in operation only its most modern and largest power stations, with a favourable benefit to generation costs (Recent times have seen an improvement in managerial efficiency too)

Nevertheless, Eskom still faces a margin of reserve capacity that is too high for optimal efficiency The present margin is 29%, whereas a more appropriate range would be 22%-25%.

Eskom cannot take any more generating capacity out of operation, as the newest tranche of stations is too large to permit an appropriate adjustment So the obvious option of stimulating demand is being followed Not only is Eskom reducing the general tariff in real terms, but it is also promoting "time of use" tariffs to stimulate demand at off-peak times.

A further enterprising move is to offer a variable tariff related to output prices to energy-intensive operations such as mineral beneficiation The first announced contract of this sort involves the extension to Alusaf's aluminium production

PAUL KRUGER: Why single us out for attack? Others are also protected Picture. BRIAN HENDLER

260

Large fuel users want Sasol probe

S/TIMES (BUSS) 10/11/91

By CURT VON KEYSERLINGK

NEW calls have been made for an inquiry into Sasol's subsidies and protection.

A report in Executive magazine this week on State support for Sasol has incensed big users of fuel. It follows fuel tax increases to make up for revenue lost by the reduction in Vat from 12% to 10%.

Giel van Zyl, acting general manager of the National Maize Producers' Organisation (Nampo), says: "Any rise in the price of diesel is doubly irritating if it is linked to an unprofitable operation.

"When Vat was reduced we were were faced with an 8c a litre increase in the diesel price shortly before the planting season. It added R21 a hectare to input costs

"An investigation into Sasol is a political matter We are supposed to be in an open economy But if the State is subsidising a sector, details should be published"

Fanyana Shiburi, national media manager of the SA Black Taxi Association (Sabta), says his members spend R1,2-billion a year on fuel, making them the second-largest buyer after the Government.

"We would welcome an investigation"

Both the Democratic and Conservative parties have called for an inquiry, saying not all the facts are available.

"The public is bemused by conflicting statements on the matter," says DP finance spokesman Douglas Gibson. "Sasol provides 30 000 jobs and has thousands of shareholders. The public has a right to have the matter sorted out."

Iniquitous

Automobile Association managing director Peter Elliott says. "There should be a full investigation into all issues relating to the fuel price. It should cover not only Sasol but the iniquitous profits made on Petronet's fuel pipeline and the way Sasol benefits from it."

The National Energy Council investigated the possible deregulation of the liquid fuel industry last year. The AA proposed that limited deregulation be instituted as an experiment If successful, it should be followed by widespread deregulation

But the proposal was rejected, the council favouring the maintenance of regulations which outlaw price competition by suppliers.

A fuel industry source says the reason for the decision is that Sasol would be put out of business if the industry were deregulated

He says: "The regulations oblige Sasol and refineries to sell petrol and diesel at a so-called import parity price. With deregulation prices would fall because refineries and distributors would be forced to compete with one another and with imports.

"Conventional refineries are making huge profits and could afford to make big price cuts. At current crude-oil prices they could easily undercut the lowest Sasol could charge and still make a profit

"One has only to look at Engen, which owns the smallest refinery, to see how profitible it is The multinationals, whose results for SA are not published, must be making even more."

Crude oil costs about $19 a barrel Sasol receives State assistance if the price drops below $23 a barrel. But with deregulation such assistance would go.

Sasol MD Paul Kruger says this is the only form of assistance Sasol receives. It amounted to R216-million last year. He declines to say what it was in other years.

But Sasol's prospectus gives details of interest-free loans from the State In other cases it pays interest rates that are reduced if the oil price drops.

Sasol also shares in Petronet's abnormally high profits — about 70% return on investment — made on fuel pipelines.

Mr Kruger says: "Our assistance has averaged 10,3%

□ To Page 3

Sasol probe

260 □ From Page 1

or about 4,2c a litre This is much less than many other industries receive It is less than the 12,5% duties levied on our exports to Europe

"Why is Sasol being singled out for attack? If Sasol's protection is removed, will our critics also call for the removal of protection from virtually ever other industry?" S/TIMES (BUSS) 10/11/91

"SA has a positive balance of payments of about R6-billion Sasol contributes R4-billion to it with exports and import replacement"

Iscor faces radical changes as shareholder base tapers

BDay 11/11/91

(260)

BRENT VON MELVILLE

WITH Iscor's shareholder base gradually being whittled away by financial institutions and some of the larger industrial conglomerates, the market believes there may be some radical changes in store for the steel producer

Iscor shares are still widely held — at last count share capital of 1,8bn shares resided in the hands of about 214 000 individual shareholders — but a far cry from the 250 000 shareholders it boasted after the group's privatisation two years ago

Small private shareholders, therefore, have been bailing out at the rate of about 1 500 a month

McGregors online services shows that the biggest individual shareholder is still the Industrial Development Corporation (IDC) with 16%, although the stake is in non-voting shares

One of the most consistent private buyers has been Standard Bank Nominees (SBN), a commercial nominee company which traditionally holds for Johannesburg Consolidated Investments (JCI) — controlled by Anglo American (Anglos) — and Old Mutual

Unwieldy

In less than six months the SBN has pushed its shareholding from 11,58% to 14%, representing the purchase for its clients of more than 45,2 million shares

Anglos is also represented by Resident Nominees, Anglo American Group Pension Fund and Anglo American Corporation Pension Fund, which together have a stake of 3,78%

The total Anglo-controlled shareholding could therefore be more than 17% Over the past six months SA Mutual has also pushed its holding up by more than 1% to 9,91%

According to the initial prospectus, domestic shareholders are limited to 20% of the group's share capital, and the state has a veto power on the buying of shares above that level. Any purchase above 20% also requires the approval of 75% of shareholders at a special AGM

The state's veto on the 20% ceiling expires at end-1994, at which point the approval of 75% of shareholders is still required By that stage, say analysts, three or four major institutions could have enough voting stock to swing that kind of a majority

The IDC has also recently said it will be looking at hiving off its 16% stake (worth R640m at the current shareprice) in the near future In terms of the prospectus the IDC is bound to offer at least 75% of its shares to all other existing shareholders pro rata to their existing shareholdings, and 25% to the general public.

One analyst said Anglos could be looking at the synergistic benefits of a linkup between Iscor and Highveld Steel & Vanadium (Hiveld), enabling management rationalisations and transfers of technologies.

But while industry sources have speculated that groups such as Anglos may be licking their lips at the prospect of "unbundling" the group — parcelling off its extensive coal interests and possibly its downstream steel factories — analysts point out that the real strength of Iscor is that it is not dependent on any other component input for its product.

Irish, Menell & Rosenberg analyst Dave Russell said it was doubtful that Anglos or any other major mining/industrial concern would parcel off Iscor's assets "The beauty of Iscor is that it is fully vertically integrated, which makes it a low cost producer — and that makes unbundling both unnecessary and impractical."

The market, however, agrees that a real problem that needs to be addressed at Iscor is its unwieldy management structure, as well as its levels of debt In its latest financial year Iscor reached borrowings of R1,1bn, with attendant financing costs of R257m

MD Willem van Wyk attributed the rapid rise in financing requirements to the high capex programme over the past several years, the benefits of which were now beginning to flow through

In attempting to make Iscor leaner and more efficient, existing management has recently installed Louis van Niekerk as GM (Finance and Business Services)

Still, analysts figure the group's real recovery will only come in the next three years, and investors should take a long-term view

Sasol wants secrecy about fuel lifted

6 (Day) 11/11/91 (260)

LESLEY LAMBERT

SASOL had recommended the lifting of secrecy laws relating to SA's fuel consumption and Sasol's production volumes, Sasol MD Paul Kruger said in an interview at the weekend.

Kruger said the classification of fuel consumption and production figures, confirmed in an article in the November edition of The Executive magazine, had become unnecessary now that the threat of oil embargoes was receding.

However, he said information on SA's procurement of fuel — the sources from which the fuel was bought and the intermediaries involved in the transactions — would have to remain classified in terms of the Petroleum Products Act until all sanctions were lifted officially.

The production volumes enable analysts to calculate the extent to which Sasol benefits from state protection.

The Executive article, which alleged that Sasol was receiving protection over and above that required to ensure its financial viability, drew strong objections from Sasol last week and rekindled the debate over whether or not the industry should be fully deregulated.

The Executive argued that Sasol was receiving annual subsidies worth R1bn in the form of a support price which became effective when international fuel prices dipped below $23 a barrel, a petrol levy and a differential between the price on which local petrol prices were based and other international prices.

Part of Sasol's privatisation agreement with government is that if the $23 support price is removed, the repayment of its loans to the Central Energy Fund will be subsidised.

In response to these allegations, Kruger said the only protection Sasol received was the $23 support price and the guarantee of assistance in the repayment of its state loans should the support price be removed.

The support price, he argued, did not constitute subsidisation but a "moderate protective tariff" to cushion the effects of price volatility in the oil industry. He conceded, however, that Sasol would still make profits if the support price was removed.

Sasol has, in the meantime, invested thousands of rand in full-page newspaper advertisements aimed at restoring its credibility in the marketplace. Its share price dipped slightly after the release of The Executive's article last week, but recovered later in the week. The article might soon be the subject of a Media Council hearing because of an official complaint by Sasol.

Report recommends freeing up of govt pension funds

(260)

B/Day 12/11/91

ANDREW GILL

THE liberalisation of a large portion of government pension funds (worth about R42bn) was apparently recommended in the Korsten report handed to Finance Minister Barend du Plessis last month

Sources said yesterday the report recommended privatisation of at least some of the R42bn under the control of the Public Investment Commissioner (PIC)

The source said the ultimate intention would be to register the funds as private pension funds

The recommendations are in line with Du Plessis' stated intention of getting the funds onto a sounder financial footing and more in line with the actuarial requirements of private funds.

The PIC can invest only in the fixed interest securities of government and semi-government, and 75% must be invested in central government stock Exceptions can be granted by Du Plessis, as was the case in the recent purchase of just less than R1bn of Sasol shares from the Industrial Development Corporation

Current investment in government stock added up to about R31bn, which was unlikely to be sold off, the source said.

The funds would slowly move away from financing a major part of government's deficit before borrowing and begin acquiring equities and other instruments

Finance Department deputy director-general Estiaan Calitz said yesterday it was too early to speculate on the report, other than saying the funds needed to find profitable investment outlets.

The PIC apparently agreed to fund R7,2bn of government's deficit borrowing this year If this fell away and new fund managers chose not to take up government stock, there could be huge excess supply on the market, analysts said

However, the size of the funds was such that a continued investment in government stock was likely to remain prudent from the point of view of optimal portfolio management, an analyst said

The only legislative constraint on the privatised funds would be that of the prudential guidelines on private pension funds, which impose a 75% constraint on investment in equities

The report apparently recommends who should sit on the funds' board of trustees, which is likely to determine what sort of investment policy will be followed

Du Plessis is said to have recommended the funds' transition be handled "very carefully" and that the funds not "go rushing" into equities

OIL INDUSTRY 260

Over a barrel

FM 15/11/91

Priority must be given to dismantling the protection of Sasol

The perverse arrangements that this country had to make during the years of the oil embargo to protect its energy supplies and keep the economy running are as much a part of the apartheid system as the Group Areas Act and influx controls And they will have to be reviewed in the same light

It does not matter that Sasol and its oil-from-coal technology was thrust into prominence in the Seventies by the oil supply shocks of that decade Indeed, so far as sanctions were concerned, that was entirely fortuitous

What does matter is that world oil supplies — and other forms of energy — are not now constrained and the cost of their provision is declining The longer the current cumbersome and secret procurement and financing arrangements persist, the less efficiently the economy will perform

Sasol's shrill indignation and loud dismay over the interpretation *The Executive* has placed on these arrangements — that a form of public subsidy flows to Sasol in three ways — suggests that it is not oblivious either to the depth of public feeling over the issue of petrol pricing or to the benefits it receives from public funds

Not all the facts are in dispute between *The Executive* and Sasol What is a matter of contention is the construction placed on them and their degree

For instance, the fact that the price of petrol is based on an administered though market-related price of oil is not in dispute But Sasol and the oil majors claim that this price — the in-bond landed cost — is at a market-clearing level, while *The Executive* quotes other market prices (from an equally reputable source) to show that there is a difference between the in-bond landed cost paid here and what oil is available at contract prices in other regional oil markets

Our guess is that to substantiate its point, *The Executive* would have used an alternative price comparison, at fluctuation peaks that emphasise the difference There is nothing wrong in that There is always an element of opinion in the interpretation of statistics

Likewise, the chances are that Sasol and the oil majors choose not to acknowledge the element of judgment there must be in determining the in-bond landed cost

We know from experience in this country when we had a price controller (maybe he still exists in the recesses of the Board of Trade and Industry) and from experience elsewhere, that those humans who attempt to simulate a market price, either under-recover or over-recover The ability to get it spot-on for any length of time is rare indeed, if not impossible to achieve It implies a perfection to which man can only aspire

The in-bond landed cost is a price calculated by the oil companies themselves; they benefit from it So the chances are that in its calculation they err on the side of over-recovery

The difference in prices between regional oil markets is a well-known fact Many arbitrageurs make handsome profits by taking advantage of these differences It would be very strange if differences did not occur The degree to which Sasol and the oil majors here have benefited from them is a legitimate matter of economic speculation The assertion that the higher cost of a once-off spot acquisition negates *The Executive*'s interpretation is absurd

Kruger

Another example of common cause is over the benefit Sasol receives from the oil pipeline levy Mineral & Energy Minister George Bartlett said in a statement that if Sasol did not receive a benefit from this source, the $23 support price mechanism would need to be higher Sasol, with its characteristic perversity of economic logic, appears to dispute even that benefit

And the fact is that Sasol's location should enable it to undercut those distributors who have to transport fuel from the coast.

A third point of contention is in *The Executive* saying that the price support system (or what Sasol calls tariff protection) is based on a guaranteed return for Sasol of 10% Sasol says this is not true Bartlett says the return used in the original formula was 10%

There are other points of contention that have emerged during the week The oil majors, while supporting Sasol on the in-bond landed costs (they would, wouldn't they?) have privately expressed their concern over the level of Sasol's protection in various forms They have also expressed dismay at the agreement that requires them to take all Sasol's production in terms of what Sasol euphemistically calls a "voluntary market agreement"

Apparently this agreement was made when the oil majors couldn't get enough fuel, it is a quid pro quo for Sasol staying out of certain distribution areas There seems to be something here for the Competition Board to sniff around

In the latest financial year, Sasol achieved attributable after-tax profits of R1,04bn But the point needs to be made that this was derived from three types of industrial activity — synfuel production, chemical production and crude oil refining

If *The Executive* is correct in its estimation of the protective package that Sasol receives — and it might not be far off — then Sasol would be a dead duck in a free market without protection But, of course, that is not going to happen Investors in the privatised Sasol have been given certain undertakings by government and there is nothing to suggest that these will be dishonoured — or, if they are revised, that compensation will not be due

It does not come as a surprise to learn from Sasol that the real petrol price has declined substantially over the past 10 years This little-appreciated benefit has resulted from two factors first, that taxes on petrol have even now not been raised enough to compensate fully for inflation, and second, that the in-bond landed cost itself has halved in real terms over the period

Minimum price

This is not a surprise in view of the support that Sasol receives from the taxpaper and also because the cost of oil in world markets is by no means buoyant

Sasol operates at present with the assistance of an overhauled protection framework, announced during February 1990 to replace the form of protection recorded in the prospectus at the time of the listing in 1979

The essence of the arrangement — and the facts of it are not in dispute — is that Sasol will receive a minimum price for its refined products equivalent to a crude oil price of $23 a barrel (in terms of 1990 dollars, without any adjustment for subsequent declines in the purchasing power of the US unit) This is done through rebating the excise tax on petrol which would otherwise have been payable by Sasol

A cumulative record is kept of aggregate relief allowed to Sasol under the formula, with the provision that one quarter of the incremental revenue receivable by Sasol whenever oil prices rise above $28,70 a barrel will be repayable to government

Sasol MD Paul Kruger says this formula gives Sasol every incentive to remain efficient, as it operates completely differently from a cost-plus arrangement

That may be so But why is the repayment level so high? Billions of dollars are involved between those two prices, a narrower margin

Cont ->

Financial Mail

FM 15|11|91

RESOURCES (260)

Grasp the nettle now

There are few people in this country today who would not agree that State spending will in future need to be more equitably spread to benefit all races Precisely how such allocation will be funded is, however, likely to be politically and economically a matter of substantial controversy

The naive will argue that the Defence vote can simply be eliminated and the Police vote reduced; that what extra is needed can be raised through taxation: In a country where the breakdown of law and order is sometimes perilously close, where crime is becoming endemic; and where economic growth has been faltering for a decade, those measures would aggravate what they were intended to palliate.

Another remedy is to privatise public enterprises and use the proceeds to pay for education and health for all races and to equalise pensions. But that has stumbled over the intransigence of the ANC and other exponents of collectivism, who believe that public corporations can be used as an instrument of massive affirmative action

Practical experience in the US has shown that such action will not work and that the economy will simply become less able to support the levels of economic growth needed to lift the masses out of poverty

Clearly, what needs to be done is to enhance the productive capacity of the economy, so that rising tax revenues will enable spending imbalances between the races to be abolished relatively quickly. One way of doing that would be to cut taxes Another would be to discontinue the billions that go on subsidies to enterprises that have been created and nurtured by apartheid and to reduce the protective tariffs which merely foster inefficient projects.

It is for that reason that the debate over Sasol's protection is so timely A similar argument applies to Mossgas The billions that have been spent on it represent a massive misallocation of resources

The sensible thing to do with Mossgas now may well be to spend the billions that it would cost to close it down If Mossgas is sustained by subsidy into an unproductive commissioning, the cost to the taxpayer, and the sacrifice in forgone wages that the unemployed will need to make, will be much higher and will entrench hardship and poverty.

The protection given to certain industries, through the maintenance of administered domestic prices that are kept above world prices, is also an impediment to growth

Simply put, if the resources and energy wasted in this economy on subsidies and protection were removed, there would most likely be enough money to bring equality to public spending — without raising taxes or placing risks on the orderly conduct of society ■

BUSINESS

Can the 'new' SA afford Sasol?

w/mail 15/11 – 21/11/91.

Amid allegations that the government has funded Sasol to the tune of more than R1-billion, **MONDLI MAKHANYA** looks at the pros and cons of the synfuel giant

260

THE government must lift the veil of secrecy surrounding South Africa's oil supplies

That full disclosure of the origin and cost of the country's oil is pertinent has been made more so by the furore sparked by *The Executive* magazine's claims that Sasol has been directly and indirectly subsidised by the government to the tune of more than R1-billion

Now Sasol — which has vehemently denied the claim and is even about to submit a complaint to the Media Council — is battling to convince a cynical public that it did not earn the rating of Johannesburg Stock Exchange's top company last year via the taxpayers' money

Sasol communications director Jan Krynauw — who maintains that Sasol is a commercially entity — sounds a note of desperation "We would like to go public on our operation because we have nothing to hide and we are pleased about our performance. But it is not up to us There is an Act of parliament that prohibits us from doing so"

The legislation is the Petroleum Products Act, a child of the oil embargo Founded in 1950 to convert coal to fuel, Sasol came in handy when the oil embargo enforced upon South Africa a certain degree of self-sufficiency in fuel Today, the company boasts one of the most advanced synthetic fuel plants in the world. It supplies almost 50 percent (some say it is more) of South Africa's fuel needs

The controversy around Sasol centres on the R1,04-billion protection the company is purportedly receiving

Until such time that these figures are verifiable — a prospect unlikely while the oil embargo and other sanctions remain — speculation around the industry will abound.

But one thing that is clear is that the protection of Sasol will remain The fact that synfuel is a major foreign exchange saver, the desirability of stable prices, the foreign exchange earning capacity of Sasol's petro-chemical divisions and the company's job creation function are likely to militate against any further deregulation of the fuel industry.

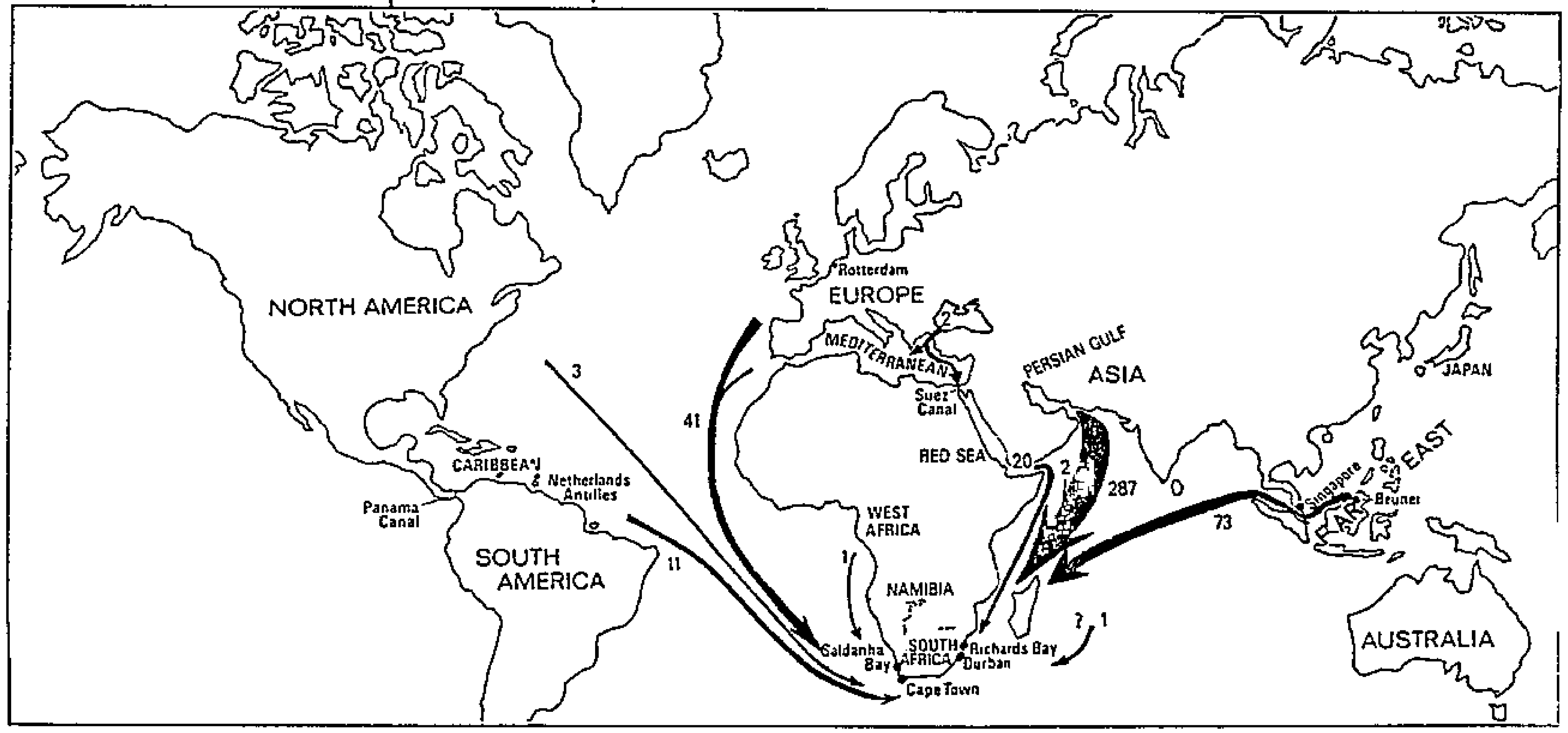
Says Ed Hern Rudoph energy analyst Peter Brown "We cannot afford refined petroleum as this would cost us more than R3,5-billion in foreign exchange every year When compared with the subsidy paid for Sasol this is an enormous saving As oil reserves diminish and the oil price spirals this saving will amount to R8-billion in a few years' time"

The very fact of diminishing oil supplies will ensure that any government keeps the synfuel producer protected

Some estimates put the life expectancy of the present oil reserves at 43 years and as this time draws closer oil prices will shoot up And given the unpredictable state of Middle East politics, Sasol's existence, and therefore continued protection, is to the advantage of the country

However, a speedy process towards the lifting of the secrecy blanket is important While Sasol executives are steadfast about the viability of their company, there is widespread belief that it would not survive in a deregulated market

The mere costs of synfuel processing would outprice the company's product and it would be undercut by other companies and, says a fuel analyst," it would die".



Regions from which tankers sailed to South Africa from 1979 to 1990

Eskom brightens up Elandskraal

w/mail 15/11 – 21/11/91

By FERIAL HAFFAJEE

PROOF, if proof were needed, that progress and electricity go hand in hand, is the dramatic change that electrification has brought to the community of Elandskraal near Pretoria.

Business has boomed and the standard of living of almost all its residents has improved

After successful negotiations between Eskom and the South African Development Trust Corporation (SADT) the area was electrified by December 1989 in a record two months.

The SADT established a number of small businesses at the community's request. Among the them were a dairy, motor spares shop, butchery, hair salon, cinema, herbal shop, pharmacy and hardware store.

A recent survey "revealed dramatic increases in the monthly turnover of these businesses, ranging from 38 to 100 percent in the first year of electrification", reports Eskom.

Additional ripple effects of electrification included the use of local labour ers have decreased their expenditure by more than a R100 to R48 a month," according to Eskom.

Eskom adds: "The project can serve as a role model for the development of both urban and rural underdeveloped towns where residents are empowered to participate in the identification, decision-making and planning of development priorities."

Elandskraal is a fine example of the development potential of electricity in South Africa. It is also a rare example. Twenty million people still don't

Sasol venture was a step in right direction

B/Day 18/11/91

IN A 50-60 000 ton a year market whose needs are almost fully satisfied by local manufacturers, Sasol's decision a few years ago to build a 120 000 ton a year polypropylene plant came as a surprise. (260)

But Sasol Polymers MD Koos Brand says the investment has paid off since the plant went into production early last year. Not only has it developed a strong position in the export market, it also provides a base for longer-term growth in the local industry.

"The first thing to ensure when going into a new venture is that it has a competitive advantage.

"We saw a gap in the local market — about 40 000 tons a year was being produced and the demand was for 60 000 tons a year, and we recognised that the product had export potential," he says.

The decision to manufacture polypropylene was in line with Sasol's policy of diversification.

Opportunity

"We were too concentrated on fuels and saw this as an opportunity to develop our chemicals interests.

"The propylene was available from our existing operations and technology to purify and convert it was easily available.

"Having made the decision to build, we recognised it would be pointless to invest in anything on less than world scale," Brand says.

Last year the company exported over 70% of its production, and this year — operating at full capacity — exports are expected to be of the same order.

The identity of its buyers remains confidential, but Brand says it is exporting large volumes to the Far East and into Africa.

South and Central America are also open, but he says distribution costs in these countries are often prohibitively high.

"Our operation represents a step in the right direction in terms of developing SA as an industrialised nation," he says.

Cheaper satellite TV in SA?

260

C 19/11/91

Staff Reporter

DIRECT satellite TV transmissions could become a reality for more SATV viewers now that the SABC board has approved in principle a decision to use satellites for a direct-to-home television service

This was said yesterday by SABC board chairman Professor Christo Viljoen, who was speaking at a satellite communications workshop in Pretoria

Prof Viljoen said the decision had been taken earlier this month but the SABC would negotiate with local industry before implementing satellite services

Prof Viljoen said satellite television broadcasting allowed for total geographical coverage and was the most cost-effective way of extending television services to the whole country It would stimulate local technological development and could be a great asset in education

The system, which would use Ku-band transmissions, could be operational by 1994 Such transmissions would be cheaper and more accessible to the general public than present satellite transmissions

Mr Les Vermaak, technical information manager of the SABC, said that to receive present satellite transmissions, which operate on the C band, it was necessary to have a satellite dish of at least about 3 8 metres The cheapest of these would cost a minimum of about R12 000

Ku-band transmissions, which use a satellite signal concentrated on a specific region (such as South Africa), would need smaller dishes of 0 8m to 1m, costing about R2 000

There are two minutes of Brat Pack cinema screening in December and January, and the production of bulk prints — as well as a guarantee of 200 screening weeks — are included.

In 1992 there will be similar Brat Packs available for Easter, the July holidays and Christmas

TV threatens black radio

(260)

A MAJOR threat to black radio is the increasing number of black television viewers

BDay 19/11/91

According to Hunt Lascaris TBWA, the number of black and white TV sets in black households has increased from 1,4% of the market 11 years ago to 17,9% The percentage of colour sets in black households has risen from 1% to 14,6% in the same period

The agency said this threat could cause radio stations to change their format and become more community driven, "developing a localised focus that TV cannot match"

Amps figures show that 49,4% of people in the PWV area watched TV in 1991 compared to 42% in 1988/1989, while radio listenership increased from 65,7% to 67,6%. In the rest of the Transvaal there was a decline in radio listenership, and an increase in TV viewership.

But there is still a wider audience for radio Amps figures show that radio listenership among blacks varies between 54% and 75% depending on regions, while TV viewership is between 19% and 39%

AIDS campaign out soon

HUNT Lascaris will soon break its new anti-AIDS campaign It was awarded the account in one of the most hotly contested pitches for a new account in SA (42)

Lascaris was selected from 19 agencies which made detailed presentations to an independent panel of adjudicators. BDay 19/11/91

The new campaign will form part of a broader communications and awareness campaign being arranged by the AIDS Unit.

Public corporations' investment 'could dive'

260 BDay 20/11/91

SHARON WOOD

PUBLIC corporation fixed investment could plunge by a real 10% this year and 20% next year, says the Bureau for Economic Research (BER)

The decline will be a result of the expected end of the Mossgas project next year, which boosted public corporation fixed investment in 1989 and 1990, and the lack of investment by other public corporations because of existing spare capacity.

There was a sharp decline in public corporation fixed investment in the '80s, due largely to surplus capacity which accumulated during the '70s Increased Mossgas investment saw investment rise by a real 25,6% in 1989 and by 4,2% in 1990.

The BER says work on this project has been completed and in the second quarter of 1991 the positive growth rate reversed course to show a decline of 4,8%.

Transnet economist Ulrich Joubert says "Public corporations are under pressure not to invest large volumes of money because of the spare capacity that exists and, thus, there is unlikely to be new capital investment by them in the next few years." But the demand for capital investment may increase during the decade with new markets opening up in Africa and the rest of the world.

New markets will particularly affect Spoornet and SAA capital expenditure levels, says Joubert. "But the business community will have to move into these markets first before public corporations expand their operations," he says

The opening up of new markets is unlikely to increase investment substantially in the next two years SAA is planning to update its fleet, but this will only take place in the second half of this decade and will replace old aircraft rather than expand the existing fleet

Joubert said the sectors which will probably benefit sooner from markets opening up are trade in coal and iron ore.

Other areas where public corporations can expand capacity are in providing electricity and telephones in the black townships, says Joubert

Joubert says the impact of Mossgas on public corporation investment will depend on whether there is further expansion around the project

However, if a speculated Mossgas II project materialises, this will probably be financed by private sector interests rather than public corporations.

SABC may discipline Elna Boesak

(260) CT 21/11/91

By CHRIS BATEMAN

THE SABC may convene a disciplinary hearing into TV producer Mrs Elna Boesak's claims that her documentary reporting into the "life-threatening" crisis facing academic hospitals was "watered down to insignificance".

Mrs Boesak fired a fresh salvo yesterday, challenging the SABC to show the documentary in full and "let people decide".

Monday's Agenda documentary, compiled after several months of investigation and interviews at Tygerberg Hospital and the Medical Faculty of the University of Stellenbosch, was cut from 25 minutes to five minutes

After this, Agenda screened an interview with National Health Minister Dr Rina Venter instead of a planned debate between the minister and top medical school experts.

Mrs Boesak said Dr Venter had used the platform to describe the brief TV insert on the situation, said by some participants to be a "national disaster", as a "misrepresentation"

"These actions by Agenda could be interpreted as nothing less than the deliberate protection of the minister, and such an interpretation could confirm claims that the SABC was an extension of the government," Mrs Boesak added.

Among the items cut were scenes showing "reject" ICU equipment being used on patients, and top specialists' claims that lives were at stake because of the million-rand hospital budget cutbacks.

SABC-TV news editor-in-chief Mr Johan Pretorius said yesterday that Mrs Boesak's allegations were regarded in a very serious light.

"We'll be dealing with them on the basis of our internal personnel regulations and, if necessary, according to our disciplinary procedures," he said.

"Our reputation is at stake," he added

Mrs Boesak, at present on three months' maternity leave, said last night that while she did not question Mr Pretorius's integrity, "certain people made a decision which I cannot accept"

She would probably decide today whether to go through with the disciplinary hearing, or resign

"I did what I did because I felt the public were not getting the facts," she explained

SATV 'censors' Boesak video

South 21/11 - 27/11/91 260

By Heather Robertson

TELEVISION producer Ms Elna Boesak has lashed out at the SABC for allegedly censoring an in-depth documentary on the crisis at Tygerberg Hospital.

She has also accused the SABC of bias towards Minister of Health Dr Rina Venter in the programme screened this week

"I distance myself from the superficial manner in which Agenda handled the serious problems at academic hospitals," said Boesak.

"This action can be interpreted as nothing less than the protection of the Minister of Health. I want to personally apologise to all the staff and patients at academic hospitals."

Boesak's original 25-minute documentary included interviews with a dozen medical personnel and the dean of the University of Stellenbosch medical faculty who warned of a looming catastrophe at the hospital.

Details which were not screened included controversy over a million rand cut in the expansion of the hospital since the beginning of the year, the freezing of posts, cutbacks on beds, the use of outmoded equipment in life-and-death situations and the turning away of seriously sick patients.

CENSORED: Ms Elna Boesak in dispute with the SABC

Boesak said the eventual broadcast of five minutes of the 25-minute programme followed by an interview with Dr Rina Venter was screened without informing her as producer of the programme.

According to Boesak, the editor of Agenda had agreed that the programme would be cut to 15 minutes followed by a debate between the minister and representatives of medical schools in South Africa.

"I find the manner in which Agenda glibly brushed over these serious problems totally unacceptable," said Boesak.

Mr Johan Pretorius, editor-in-chief of Agenda, said the SABC wanted to make doubly sure of all the facts before responding to Boesak's claims. He said the SABC regarded the matter in a serious light.

"If necessary we may have to implement our internal personnel regulations on the basis of our disciplinary code," he said with obvious reference to Boesak's public criticism of the SABC.

Higher capital rates check bull run

B Day. 21/11/91.

ANDREW GILL

CAPITAL market rates climbed higher yesterday as the bulls took a rest after days of strengthening rates.

Dealers said the move appeared to be a healthy correction from the recent bullish run and said rates could soon start returning to recent lower levels.

(260)

The benchmark Eskom 168 rose five points to end at 16,41% after rising to 16,43% earlier in the day. Its Tuesday low was 16,25% Government's R150 stock added seven points to end at 16,83%.

Dealers said profit-taking had played a part in the rise over the past two days as investors shied away from the strong run up to the 16,25% level Government stock fared worse as the market started its decline with the differential between itself and Eskom widening to 42 points, 10 points above recent levels

Part of the reason for the recent generally positive sentiment on the capital market was the continued support of foreign investors.

Short-term rates, however, showed a different trend to the capital market yesterday as at least one institution dropped the key 90-day liquid BA rate to 16,45% from 16,50%.

A dealer said deals were being done as low as 16,35%, reflecting the liquidity prevalent in the market. The BA rate has now effectively discounted over a percentage point fall in Bank rate to 16%.

Mrs Boesak on carpet next week

Staff Reporter (260) CT 22/11/9[illegible]

THE SABC is to call TV producer Mrs Elna Boesak before a disciplinary hearing in Cape Town next week, following her claim that her documentary on the "life threatening" crisis at academic hospitals was "watered down"

This emerged yesterday after discussions between her laywers and the SABC, on whose Agenda programme a five-minute version of her original 25-minute documentary was screened on Monday

Mrs Boesak said her self-edited 13-minute version had been cut to five minutes and an interview with National Health Minister, Dr Rina Venter, had been substituted for a planned debate between Dr Venter and medical experts

In a statement yesterday SABC news editor-in-chief Mr Johan Pretorius denied Mrs Boesak's claim that the SABC had changed the programme to "protect Minister Rina Venter" It had been shortened to form part of a more comprehensive programme on health services in SA

The SABC contends that Mrs Boesak, wife of Western Cape ANC chairman, Dr Allan Boesak, broke personnel regulations

SABC under fire

260 CT 22/11/91

BLOEMFONTEIN. — The SABC was destroying the South African film industry, Mr Gene Louw, Minister of Home Affairs, said yesterday in a blistering attack on the corporation.

Speaking here, Mr Louw said six top local film-makers could be forced to halt production owing to cutbacks by the SABC

The SABC announced this week that to cut costs no contracts for drama productions by private producers would be awarded.

This was a "mortal wound to the film and video industry", which could mean the loss of jobs to more than 12 000 highly trained experts in the field, Mr Louw said.

Hope shattered

"This cannot be allowed to happen"

He demanded that the SABC stick to the condition laid down by the cabinet for its last fee increase but one — that it actively foster the South African film industry

The meaning of this ruling was very clear and it should be complied with.

Last night Mr Louw said producers had believed they could still get contracts, but fewer than before

"This hope was shattered by the SABC's announcement."

Mr Louw said the SABC now wanted to produce films itself and intended only to hire expertise

He had no objection against steps to economise, but to bring the whole industry to a standstill after sustaining it with contracts over a period of 15 years was unreasonable.

The SABC and the SA Film and Video Institute should get together as soon as posible, with or without his presence, to find a solution to "this unacceptable result"

SABC board chairman Professor Christo Viljoen said last night he would comment at a later stage Prof Viljoen said the whole question was discussed "at great length" at a board executive committee meeting on Wednesday.

SA Film and Video Institute chairman Mr Edgar Bold said last night the institute was in constant communication with the SABC in an effort to make the situation work.

"The SABC is trying to address serious financial problems involving cash flow and forward planning and we as an institute respect its right to do that. "But we do believe it is perhaps unwise to reduce stock levels suddenly rather than phasing them out over time and giving companies time to adapt to new circumstances," Mr Bold said. — Sapa

Louw makes call for tougher censorship

THE censors should get tough on sexually explicit movies, books and "girlie" magazines, Mr Gene Louw told Junior Rapportryers in Wellington this week.

He said he had warned publishers and distributors that the process of political liberalisation did not mean the government would tolerate a decline in moral standards.

People had expressed deep concern that there has been a slackening in the Publications Board's approval of suitable films and books, and that certain films bordered on the pornographic.

Glossy or "girlie" magazines also frequently published undesirable, even distasteful material.

Censorship, by its nature was controversial, but the government did not believe personal freedom was absolute. — Sapa

FM 22\11\91

Black power

FM 22\11\91

The growing power of blacks in the SA economy is reflected in the latest All Media & Product Survey (Amps). Despite tight economic conditions, black consumption of media is increasing much faster than that of whites, coloureds and Asians. Already blacks are the leading consumers of magazines, weekly newspapers and radio Within two years at the most, they will be dominant in every other major category as well 260

Except for the magazine category, black readership, listenership and viewership is outpacing that of other race groups to an impressive degree, outdating the notion that blacks cut back when they can't afford to buy newspapers. In fact, it is the wealthier race groups that seem to be most affected by economic stringencies.

An analysis of the figures which compares the 1990-91 Amps research with that conducted in 1989-90, has been done by the Sandton ad agency BSB/Bates.

The most astonishing figure is that for television, where the black audience grew by 25%, while that of non-blacks increased only 3,4% This rate of growth has only to continue for one more year and black viewership of TV will be bigger than that of non-blacks

Of course, a bigger *percentage* of whites, coloureds and Asians watch TV than do blacks (74% compared with 27%), but in absolute numbers blacks will probably be dominant by next year If current trends continue, by then there will be 5,5m black viewers of TV, against 5,1m other viewers

Much the same situation prevails among daily newspaper readers, where blacks are slightly behind non-blacks in total readership at present, but likely to forge ahead of them within two years

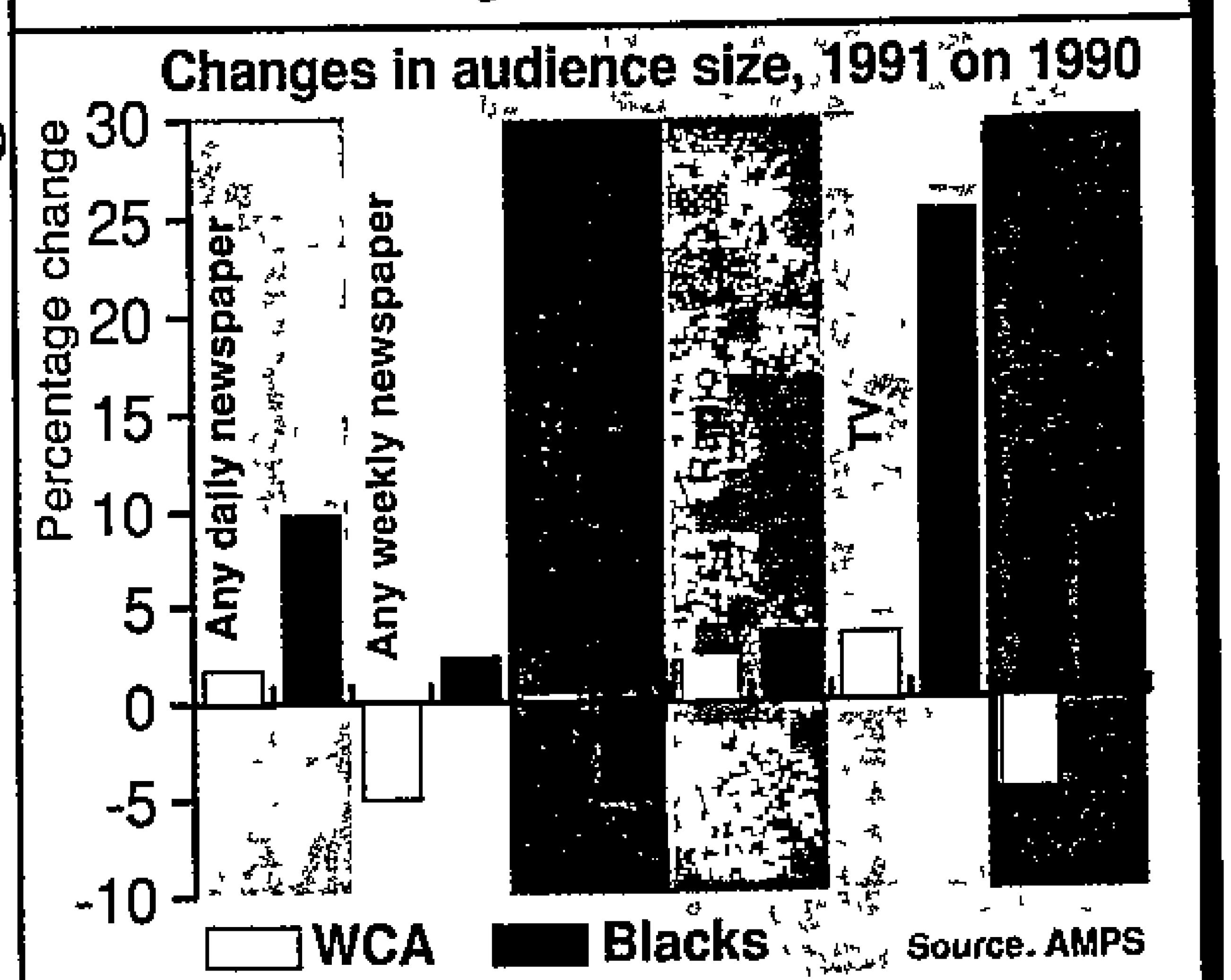
But blacks are already dominant in weekly, mainly Sunday newspaper, readership and in radio listenership, where they outnumber the others by two to one and are still increasing They also read more magazines than whites, though in this category, black numbers declined while the other groups showed marginal growth 260

Lack of black readership is clearly a problem for Afrikaans newspapers Though their readership is rising almost as rapidly as that of the English-language papers, very little of it is among blacks Only 46 000 blacks read any Afrikaans daily, whereas 2,3m read an English daily

But one of the "blackest" newspapers is *The Citizen*, a strongly right-wing publication owned by Afrikaans publishing house Perskor. Some 60% of its readers are black, compared with only 56% for *The Star* Among so-called "white" newspapers, only the *Daily Dispatch* is blacker, with 68% black readership.

Tony Koenderman

Ebony and ivory



Louw slams SABC over cutback plans

(260)

VERA VON LIERES

HOME Affairs Minister Gene Louw launched a scathing attack on the SABC last night, slating the corporation's plans to drastically cut contracts for outside productions and asking why he was not consulted over the decision

Opening a shopping centre in Bloemfontein, Louw said government had reacted with "great alarm and dismay" to the SABC's announcement that it would not give out any more contracts for drama productions to private producers

Sapa reports he said the announcement was a "mortal wound to the film and video industry" and demanded that the SABC, for which he is responsible, stick to the condition laid down by cabinet for its last fee increase but one — that it foster the SA film industry B/Day 22/11/91

It was reported recently that the SABC would cut its independent TV production budget from last year's R110m to R30m next year

"Just yesterday I had to hear that six of our foremost film-makers, after a fight for survival over the past couple of months, may now have to close their doors This will be a black day for the SA film industry In short, this cannot be allowed to happen"

He did not think it unreasonable to ask that the SABC and the SA Film and Video Institute get together to find a solution

"The SABC's one-sided action has caused

☐ To Page 2

Louw B/Day 22/11/91.

(260) ☐ From Page 1

me great embarrassment because it in fact means the end of my reponsibility towards the film industry This situation I will not accept at all"

Louw said the SABC now wanted to produce films itself and intended only to hire expertise He had no objection to steps to economise, but to bring the whole industry to a standstill after sustaining it with contracts over a period of 15 years was very unreasonable.

The industry would surely have understood if these steps were spread over a number of years and contracts were systematically decreased

"The corporation which put the film industry on its feet is now busy destroying its own foster child"

SABC board chairman Christo Viljoen said last night he would comment at a later stage Viljoen said the whole question was discussed "at great length" at a board executive committee meeting on Wednesday

SA Film and Video Institute chairman Edgar Bold said last night the institute was in constant communication with the SABC in an effort to make the situation work within the SABC's constraints

"The SABC is trying to address serious financial problems involving cash flow and forward planning and we as an institute respect their right to do that

"But we do believe it is perhaps unwise to reduce stock levels suddenly rather than phasing them out over time and giving companies time to adapt to new circumstances," Bold said

SABC refuses to back down on local drama

(260)

S/Times

24/11/91

By DOUGLAS GORDON
TV Correspondent

THE SABC will fight a government demand that it make more local TV drama next year.

Chief executive Wynand Harmse and his chief executive of TV, Mr Quentin Green, cancelled an overseas trip this week after a scathing indictment of the SABC's cutbacks in local TV production by Home Affairs Minister Gene Louw.

Mr Louw said recent licence-fee hikes had been granted to boost the local film industry.

The SABC is expected to throw the ball back into the minister's court, saying that either the government provides another R30-million for more TV series, or the SABC will scrap its own in-house production section, Safritel, retrench

Sasol seeks foreign partners in synfuel

S/Times (Buss)
24/11/91
260

SASOL hopes to become involved in multibillion-rand joint ventures abroad, possibly in Pacific Rim countries.

General manager Jan Fourie says Sasol has done about six studies for building synthetic fuel plants the size of Sasols 2 or 3 in other countries

Two projects could eventually get the go-ahead

Worldwide interest in Sasol's unique synfuel technology has grown since the start of the Persian Gulf crisis

Mr Fourie says Sasol's technology is available only in exchange for an equity stake in new ventures

At current oil prices, oil-from-natural gas plants using Sasol technology would be profitable

Sasol has said that more oil-from-coal plants in SA would not be profitable

Value

It sees earnings growth coming from adding value to products of its coal-from-oil plants and from joint ventures in oil-from-natural gas plants in other countries

These ventures would involve building grassroots synfuels plants in countries with large natural gas deposits or building value-added extensions to existing plant.

Mr Fourie says the aim of any foreign joint venture will be to increase Sasol's chemical feedstock base and place it closer to export markets

It will also make up for any drop in exports from Sasol plants which will supply

JAN FOURIE Technology in return for equity stake

By ZILLA EFRAT

growing demand for chemicals in SA

Thanks to Sasol's continuing development programmes any new plants would have capital requirements 60% lower than its existing ones

A grassroots plant that produces 50 000 barrels of fuel a day, using Sasol's advanced synthol process, could cost $2-billion It could produce gasoline, diesel or middle distillates and chemicals

The cost could fall to about $1-billion if an existing oil refinery or chemical plant is close to the gas source

Sasol has also perfected the technology for its slurry bed reactor which produces middle distillates, chemicals and waxes if syngas has already been converted from natural gas

Mr Fourie says Sasol's processes allow feedstocks to be produced from natural gas at prices below those made from crude oil or naphta

The Sasol technology produces liquid fuels which conform to the new US standards of reformated petrol, as well as environmental standards.

Countries that have large natural gas resources include some Soviet republics, India, Thailand, Indonesia, Malaysia, Argentina and Chile

However, it appears that building a plant in a Pacific Rim country holds the greatest potential for Sasol This is because high economic growth in this region makes a good market for chemicals

In addition, some Asian countries are able to secure the foreign currency and equipment required

Mr Fourie says Sasol will supply the technology, project management, plant commissioning and training for an equity stake

The joint venture route would avoid the creation of new international competitors for Sasol's products and offer long-term benefits not seen in a one-off sale of technology

Downstream

Any foreign venture would boost Sasol's long-term profitability, but it would take some time for the benefits to arrive

Mr Fourie does not expect to be able to make any announcement for another six months

A grassroot project would take three to four years to build

Sasol has some downstream joint ventures related to value-added and speciality chemicals in place in other countries

It sold gas technology to a plant in North Dakota and has done a study on the possibility of making synfuels there, possibly in a joint venture, says Mr Fourie

Peter Soal hits out at SABC status

CT 25/11/91

JOHANNESBURG — An independent authority should be appointed to control broadcasting in South Africa, Mr Peter Soal, Democratic Party media spokesman, said at the weekend

He was reacting to Home Affairs Minister Mr Gene Louw's harsh criticism recently of the SABC's decision to stop giving contracts for drama productions to private local producers

"Mr Louw is the cabinet member responsible for the film industry In all the time he has held this portfolio I have not heard him utter one constructive comment about the film industry Not once have I heard him or his government make any positive contribution to the plight the industry finds itself in

"Now that the SABC acts as independently as he and his predecessors have always assured us they are, he slams them for acting in what they see to be their best interests"

Mr Soal said the SABC should, however, have consulted before it took such a decision

When expensive is made to look cheap

STAR 26/11/91

Diagonal Street

ANN CROTTY

It may have eased back a bit over the past 10 days, but the industrial index is still looking very pricey.

In theory, with an average dividend yield from the industrial holding sector of a mere 2 percent, a lot more money should be going into the gilt market where yields of around 16 percent are the order of the day.

That this is not happening reflects investors perception that the low dividend yield is adequately compensated for by the very high capital appreciation offered by equities. By contrast there is little capital appreciation offered by gilts and the 16 percent yield hardly covers inflation.

But the expectation of capital appreciation from equities feeds on itself and becomes self-fulfilling — institutional investors pour money into blue chip industrial shares expecting these returns; the very process of pouring money in, ensures that these returns are achieved. Only the bravest of fund managers would remain outside the market because it looked too expensive. Instead most are willing to alter their definition of expensive.

It takes a major crack in Wall Street to threaten this whole process.

Partial explanation for the recent strength in the JSE is the actual and expected inflow of funds from the Post Office and Telkom pension funds.

State funds

In addition the whole position of the government pension funds has become more fluid.

To date 100 percent of this money has been invested in government and semi-government stock — a situation which has inevitably led to the view that the State pension funds are financing state spending. The more so since the relaxation of prescribed asset requirements three years ago which saw private pension funds reducing their gilt exposure in favour of a higher equity exposure.

Although there is no chance of this State pension money being poured into the equity market, the thought of the Board of Trustees (which has yet to be set up to replace the Public Investment Commissioner) just nibbling at equities could be sufficient justification for even lower dividend yields and higher price/earnings ratings.

One way of relieving pressure on the local equity market would be to allow local institutional investors to invest overseas. Another way would be to re-introduce prescribed asset requirements.

Given the current political situation there might be considerable reservations about the former. Given the socio-political demands on government spending there could be considerable support for the latter.

If all pension funds — government and private — were placed on an equal footing in terms of percentage exposure to equities, gilts, property etc. then the government pension funds would not be such crucial contributors to government financing requirements. And their inflow to the equity market would be countered to some extent by private pension funds increasing their exposure to gilts.

Open market economy

Institution and government sources are emphatic that under the present government there will be no undoing of advances made three years ago to take SA towards a more open, market-related economy.

Perhaps more significant is the fact that under current market conditions government is well able to finance its funding requirements. It seems that the removal of prescribed asset requirements had little if any impact of the cost of financing government expenditure.

This partly reflects government's market-making skills in the gilt market. But having a captive audience in the form of state pension funds obviously helps.

It may be that as the economy picks up and blue chip companies take advantage of their excellent ratings to fund investment and growth, the equity market will not look so uncomfortably expensive.

But right now, when the requirement to invest in productive assets appears limited, it is difficult to feel comfortable about a JSE paper-chase in which the beneficiaries are relatively limited.

SABC 'still to back' local TV

JOHANNESBURG — The chairman of the SABC board, Professor Christo Viljoen, said the SABC would continue to support local television productions despite the fact that such productions had never been profitable.

In a radio interview, Prof Viljoen reacted to criticism over the SABC's decision to postpone local productions for next year. — Sapa

Eskom unveils a R2,4bn package

(260)

B Day 27/11/91

BRENT VON MELVILLE

ESKOM yesterday unveiled a larger than expected overall funding package of R2,4bn for the coming year, but a big overseas component would alleviate potential pressure on the local capital market

The utility's required funding was 33% higher than last year's R1,6bn, although local capital market requirements were left at a relatively low R1,3bn, a level analysts said was not unexpected

Effectively, only R700m more would be needed from the local market because R600m had already been prefunded

Analysts added that because the local requirements were smaller than last year, there might be a short-term downtick in rates, although in gross terms the funding level would not be a significant feature for the market in the long term

However, as rumours of the reduced capital market funding filtered into the market yesterday, the key E168 eased to close at 16,31% from 16,345% in the late afternoon, and five points off Monday's close of 16,36%

Eskom executive director (finance) Mick Davis said the requirements would not place undue pressure on the capital markets. Liquidity had been further assured through prefunding activities, of which R600m, at an average rate of below 16%, had already been done.

He said only a further R700m would be funded during 1992 Extended credit facilities remained at about the same levels as 1991, with R284m budgeted for next year

Eskom also disclosed that its budgeted funding requirements were actually undercut by R1,2bn last year, to only R1,6bn of an estimated R2,8bn

Davis said the utility would raise its foreign borrowings to about R700m, compared with the R464m raised internationally in 1991

Eskom was not planning to liquidate any investments to fund requirements, although maturing investments to the extent of R250m could be used in the event of unexpected liquidity requirements During the current year the utility used investments to the extent of about R500m

Davis said the proposed funding plan was based on expected availability and interest rates in the various markets

Eskom also disclosed, that it would launch three new domestic bond issues in 1992 Treasury manager Willem Kok said although details of the issues were being finalised, indications were that a 11% 1999, a zero coupon 2002, and a 14% 2020 stock would be issued in the first quarter of next year

STAR 28/11/91

Eskom to erect schools

(260)

Eskom's north-eastern Transvaal region is to erect schools at townships in Sabie and Barberton. Regional manager Hennie Huyser said yesterday the project was part of Eskom's social involvement programme The two pre-fabricated schools, which will have electricity, will be completed by the end of the year

B/day 29/11/91

NEWS IN BRIEF

Group condemns SABC

THE Film and Allied Workers' Organisation (Fawo) has condemned the SABC for its unilateral moves towards privatisation and the cutting of local content in its broadcasts (260)

Fawo general secretary Willie Currie said the responsibility for the film and broadcasting media should be urgently transferred to interim structures to be set up by the all-party conference

PUBLIC SECTOR - GOVT. STATE ENTERPRISE

1991 - DEC.

THREAT TO PENINSULA KINGPINS AS RADIO METRO GOES 24 HOURS

Big Four in battle for Cape airwaves

S Times (CM) 1/12/91. (260)

By GLENDA NEVILL

FOUR radio stations are squaring up in a battle for market share of the lucrative Cape radio airwaves.

The introduction of the 24-hour Radio Metro in the Cape and the extended broadcasting hours of Radio Kontrei appear to be a challenge to Radio Good Hope Stereo and Radio 5, the main players in the listenership stakes on the Peninsula

On the fringe of the battlefield is Radio Enterprise, which is lobbying for the right to introduce localised independent radio stations

"It will be a battle royal," said Mr John Grierson, managing director of Radio Enterprise

"The SABC has held the monopoly of the airwaves for so long that it has become a big bully Now, with deregulation on the cards as recommended by the Viljoen Report, it is making very defensive noises"

Dominate

The four stations in the Cape are owned by the SABC, but as the province has a population of about 2,8 million, observers believe the various stations will have to restructure their formats to target a narrower audience

Radio Good Hope dominates the Western Cape and has 620 000 listeners compared with Radio 5's 148 000 according to the February/March 1991 Amps figures — but it is already losing listeners to Radio Metro, though not enough yet to make it nervous, it says

"It's too early to say how badly we will be affected — but we're so big that we're pretty confident we'll stay on top," said Mr Arnold Crous, head of Radio Good Hope and Radio Kontrei

"The more competition the better It keeps us on our toes"

Although Radio Good Hope's main focus is the metropolitan area of Cape town, it broadcasts throughout the Western Cape In demographic terms, it is not able to satisfy all people, traffic reports and surfing news are of no interest to listeners in the rural areas

It was for this reason that Radio Kontrei was introduced in 1990.

This station, according to manager Mr Mervyn Gers, is "aimed at the 25-49 age bracket in the white, coloured and Asian groups who like middle-of-the-road music and read Huisgenoot and You magazines"

Radio Kontrei has a "slight Afrikaans bias", he says, and is designed for rural listeners as well as those in the metropolitan area

Mobile

From tomorrow, Radio Kontrei is to extend its broadcasting hours from seven to 13 hours a day, from 6am to 7pm

Its listenership has grown from 75 000 people initially to 109 000

"We are primarily in competition with Radio Good Hope," Mr Gers said

Radio Metro, which offers "fresh soul music 24 hours a day", is likely to give Radio 5 and Radio Good Hope food for thought

In the month since its launch in the Peninsula, Radio Metro has had positive feedback from its Cape listeners, says Mr Koos Radebe, manager since the station's inception in 1986

From today, Radio Metro will be broadcast in Durban and Port Elizabeth as well

Mr Radebe said its main target was the "upwardly mobile urban black" but that in reality, the racial lines were not so clearly demarcated

"Metro has a global appeal"

Radio Metro's soon-to-be national status has been interpreted as a challenge to Mr Radebe, who is confident it can be surmounted

Radio 5 is planning several campaigns to promote itself here next year

"We have held our audience and have grown in the past year," said station manager Mr Lance Rothschild

"We have taken note of the competition and are not taking it lightly Radio Metro is a good station, but I don't think it presents a threat. I think we'll hold our own."

Zambia 'needs SA aid'

ZAMBIA may have to seek donor aid from SA in 1992 to meet an expected shortfall in traditional support, the independent weekly newspaper The Weekly Post reported in Lusaka on Friday. Traditional donors may not provide all of the $600m to $700m required for investment expenditure and balance of payments next year.

BD 2/12/91

260

Two profs support Boesak

2.60

CT 3/12/91

By BRONWYN DAVIDS

TWO Cape professors yesterday supported television producer Mrs Elna Boesak in a SABC disciplinary hearing into allegations that she broke personnel regulations by criticising the SABC

The SABC alleges that she broke personnel regulations by criticising the corporation in the press for cutting to shreds her documentary on the "life threatening" crisis facing academic hospitals

Professor W L van der Merwe and Professor M L S de Kock, of Tygerberg Hospital and the University of Stellenbosch Medical Faculty, supported Mrs Boesak's view that the programme was "deliberately structured to protect and support the Minister of Health, Dr Rina Venter"

Prof Van der Merwe said Tygerberg Hospital academics were "unhappy" with the way the documentary had been robbed of its essence during the 4½-minute screening on Agenda

Mrs Boesak had shown the academics a 25-minute edited version of her in-depth documentary which had been a "balanced view of the current problems at academic hospitals"

"We don't know what motivated the SABC to shorten the programme, but the feeling among academics is that we support Mrs Boesak's view that the programme was restructured to support the minister of health and protect her stand on academic hospitals," said Prof Van der Merwe

'Programme cut to protect the minister of health'

Mrs Boesak, the wife of ANC Western Cape chairman Dr Allan Boesak, was accompanied to the SABC building in Sea Point by her lawyer Mr Bashier Waglay, her advocate Mr Denzil Potgieter and the national organiser of the, SA Union of Journalists (SAUJ) Ms Karen Stander

Mr Waglay said "Sadly Mrs Boesak was not allowed legal representation We were not allowed to sit in on the hearing

"We believe that it is an important matter and Mrs Boesak should have been allowed legal representation "

Ms Stander, who attended the hearing, said "Mrs Boesak is not in a position to comment Fundamental issues, such as freedom of expression and credibility, have been debated "

She said the hearing will continue today

A three-man delegation from the SABC in Johannesburg declined to comment on the hearing

TAKING A STAND . . . SABC television producer Mrs Elna Boesak, who is on three months' maternity leave, outside the SABC building in Sea Point after attending a disciplinary hearing.

Picture BENNY GOOL

NEWS

Elna Boesak faces SABC disciplinary hearing

STINK (2.60)

3/12/91

CAPE TOWN — Two professors from Tygerberg Hospital yesterday supported television producer Elna Boesak in an SABC disciplinary hearing into allegations that she broke personnel regulations by criticising the corporation

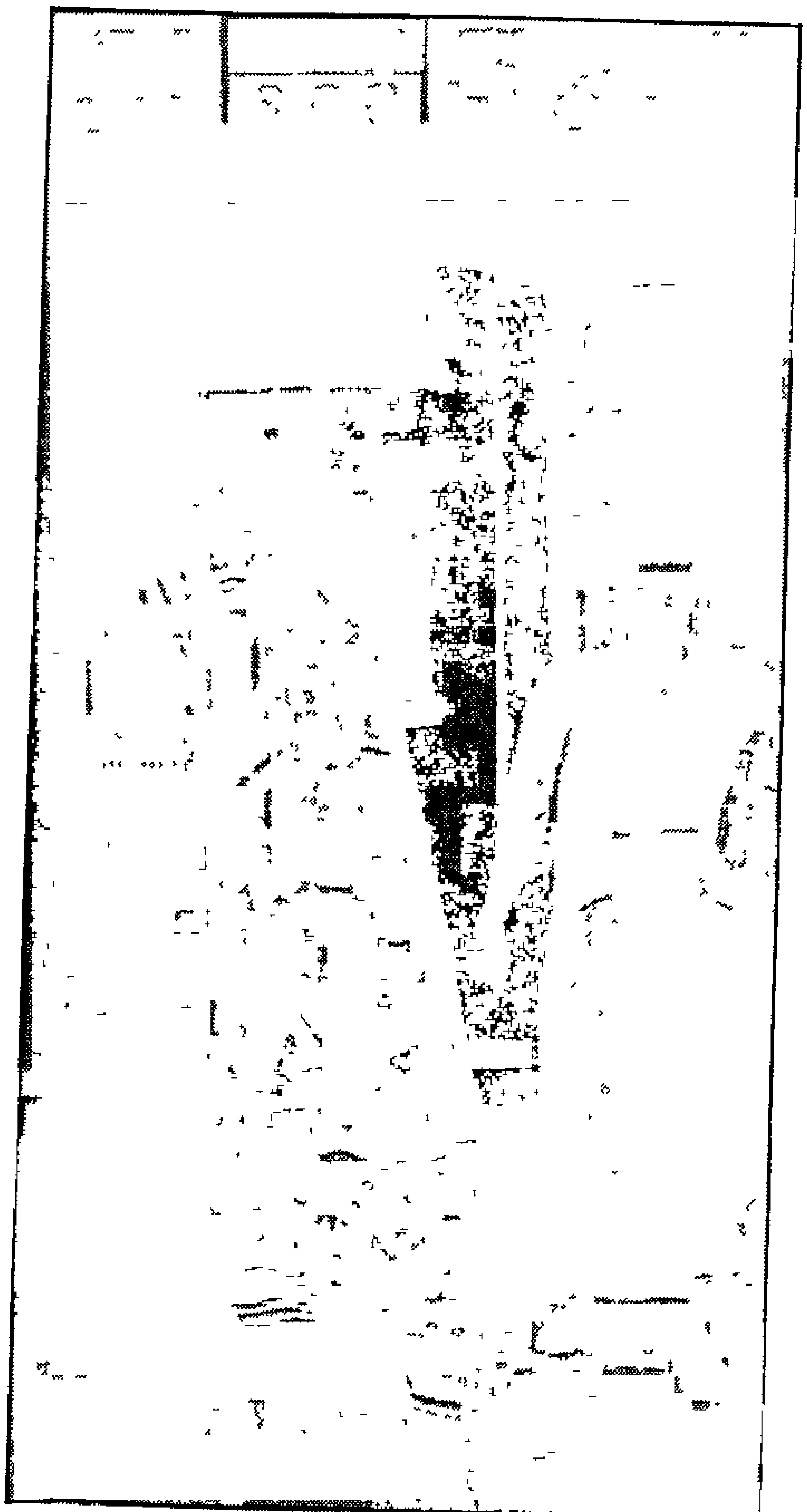
The SABC alleges that Mrs Boesak broke personnel regulations by criticising the SABC in the Press for cutting her documentary on the "life threatening" crisis facing academic hospitals to shreds.

Professor W L van der Merwe and Professor M L S de Kock of Tygerberg Hospital and the University of Stellenbosch Medical Faculty supported Mrs Boesak's view that the programme was "deliberately structured to support and protect the Minister of Health, Dr Rina Venter".

Professor van der Merwe said Tygerberg Hospital academics were unhappy with the way the documentary had been robbed of its essence during the four-and-a-half minute screening given on "Agenda"

Mrs Boesak had shown the academics a 25-minute edited version of her in-depth documentary which had been a "balanced view of the current problem at academic hospitals".

"We don't know what motivated the SABC to shorten the programme but the feeling among academics is that we support Mrs Boesak's view that the programme was restructured to support the Minister of Health and protect her stand on academic hospitals," said Professor van der Merwe



Complained . . . Elna Boesak at the Sea Point SABC with SAUJ national organiser Karen Stander.

Mrs Boesak, the wife of ANC Western Cape chairman Dr Allan Boesak, was accompanied to the SABC building in Sea Point by her lawyer, Bashier Waglay, her advocate Denzil Potgieter and the national organiser of the Southern African Union of Journalists (SAUJ), Karen Stander.

Mr Waglay said "Sadly, Mrs Boesak was allowed no legal representation"

A three-man delegation from the SABC in Johannesburg declined to comment on the hearing, which continues today. — Sapa.

Boesak case: Unit had to use reject equipment

(260) CT 4/12/91

By BRONWYN DAVIDS

FOOTAGE cut from an Agenda TV documentary had shown Tygerberg Hospital doctors having to use reject monitoring equipment in the coronary unit, an SABC disciplinary panel heard yesterday

The panel sat for two days to hear evidence in support of SABC television producer Mrs Elna Boesak, who allegedly broke the SABC personnel code by speaking out after her documentary on crisis in academic medicine was cut from 25 to four minutes

Mrs Boesak alleges that her documentary was cut and restructured in a way that protected the Minister of Health, Dr Rina Venter

The panel chairman and SABC group personnel director, Mr Fred Coop, yesterday declined to comment, saying judgment would be given today

Last night Professor Wynand van der Merwe of the Tygerberg Hospital anaesthesiology department and chairman of the Academic Personnel Society disclosed the contents of the footage cut from the documentary

Professor Van der Merwe said Mrs Boesak had filmed doctors using equipment that had been rejected as being defective. The equipment was in daily use in the coronary care unit and the cystosocopy theatre (urological procedures)

Drastically reduced

"Doctors told Mrs Boesak that because of the shortage of equipment much more stress was placed on the clinical expertise of doctors to look after the patient, whereas they would normally have been able to rely on sophisticated equipment for help," Professor Van der Merwe said

He said senior staff in the paediatric intensive care unit had told Mrs Boesak that the number of patients admitted to the unit had to be restricted because nursing staff had been drastically reduced

Professor Van der Merwe who, with the dean of medicine at Stellenbosch Univeristy, Professor H P Wasserman, and urology department head Professor Thinus De Kock, supported Mrs Boesak, said the programme had to be screened

"The programme shows the extent of the problem faced by all the major academic hospitals"

He said the universities of Natal and Witwatersrand's medical facilities were in a worse shape than Tygerberg's

There appeared to be no end in sight Dr Venter had spoken of the autonomy of academic complexes

"This would take away the red tape, but that does mean there will be funds to replace the equipment," Professor Van der Merwe said

Yesterday Professor Wasserman submitted an affidavit in which he said a good documentary had been suppressed as an embarrassment to the government and Dr Venter, because it highlighted the conditions under which academic hospitals were operating

● Dispute: SABC staff 'concerned' — Page 6

Eskom at hub of vast grid plan

B Day 4/12/91 (260)

ESKOM, Namibia, Angola and Zaire have all given their unqualified approval to a proposed interconnected southern African electricity grid, after high-level talks.

Eskom spokesman Peter Adams said in a news release yesterday that chief executive Ian McRae met top government and electricity officials in Namibia and Angola in November.

He said McRae and Eskom GM, generation, Paul Semark, found enthusiastic agreement for studies on an interconnected electricity grid for southern Africa.

Namibia and Angola called on Eskom to help co-ordinate feasibility studies for the western leg of the proposed grid, and to help train technicians from their countries

Adams said more meetings with other countries would take place this month

McRae met Namibian President Sam Nujoma last week, and received his full support for the electricity grid plans.

Namibian prime minister Hage Geingob asked for Eskom's assistance in training technicians and upgrading technical skill levels.

On November 28 and 29, Eskom officials met Angolan Secretary of State for Energy Quelhas Mota, and officials from Angola's electricity utilities.

Mota, quoted by the Eskom news release, said an electricity grid connecting southern African countries was of exceptional importance to the whole region.

He told Eskom officials that Angola, Zaire and other countries had vast potential for generating hydro-electricity He invited Eskom officials to visit a hydro-scheme under construction at Capanda, in northern Angola.

Eskom said that earlier agreement to take part in the grid project was received from President Mobutu Sese Seko of Zaire and Zairean power company Snel.

Thus, said Adams, the four key countries involved in the western leg of the power grid — Zaire, Angola, Namibia and SA — had all given the project their unqualified approval — Sapa

Dispute: SABC staff 'concerned'

(210)

CT 4/12/91

JOHANNESBURG — The SABC Staff Association yesterday issued a demand that the SABC should not make any decision to negotiate with the independent film producers or the Minister of Internal Affairs about the SABC's future without prior consultation and the approval of the association.

They said in a press statement that their members were becoming increasingly concerned about the dispute between the independent film producers and the board of the SABC

"Our members have over the years borne the brunt of political meddling with the corporation to the detriment of our careers"

The association accused the independent producers of "having paid lip-service to the tenets of free enterprise while they made profits and underwent phenomenal growth riding the SABC gravy train"

"Now they want their profits guaranteed by an organisation that has no such guarantees itself"

The statement said it was "ironic that over the years, when the private sector felt (as we did) that there was too much political interference in the affairs of the SABC, that the private sector now should turn to the Minister of Internal Affairs to intervene on their behalf with an organisation struggling to establish the parameters of its own survival"

The association also accused the press of "playing the dubious role of having a vested interest in the welfare of the private sector"

They referred to a recent press statement which an Afrikaans Sunday newspaper had allegedly refused to publish or investigate.

"In fact, many of these reports attempt to alienate our customers, the public, by implying that only the independent producers have sound management and that only they are able to originate quality material" — Sapa

Iscor on brink of firing 3 500 striking miners

VERA VON LIERES (260)

ABOUT 3 500 miners at Iscor's Durban Navigation Colliery (Durnacol) have been given an ultimatum to return to work by the morning shift today or face dismissal, an Iscor spokesman said yesterday.

National Union of Mineworkers (NUM) members have been on a legal strike for four weeks after wage talks deadlocked at a conciliation board hearing.

The spokesman said although Durnacol was only a marginal mine, the company had decided to present the union with an ultimatum because losses suffered during the four-week strike had been "quite severe".

Meanwhile, the National Union of Metalworkers (Numsa) said more than 4 000 workers at Anglo American subsidiary Highveld Steel had downed tools yesterday to protest management's alleged refusal to discuss the retrenchment of 600 workers.

Numsa said workers — the majority of whom were Numsa members — went on strike because management "refused to hold any meaningful discussion on the retrenchment of 600 workers".

However a Highveld Steel spokesman said last night workers went on strike at the Highveld Steel, Transalloys and Rand Carbide plants, all near Witbank, but had returned to work by 5pm.

Numsa claimed management merely informed the union of the retrenchments and gave broad reasons, but refused any further information. Management also refused all proposals from the union to negotiate severance packages. B|D (w) 4|12|91

"This high-handed behaviour contrasts strongly with the progressive pose Anglo takes in discusions in the metal industrial council," Numsa said.

The union said it would appeal for support from members in other plants, Cosatu and the International Metalworkers' Federation.

Anglo American could not be reached for comment last night.

Sasol chief slams 'Mossgas nightmare'

260

STAR

By Sven Lünsche 4/12/91.

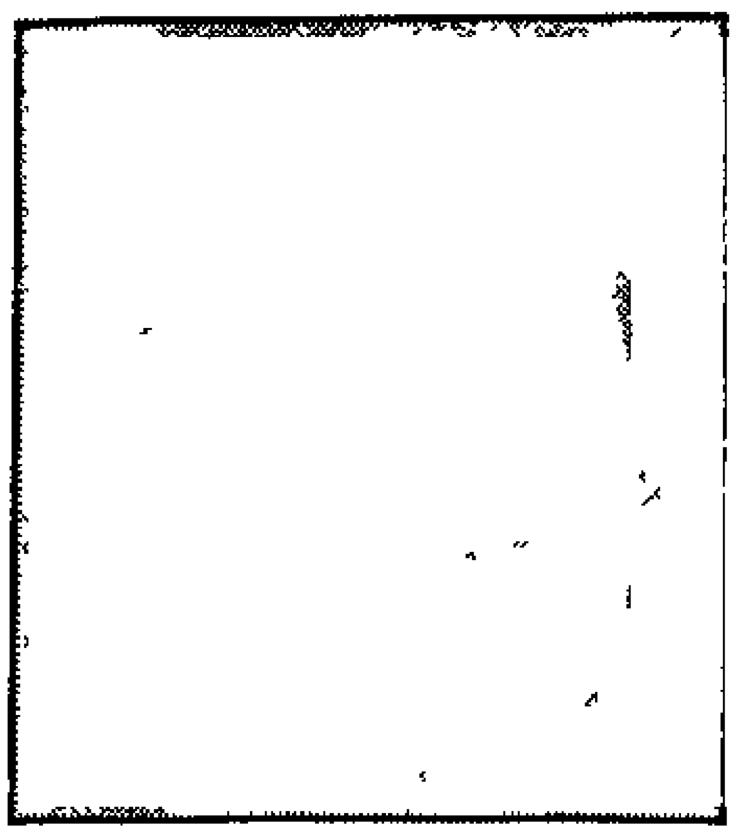
The management structure of the controversial Mossgas project was a "nightmare right from the start", says Sasol managing director Paul Kruger.

At a press conference yesterday Mr Kruger said, however, that Mossgas should be profitable without government subsidies, once all the capital investments had been made.

Mossgas has overrun initial cost budgets by about 50 percent and, according to recent estimates by the Auditor-General, will cost about R10 billion at its completion.

Mr Kruger defended Sasol from criticism of its role in Mossgas by an independent US expert in a report endorsed by the Auditor-General.

Sasol, itself under fire for allegedly receiving extensive state subsidies since its founding, was approached to manage Mossgas at an early stage, but declined "as the project was not commercially viable from a capital investment point of view", Mr Kruger said



Paul Kruger .. overall project management was completely wrong

"We advised the Government strongly to find an owner for the project as soon as possible Before Engen took over running Mossgas, overall project management was completely wrong," Mr Kruger said

He was critical of the eventual split of the project management and engineering functions of Mossgas, "which we would not have structured in that way".

The Government's insistence that overseas companies find a local joint venture partner also made management of the project more difficult, he said.

Mr Kruger was, however, optimistic that Mossgas would run profitably without state subsidies and even at a lower international oil price, once construction had been completed.

Turning to recent criticism of Sasol's involvement in the project by US expert Maurice Brooks, he said Sasol never had any responsibility for project management.

Its role was "purely one of a licensor of technology".

He estimated that the initial value of contracts awarded to Sasol in terms of the provision of synfuel technology and commissioning know-how was about R50 million for each.

Mr Brooks criticised Sasol's insistence on using US engineering group Fluor for the engineering management; for its obsession with secrecy; and for its failure to recognise that synthetic gas feed resulting from natural gas was different from that derived from coal feed used at Sasol 2

Mr Kruger said the latter charge could be refuted by means of solid technical facts

Its secrecy was applied only to proprietary technology "as is normal practice in the industry"

Referring to its links with Fluor, he said Sasol felt that its resources and experience were clearly superior to those of other engineering groups

- The Government is launching a public relations exercise to counter the recent criticism of Mossgas, starting with a press tour of Mossel Bay today and a conference on the project tomorrow.

Minister for Mineral and Energy Affairs George Bartlett is expected to counter recent findings by Mr Brooks, who criticised several aspects of the management of the project

He will also defend the huge cost overrun at Mossgas, which many critics allege has diverted funds from more essential programmes

Mr Brooks said that the onshore part of the project had overrun its budget by 66 percent and the off-shore section by 21,7 percent

SABC to show full Elna film

CT 5/12/91 (260)

By DANIEL SIMON and YAZEED FAKIER

THE SABC is to re-screen in full a documentary compiled by Mrs Elna Boesak on the crisis facing academic hospitals after it showed a watered-down version during an interview with Health Minister Dr Rina Venter on a TV1 Agenda programme

The corporation's decision came after an SABC disciplinary panel found Mrs Boesak guilty of breaking two regulations of the staff code by publicly criticising the SABC for editing her 25-minute documentary, which showed "life threatening" conditions in Tygerberg Hospital

Mrs Boesak complained to the press after a five-minute version of her documentary was screened on TV1's Agenda programme, saying that it had been edited so as to protect Dr Venter

Following this week's two-day disciplinary hearing, it was recommended that Mrs Boesak be given a final written warning It was also recommended that Mrs Boesak retain her position as specialist producer but be placed under the editorial control of the SABC in Cape Town

Before the documentary rumpus, Mrs Boesak in her capacity as a specialist producer reported directly to the executive producer of Agenda in Johannesburg

The panel's judgment and recommendations must be confirmed by the director-general of the SABC, Mr Wynand Harmse

SABC senior executive of television news Mr Christo Kritzinger said that given the public interest in the matter and the outcome of the disciplinary hearing, the corporation had decided it would re-screen the documentary in full

He added that he wanted to "emphasise" that the editing of the documentary had not been an attempt at censoring Mrs Boesak's work.

Commenting on the outcome, SA Union of Journalists national organiser Ms Karen Stander said she and Mrs Boesak feared the panel's recommendations could have implications for her job and possibly make it impossible for her to remain with Agenda as a specialist producer

Reacting to the finding, the Western Cape branch of the ANC said last night it was "time that the SABC realises it is paid by — and is supposed to serve the interests of — the public and not those of the Broederbond and its members"

The finding was "even more scandalous" in view of the severe crisis the government had caused in the health service

VERA VON LIERES

Iscor sacks 3 300 striking coal miners

(260) (

MORE than 3 300 striking miners at Iscor's Durban Navigation Colliery (Durnacol) were dismissed yesterday after they failed to heed an ultimatum to return to work, Iscor said Only about 150 workers had reported for work

NUM official Kgalema Motlanthe said almost the entire 3 500-strong workforce had been dismissed after embarking on a legal wage strike on November 4

He said union officials and management met on Tuesday to try to reach settlement A union proposal for mediation — the second since talks deadlocked — and an undertaking to persuade workers to return to work by Monday was turned down

The Iscor spokesman said the strike started after workers refused a wage increase offer of between 10% and 14%, implemented at the beginning of July Durnacol was a marginal mine and losses sustained due to strike action had become untenable, he said

B|Day 5|12|91

Management's position throughout had been to preserve jobs, rather than "accede to unrealistic wage demands All other Iscor workers, unionised or not, accepted the increases which are considered a fair median in the mining industry"

Iscor said the mine would employ new workers "as soon as possible"

Eskom on pollution policy

ROBERT LAING

POLLUTION levels in the eastern Transvaal do not warrant spending R8bn on equipment to clean power station emissions, despite the Worldwatch Institute's claim that SA is the planet's worst greenhouse offender, says Eskom

Eskom environmental spokesman Andre van Heerden said money would be better spent bringing electricity to all major black townships within reach of the power grid The cost would be about R6bn, he said

Van Heerden said Worldwatch, a Washington-based environmental group, had misunderstood figures taken from a study co-ordinated by the CSIR in 1988 and compared SA's peak pollution levels against the world's average values.

The CSIR's measurements indicated air in the Witbank area contained the highest level of sulphur dioxide in the world

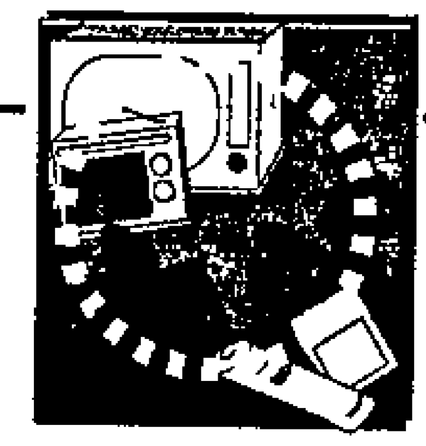
260

The power stations are not fitted with flue gas desulphurising equipment because installation costs would be R1bn for each of Eskom's eight main generators, Van Heerden said.

A CSIR spokesman said. "There is no hard evidence that Eskom's stations have damaged the environment — symptoms could take 50 years to emerge"

New Scientist recently reported that SA, for every dollar's worth of goods and services produced, used three times more energy than the US and six times more than Japan

9/12/93



TV PRODUCTION FM 6/12/91 260

Cutting down a monster

On the face of it, SABC's cutback in local TV programming has little to do with the ad industry But if, as members of the industry predict, it results in a number of TV and film production companies going to the wall, the implications could be far-reaching.

The SABC is by far the biggest source of business for the 100 or so production companies in the country, a mainstay of both programming work and advertising commercials Even after its planned cutback in local programming from R110m last year to R60m this year it accounts for more than 40% of all the feature work done by the industry — though half of that will be dubbing work. Unless current negotiations (which have come to a head this week) change things, TV1's total budget for drama will go from R40m to R13m.

Edgar Bold, president of the SA Film & Video Institute, says that without the previous level of programme work from the SABC, "only a handful of the 100 members of the institute will survive."

The major producers are companies employing 50-60 people but many members of the institute are one-man bands working from garages. There are a large number of producers of magazine items for TV but many, concentrating on corporate videos, have no SABC work at all. There is also a limited amount of film work and some of them also do TV commercials.

"The small ones don't go to the wall immediately because they operate with low overheads," says Bold "The bigger ones, which have an infrastructure, are the ones which go first There is no doubt there will be a huge rationalisation "

The proliferation of production companies has been caused by an SABC policy of not allowing the corporation to be held to ransom Because it did not want a single production company to become too powerful, it has tended to favour the small outfits "The SABC created the monster," says Bold "It created all the companies out there Now it blames the industry for being oversupplied."

Bold believes the production companies are pawns in a much bigger power struggle which concerns the way the SABC is run.

"The fight is not about local production but about what the SABC is doing with its finances. Independent local productions consume only a small portion of its R1bn annual revenue People prefer local productions. We are being unfairly singled out for massive cuts instead of making a 10% cut across the whole of the SABC budget. The bigger game is about whether the future SABC is deregulated and commercialised or a hybrid half commercial, half public service broadcaster "

SMALLER CAKE

Where independent production companies earn their money

	Rm
SABC programming	60
M-Net programming	30
Corporate videos	25
Feature films	30
Total drama/documentary	145
TV ad commercials	90

Enrolling stokvel savers

The black market is not very profitable business for financial institutions. Most savings accounts operated by blacks involve small deposits and a large number of transactions One promising way in, however, is via stokvels — savings clubs in which members make deposits on a regular basis

There are an estimated 100 000 stokvels in SA, each with 12-20 members, generating savings of some R60m a month. First in was The Perm; now Standard Bank has followed with a scheme launched in September.

The package comprises a savings account for the stokvel, backed up by membership certificates, account books, badges and so on

"It is difficult to levy an adequate fee for that market at present," says Standard Bank divisional GM John Holloway. "But if we can get deposits of, say, R1 000 a month from stokvels instead of R100 or less from individuals, we can pay them a higher rate of interest. This would be more cost-effective."

Interest on savings accounts is on a sliding scale ranging from around 5% annually to 15,5%, depending on the size of the balance and the length of time for which it is deposited. Most black clients earn the minimum rate, but Holloway guesses that some stokvels might be able to earn 10%-11%.

A R500 000 budget has been committed to the campaign prepared by Bernstein Loxton Golding & Klein. *Tony Koenderman*

ANC blasts SABC over Boesak

260

Sowetan 6/12/91

THE ANC (Western Cape) has condemned the "trial" and conviction of SABC reporter Mrs Elna Boesak saying it is the kind of perversion of truth and justice that can only take place in South Africa.

Following a two-day disciplinary hearing, an SABC panel found Boesak guilty of breaking two regulations of the staff code by publicly criticising the SABC for editing her 25-minute documentary, which showed "life-threatening" conditions in Tygerberg Hospital.

It was recommended that Boesak be given a final written warning.

The incident could only serve to underline the ANC's demand for the need for independent control over the SABC to ensure that all parties are treated equally in this "crucial" period in the history of the country, the organisation said in a statement in reaction to the finding

"It is time that the SABC realises that it is paid by the public and that it is supposed to serve the interests of the public and not those of the Broederbond (the highly-secret Afrikaner male organisation) and its members," the ANC said.

"The whole incident is even more scandalous in view of the severe crisis which the Nationalist Government has caused in our health services as hardly a day goes by without some new horror story about the collapse of our health service." - *Sapa*

Iscor works set the industrial ball rolling

B/Day 6/12/91. (260)

ISCOR was the founder member of industrial Newcastle when it set up the second of its three works in the town in 1971.

Today, it employs around 8 500 people, some 65% of them semi-skilled, to process iron ore railed from the Sishen Mine.

Unlike the corporation's works in Vanderbijlpark and Pretoria, which cater mainly for the local market, around 80% of the Newcastle works' output is exported through Durban.

One of its aims is to reduce this export percentage — and much of Iscor's research is aimed at finding cost-effective ways to promote the beneficiation of its products prior to export.

Spokesman Philip Roos says: "The Newcastle location was chosen in the '60s, when Iscor was still a quasi-government organisation and supporting its decentralisation policy was an important consideration.

"At the same time, the town offered, and still offers, an abundant supply of labour, water and electricity and is well located on road and rail networks."

While initially Iscor dominated the town as an employer, user of services and buyer of goods, Newcastle has avoided too heavy a dependence on the steel industry.

"Our policy has always been to use local suppliers wherever possible — but while many businesses in Newcastle are orientated towards our needs, we don't form the full focus of their operations," Roos says.

Only about half the plant's employees are based in Newcastle and account for around 12,5% of the town's working population. The balance come from kwaZulu.

Because of this, the town weathered Iscor's cut-backs last year fairly well.

While the northern Natal region as a whole has been hard hit by the recession, it is showing signs of recovery — which must be largely due to its independence of any one investor.

But as a major corporate resident of the town, Iscor is committed to a number of social responsibility programmes.

Education is of special interest, and Iscor is one of the main contributors to the Siza Community College.

It is also committed to nature conservation and the works property holds the Hans van Vuuren Game Park, which is open to the public.

Move on Elna Boesak documentary hailed

STAR 6/12/91.

By Carina le Grange and Sapa 260

The South African Union of Journalists (SAUJ) yesterday welcomed the SABC's decision to re-screen the uncut version of the controversial documentary on academic medicine produced by Elna Boesak.

Mrs Boesak was found guilty on Wednesday by a two-man SABC disciplinary panel of breaking the staff code after she complained to the press that the documentary had been edited in such a way as to protect Minister of Health Dr Rina Venter Of the original 25-minute version, only five minutes were eventually shown

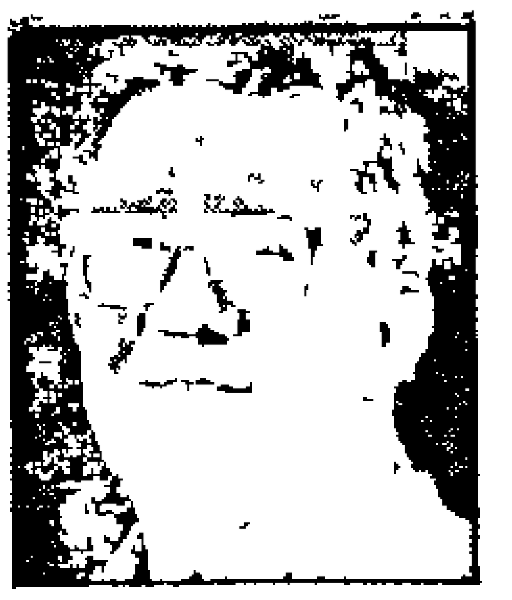
Mrs Boesak has received a final written warning from the panel She has given notice of appeal.

The SAUJ said, however, it was a pity that the SABC had not at the same time see fit to screen the programme as a way of resolving the dispute between themselves and Mrs Boesak "without having to resort to heavy-handed discipline" The union hailed the decision to rescreen as a vindication of Mrs Boesak's stand and as a victory for the free flow of information.

Among the facts around the "Elna Boesak affair" was that an edited five-minute version was finally shown and that Dr Venter was given almost unlimited time to respond to it, he said.

"Considering that Dr Venter is under attack from the Medical Association of South Africa, which is demanding her resignation, it is appropriate that the public be given the opportunity to view the entire documentary"

● Ditch amendments to Act — Page 6



Once again, we've got things back to front

(210)

S Times 8/12/91

THE troublesome question about the appointment of Gencor's Derek Keys to the cabinet is not whether he is the right man for the job — he's brilliant — but whether he has come too late

The management of the economy has become such an appalling mess that President De Klerk clearly had to do something, or see his political base eroded by the economic grievances which afflict all sections of the population

Dr Wim de Villiers, before he died, spent many hours explaining to me where it had all gone wrong. In some cases — such as the telephone service — the problems lay far back in history, when the government gave the Post Office a mandate to provide telephone services, essentially regardless of cost

The result was that, in one small country town, the engineers installed expensive capital equipment sufficient for the next 100 years Some of the top officials had never heard the term "return on capital"

His reports on the transport services, on Eskom, and on the structural deficiencies of the economy constitute both a terrible indictment of the governments, and — since he was not a destructive man — a blueprint for restructuring That blueprint was cast aside when he died

Not that he always succeeded His first attempt was to wrest chunks of the economy from government control by privatisation He was forced off course when the ANC, finding in nepotism a shared interest with the civil service, came to the defence of the pork barrels which it hoped to inherit

So we remain saddled with enterprises like Sasol and Iscor, both still shielded against market forces, like Mossgas and Foskor and Armscor and other economic baronetcies. In large enterprises and in small, government intervention has distorted the market and created strongholds of vested interest that fight off change as fiercely as the AWB does

A startling example is the demand by local movie-makers for the SABC to buy their rubbish in preference to imported and dubbed material The arrogance of demanding a trough of public money for private benefit is breathtaking, and so is the scale of it: the SABC cited comparative prices of R7-million for an overseas drama, R18-million for a dubbed programme, and R130-million for a locally made substitute.

Then, too, such a smell comes from the medical industry, whose expensive little habits have been well tolerated by the doctors, that I hope President De Klerk appoints a commission of inquiry to hold public hearings before he thinks of sacking Dr Rina Venter as Minister of Health Perhaps we'll find out how medical companies became more profitable than gold mines

Or take the food industry, where the imposition of a tax of 10% has provided a screen for price increases of 25% The farmers are paid peanuts, the consumers pay through the nose, and the law, in effect, forbids the farmer to bypass the chains of corporate middle-men by opening farmers' markets In this, as in all these scandals, collusion between government and cartels lies at the heart of the ordinary man's sorrow.

THE cartels can always rely on cosy relationships with the bureaucrats to keep out competing imports, anything from chickens to bricks to oil The decline in the value of the rand in recent years has, in effect, doubled the protection which South African manufacturers enjoy against imports, but even so, bring in any good product from abroad at a reasonable price and it is driven off by specious cries of "dumping".

I dropped in this week on the Communist Party to hear Joe Slovo deliver a public promise not to steal my swimming pool, and heard him also flaying capitalism Much of what he said was nonsense — anti-American nonsense at that — but I sympathised with his views on the monopolies that, under the protection of bad law, have come to dominate our lives

Faced with this array of problems, the government bravely vacillates Everything it attempts — privatisation, free trade, lower tariffs, VAT — is abandoned, or modified, or compromised as soon as it runs into the vested interests, whether commercial or bureaucratic

The result is that we have been plunged into a dragging recession which cannot end because the Reserve Bank is pulling one way, holding money tight, and the finance department is pulling the other way, running up debts like a sailor in order to offset the effects of tight money Those behind cry "forward", those before cry "back"

MEANWHILE, time is running out. Already the government's ability to conduct economic policy has been severely curtailed by its fear of Cosatu, which taught Finance Minister Barend du Plessis a sharp little lesson with its stayaway. Very soon — in a matter of months — control of policy is likely to be shared in a more formal sense with the ANC, and the ANC is determined, it appears, to sabotage any economic change that brings credit to Mr De Klerk.

Into this morass comes Derek Keys to take up, one hopes, where Wim de Villiers left off. He is a man of extraordinary talent and goodwill, a genius at handling people, and he probably knows what needs to be done, even if he does not yet know how to do it

Wish him well The Soviet Union, where political reform was allowed to outrun economic liberalisation, is falling apart, China, where political change has been brutally checked while the economy is liberalised, is leaping ahead, following the path pioneered by South Korea, Chile, Taiwan and others

It seems clear that if political reform is to succeed, economic change must stay ahead of the game In South Africa that vital sequence is in danger of being reversed so that, like the luckless people of the Soviet Union, we may end up fighting for a shrinking pie

The bottom line is this if economic reform begins to deliver prosperity to the people, free enterprise may survive If not, Joe Slovo may end up, one day, stealing swimming pools to satisfy the angry masses

KEN OWEN

Boesak hits out

By KURT SWART

DR ALLAN BOESAK has described as a "farce" the SABC disciplinary hearing which came close to sacking his wife, television news producer Elna Boesak, after finding her guilty of breaking SABC regulations

Mrs Boesak, who is not allowed to discuss the hearing, was on the carpet for issuing a press release slamming the SABC for allegedly censoring a TV news programme she produced

ANC Western Cape president Dr Boesak said: "The hearing was a farce which should never have happened. The SABC had no right to cut her feature without her knowledge just because it felt it was too harsh on the minister"

Editor-in-chief of TV news productions Mr Johan Pretorius said no decision had been taken on whether the uncut version would be screened.

Sowetan 5/12/96

(260)

Iscor to employ 3 000 after dismissals

VERA VON LIERES

ISCOR will start employing a new workforce at its Durnacol mine in northern Natal this week after the dismissal of about 3 000 miners who refused to comply with an ultimatum to return to work, a company spokesman said on Friday.

The spokesman said about 500 miners, who responded to the ultimatum last week, were keeping the mine running The mine was also relying strongly on its white workforce

Only limited production was going on at the mine, although it was too early to determine losses caused by the four-week strike by more than 3 000 NUM members (260)

The miners embarked on a legal wage strike on November 4, demanding above-inflation increases against the company offer of increases ranging between 10% and 14%

NUM acting general secretary Marcel Golding said yesterday the union would meet management today to negotiate a settlement for the dismissed workers

Eskom hotline to canvass residents

ROBERT LAING

ESKOM has launched a toll-free telephone service to canvass township residents' grievances about services provided by local authorities and to establish their reasons for not paying electricity accounts.

An Eskom spokesman, who asked not to be named, said Powerline aimed to gauge to what extent non-payment was the result of poor service, rather than a form of political protest. The utility believed market research would support CE Ian McRae's contention that non-payment was not mainly a political issue, as local authorities claimed. BDay 10/12/91.

The spokesman said Eskom, in its bid to bring electricity to townships, had been hamstrung by municipalities which saw the utility as a threat. Soweto and other local authorities refused to cede reticulation rights to Eskom for fear of losing revenue from electricity sales. Eskom argued that SA did not have enough technically qualified people to allow each local authority to run its own service.

Powerline advertisements, placed last week, read: "If you have complaints about electricity, or any ideas for ways to solve the problems, please talk to us. We are members of a concerned team at Eskom, who actually live in the communities we serve."

Powerline's number is 0800-11-27-22.

(260)

Payout to tax rebel

CT 12/12/91 (260)

By RONNIE MORRIS
Supreme Court Reporter

THE Department of Finance is to probe charges of corruption and maladministration against itself in terms of a Supreme Court settlement with a top tax official.

It will also pay the official, Mr Trevor Norman Foster, R164 000 for his legal costs

Mr Foster, a deputy director and also head of the special investigations team of the Department of Inland Revenue, brought two applications against his bosses for overlooking him on promotions

He claimed that his promotion had twice been blocked after he had exposed corruption within the revenue service

Mr Foster, who will resign from the Department of Finance on December 31, has undertaken to abandon irrevocably all claims and/or court actions against the department

He also undertook to stop investigating corruption or maladministration because the director-general had undertaken, and committed himself, to have the allegations investigated by an independent committee or commission.

The parties further undertook to regard the terms of the settlement as private and confidential and not take any steps to make it public

The court heard that on November 8 last year he was evaluated by an evaulation committee and was found not to be "a candidate for promotion"

A merit assessment found his work "not completely satisfactory" and as a result he lost a yearly professional allowance of R20 000

Two judges subsequently set aside a decision by the director-general that he should not be rated for promotion and that his performance was unsatisfactory

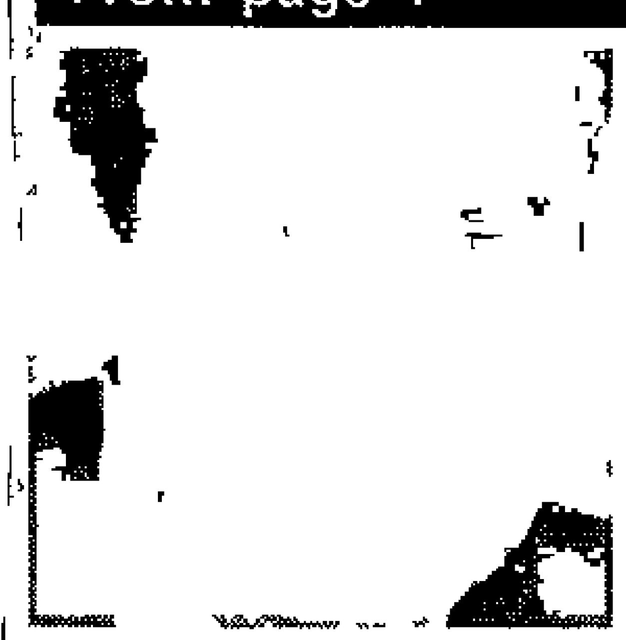
Mr Foster subsequently brought a second application when he was again assessed this year and found not promotable on the basis of his alleged "poor interpersonal relations".

To page 2

From page 1

Tax rebel

(260) CT 12/12/91



PAID OUT .. Trevor Foster

Central to this issue was the fact that over a period of time he had brought evidence of corruption and/or maladministration to the attention of his seniors, Mr Foster said

Yesterday, in terms of a settlement which Mr Justice J J Fagan made an order of court, the director-general acceded to all Mr Foster's claims brought in the May application These were

That the director-general give reasons why he was evaluated in his present rank as "not completely satisfactory", wh[illegible] was rated as "not at all a candidate for p[illegible] and why his acceptability rating should [illegible] acceptable

The director-general further placed on record that Mr Foster was now being rated as "having been classified promotable out of turn"

Mr Peter Hodes SC, assisted by Mr Les Rose-Innes, instructed by Mr Jeremy Simon, of Gelb Gelb Simon and Shapiro, appeared for Mr Foster

STEEL TARIFFS

FM 13|12|91 (260)

How Iscor soaks local buyers

Iscor, which relies almost entirely on domestic sales for its profits, conducted an almost year-long campaign to raise tariffs against foreign steel Though only 2,5% of the steel used in SA is imported, Iscor argued that the slump in the world steel market meant a lot of below-cost steel could be dumped locally The effort paid off recently when government raised to raise the tariff on imported cold-rolled steel by well over 100%

The big losers were the motor vehicle and appliance manufacturing industries, major users of this type of steel Without access to much cheaper imports, these industries are now forced to buy Iscor's expensive steel Iscor is also able to raise its price by 6,5% on January 1, even in this depressed market, because the new tariff pushes the cost of imported cold-rolled steel to well above Iscor's local price

So already-high car and appliance prices will go higher and jobs will be lost in every industry that uses cold-rolled steel In a nutshell a giant company afraid of competition in its own market has used close ties to government to force other companies to become less competitive An economy that is already seriously uncompetitive by world standards becomes even less so

Why did government do it, especially when there is now a growing awareness of how tariffs hurt the economy? The approval may have been based on a false premise

In its 1991 annual report, Iscor suggests that it is entitled to a level of protection that would prevent imports from undercutting it because, it claims, its domestic prices are among the lowest in the world

If, as it believes, Iscor is one of the world's lowest-cost steel producers, then any cheaper steel coming in is by definition being dumped, the company's reasoning goes And while government may be more attuned to the need to reduce tariffs, it will still act swiftly to stop purported dumping as soon as any industrialist gives the word

To make its case, Iscor compares its domestic prices to domestic prices in the UK, US, France and Germany The figures seem convincing the price of a ton of cold-rolled steel is quoted as 12,5% higher in Germany, 11,1% higher in the US, 2,9% higher in France and just 0,5% lower in the UK

"But Iscor uses the list price of steel in the other countries, not the actual market prices that include huge discounts available in all these markets," says Robin Bosomworth, chairman of the Cape Town-based Independent Wire Manufacturers' Association

"While Iscor therefore *proves* that its prices are cheaper, they're actually a massive 50% higher than the market prices of its US and EC counterparts Just because imported steel is cheaper it doesn't mean the steel is being dumped Iscor did not have a case for further protection "

Paying a heavy price

SA's high local steel costs

SA	R1731
UK	R1269
Germany	R1244
France	R1176
US	R1151

Prices are for a ton of cold rolled steel and are as of March

Source Metal Bulletin, European Steel Review

Iscor's official domestic prices for cold-rolled steel are 36% higher than the market price in the UK, 39% higher than in Germany, 47% higher than in France, and a whopping 51% higher than in the US, according to figures for March in the *European Steel Review* and *Metal Bulletin*.

Iscor charges R1 731 for a ton of cold-rolled steel compared with a discounted price of R1 151 in the US The new tariff sets a floor price of R1 670 (up from a range of R596-R706) but transport and other costs mean a landed price on the Reef of at least R2 000, Bosomworth says

He adds that apart from the State protection, Iscor and other local producers have a natural protection of about 25% against imports, compared with European producers, because of the long distances to SA, wharfage fees and then the inland slog to the PWV On top of this, the weak rand provides at least another 20% protection

"The inflation rate is aggravated by the lack of competitive pricing in the domestic economy," Bosomworth says "Most market economies accept that prices have to deflate during a recession But in SA, during recessions, producers apply for protection so that they can keep prices artificially high "

On top of having to pay exorbitant prices for their steel, local users see their foreign competitors paying Iscor as much as 35% less for the same steel It's the hallowed SA practice of two-tier pricing local customers pay through the nose and produce profits for the local company while foreign customers pay a lot less but serve to bring in foreign exchange — a favourite goal of government — and keep the plants running

"Iscor is able to export 47% of its production, to 60 countries, at much lower than domestic prices," says Bosomworth "Pressings and components can land in SA cheaper than the (local) cost of steel from Iscor "

This means Iscor's steel is dumped on export markets, according to the definition used by many SA industrialists (goods sold elsewhere cheaper than in the exporting country)

But dumping may not really be Iscor's main concern after all "The tariffs are designed to prevent disruptive competition, rather than dumping per se," said Johan van Zyl, of the SA Rolled Steel Producers' Co-ordinating Council, which is dominated by Iscor, in *Metal Bulletin*, just after the tariff increases were announced in October

Bosomworth's association, for its part, was not affected by the tariff decision Government did not agree to the council's application to have protection on wire rod raised to double Iscor's export prices for the product (*Business & Technology* October 25) He says he would like to build on his successful lobbying effort and form a steel users' group like the former Iron & Steel Consumers' Council in the UK.

Iscor spokesman Ernest Webb-Stock says only that Iscor "does not normally respond to statements made by Bosomworth's association " ■

Maponya at Kagiso Heroes Acre on Sunday Maponya was killed when the bomb he was carrying exploded near the Sterland shopping centre in Pretoria in 1988

... Gen Kobus Malan said additional police and defence force troops were being moved into Soweto to monitor Umkhonto's Orlando Stadium rally on Monday

More time for airing views

B/Day 13/12/91. (260)

MARCIA KLEIN

THE Department of Home Affairs has extended yesterday's deadline for submissions of comment on the Viljoen task group's report on broadcasting in SA and southern Africa

Adviser to the department Jack van der Merwe said yesterday the deadline had been postponed for about a week at the request of various parties.

He said numerous comments had been received from private individuals, corporations, newspaper groups, broadcasters and would-be broadcasters.

The Cabinet had appointed a working committee under the Home Affairs Department to assess these comments and it would be some time before there were any developments, he said.

Early reactions to the task group's findings were mixed

The DP's media spokesman, Peter Soal, said the DP felt there was much value in the report, and "an independent broadcasting industry and healthy national broadcaster are essential to ensure a democratic future of SA".

The DP endorsed the creation of an Independent Broadcasting Authority (IBA), but was concerned the majority of SA citizens could reject the proposed method of selecting IBA members

Hours before the deadline on comment was due to take effect, a group representing organisations concerned with broadcasting in SA rejected the task group's proposals.

Jabulani Broadcasting Network — representing 47 SA organisations and formed at a conference in the Netherlands in August — said in an open letter to Home Affairs Minister Gene Louw that the task group was partisan and inadequate as a vehicle for forming legislation to deregulate broadcasting

Jabulani said instead of operating in the open, the task group had conducted its sessions in secret and had stifled public debate

It also accused some task group members of having material interests in broadcasting and the group therefore reflected the narrow interests of the state, the SABC and business

As a result, organisations such as the ANC, PAC, SACP, Cosatu and Azapo did not have enough confidence in the task group's impartiality

Lombard's bail plea rejected

SUSAN RUSSELL

A JOHANNESBURG magistrate refused yesterday to reduce the amount of bail set by the State in the fraud case against Pretoria businessman Christoffel Lombard, brother of former Reserve Bank deputy governor Jan Lombard

The businessman, charged with fraud for his alleged involvement in a scheme to obtain a $600m foreign loan, was granted R30 000 bail in the Johannesburg Regional Court

Lombard's nephew and co-accused, Jan Karl Kruger, also of Pretoria, was granted bail of R15 000

The magistrate said the charges were serious and if the accused were found guilty, the sentences would be

Iscor negotiates exports to Japan

WILLIAM GILFILLAN

ISCOR is negotiating to export 120 000 to 130 000 tons of steel to Japan next year in addition to the 30 000 tons set for delivery in the first quarter of the year, the Metal Bulletin has reported

Iscor yesterday confirmed it was negotiating export contracts with Japanese firms but declined to comment on tonnages as negotiations were still at an early stage BIDay 13/12/91.

However, the bulletin added Japanese traders were unwilling to make firm arrangements beyond March as, while demand for steel in Japan could improve in the second half of next year, first-half demand was expected to be weak.

About 70% of the 30 000 tons to be exported is hot coil steel.

For the last 10 years Osaka-based Wazai International had an exclusive agent agreement with Iscor's trading arm Trans Orient Steel. (260)

Even though sanctions were in place over the past four-and-a-half years Wazai obtained permission from Japan's Ministry of Trade and Industry to continue to import SA steel — it argued any cancellation would contravene its long-term contract obligations

Total Japanese ferrous imports from SA reached 432 565 tons during 1990 compared with 539 518 tons in 1989 But the bulk of these — 332 267 tons (1990) and 352 271 tons (1989) — were SA ferro-alloys.

Steel imports fell by half to 91 298 tons in 1990 from 187 247 tons in 1989 Of this hot coil imports accounted for only 26 004 tons, slightly down on 1989's 27 591 tons

Boost for 'new SA' spirit

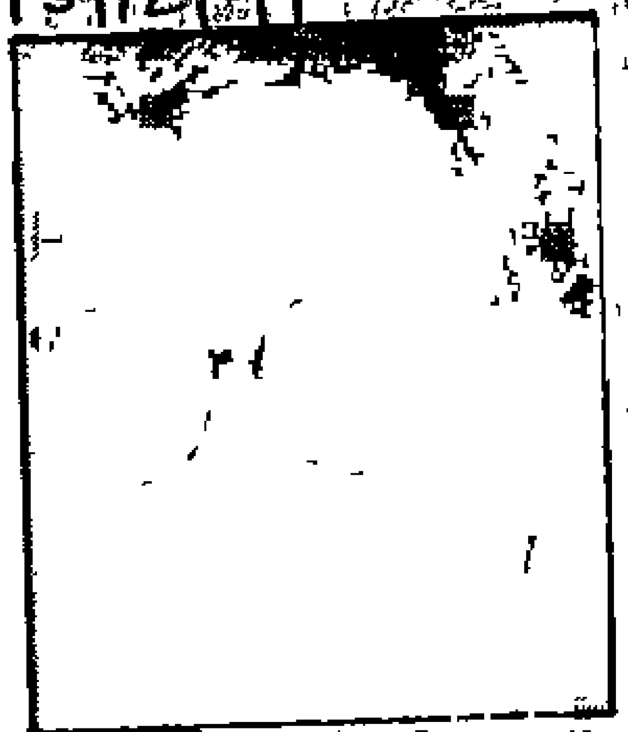
Citpress 15/12/91 (260)

THE success of the new South Africa depends on trust being built between communities, according to Sasol Caol general manager Chris Cloete.

As one of the founders of a unique community development project in the south-eastern Transvaal, he urges people to start building bridges now, and not to wait for constitutional negotiations.

"A lot can be done right now at local community level to change attitudes and to uplift the quality of life for all," Cloete said

The ideal model for such community co-operation and development is on Cloete's doorstep in the form of the communities of Secunda – where Sasol Coal and the Sasol 2 and 3 plants are based – and neighbouring Trichardt, eMbalenhle, Kinross, Evander and Thistle Grove



Sasol general manager Chris Cloete.

Dubbed Tekset – an acronym of the first letters of the names of these six communities – this co-operative community development organisation has been active for the past year It has set up projects covering a wide range of activities.

As Sasol is already involved in projects totalling R40-million over five years to uplift education and to support small businesses, Tekset has given top priority to projects involving youth, women and religious leaders

Tekset has provided co-operative structures between communities, regardless of race and helped establish friendship between people of different cultures, education and skills.

The concept was launched in September last year at a meeting attended by 600 people representing a variety of interest groups

Delegates voted unanimously to work together to foster an atmosphere of co-operation and to create a stable and healthy community

This has led to the recent formation of a company called Tekset Community Development (TCD)

"I believe we are making history here So much has already been achieved with the goodwill and potential that exists in the Tekset area," said Cloete, who is chairman of TCD

Sasol joins hunt for oil

S Times (Buss) 15/12/91 260

By ZILLA EFRAT

SASOL is trying to break into crude-oil exploration, adding impetus to a budding South African force in this area

Sasol has asked for a licence to carry out exploration in Namibian waters

It is also examining exploration opportunities in other countries, says a spokesman

The moves are in line with the group's policy of diversifying into areas other than synthetic fuels.

A Sasol spokesman says the next round of negotiations with Namcor, the State-financed company co-ordinating oil and gas exploration in Namibia, will take place in March

Namcor expects to award licences in June

Although much depends on the size and nature of potential oil finds, the spokesman says this is a significant move for Sasol into an area of business not fully exploited before

Engen has said that it is part of an international consortium bidding for rights to explore off the Namibian coast It expects to know whether it is successful early next year

A Namcor spokesman says 18 applications for offshore exploration rights have been received from companies all over the world The Namibian Government will not disclose their names

Engen also has interests in oil and gas exploration in the Alba and Kilda fields in the North Sea and is looking at West Africa

In addition, SA's state-financed Soekor has been talking to African countries about oil exploration off their coastlines

It is believed to be particularly interested in Angola and Mozambique

The Sasol spokesman says the crude-oil business is not new to Sasol. It was involved in oil exploration, through Soekor and was responsible for buying SA's strategic oil reserves in the 1960s before Sasol 2 was built.

Costs expected to exceed R3bn

260

Refineries to upgrade for unleaded fuel

B Day 18/12/91

ROBERT LAING

SA's six oil refineries are to be upgraded at a cost of about R3bn, say industry sources.

Sapref, Genref, Caltex, Natref, Sasol II and Sasol III will be upgraded to produce unleaded petrol at a cost of roughly between R250m and R500m per refinery

However, one industry spokesman said yesterday that these costs were in "today's terms" and would escalate over the duration of the project

He added that all service stations would also have to be adapted to serve the new fuel but costs for this project were still being worked on.

Oil companies welcomed Friday's Cabinet announcement that unleaded petrol would be made available in SA as soon as possible

Genref MD Errol Martin said the price of upgrading the plant to refine unleaded petrol could not easily be segregated from the overall R2,7bn cost of Genref's expansion project.

Genref, the Durban-based refinery which Gencor's energy subsidiary Engen took over from disinvesting Mobil, was the first SA refinery to plan unleaded production — embarking on the project about 18 months ago

"It did not take a high degree of clairvoyance to see government would legislate in favour of unleaded petrol We were looking 10 to 15 years ahead for our expansion project — during which time new engine technology and growing environmental concern would inevitably have favoured unleaded petrol," Martin said.

Caltex's Mike Maxwell said: "Caltex is undertaking various studies and analyses to determine the most cost-effective options of introducing unleaded petrol, making specific cost estimates impossible at present. Nevertheless, it is estimated that upgrading the Caltex refinery to meet the requirements of unleaded petrol could be several hundred million rands in today's terms."

Sasol spokesman Jan Krynauw said studies were under way to establish the cost of upgrading Sasol and Total's refinery Natref. Sasol II and Sasol III would also be upgraded, but not Sasol I because the plant was phasing out petrol production to concentrate on other chemicals.

Sapref MD Henri Joubert said an exact figure for the money required to upgrade the Durban-based refinery's expansion to unleaded capability was not readily available, but the amount was significant.

Sapref's joint owners Shell and BP recently gave the go-ahead for a R450m expansion project aimed at increasing the refinery's present capacity of about 200 000 barrels by 30%, to 260 000 barrels a day.

Joubert said Sapref would have the capability to produce unleaded petrol within

□ To Page 2

Refineries

B Day 18/12/91

260

□ From Page 1

four years — the time limit announced by Mineral and Energy Affairs Minister George Bartlett last week "Unleaded gasoline will cost 6c to 10c more per litre, but it must be introduced or SA will fall behind in new car technology," he said

Bartlett said fuel tax would be adjusted to enable unleaded petrol to sell initially for less than leaded petrol to promote its acceptance by the public

Bartlett's comment that leaded petrol would be gradually phased out sparked speculation that government planned to follow the introduction of unleaded petrol by legislating the compulsory fitting of autocatalysts to new cars

An industry spokesman said SA's two autocatalyst manufacturers — Johnson Matthey and Degussa — could easily meet local demand

A recent survey by Market Research Africa showed more than 2-million motorists were prepared to have their vehicles converted to use unleaded fuel and more than 1,7-million said they would pay R500 for the conversion

'Negotiate future of parastatals'

STAR 18/12/91.

By Kaizer Nyatsumba
Political Staff (260)

The future of the Development Bank of Southern Africa (DBSA) and other parastatals should be placed on the agenda of national negotiations around socio-economic issues with the Government, according to the newly formed National Development Forum (NDF)

At a press conference in Johannesburg yesterday, the NDF said nothing had come of its discussions with the DBSA — which was "still largely structured in terms of its relations with the bantustan governments".

Accountable

The bank, the NDF said, did not have the power to "change itself and make itself democratic and accountable", and therefore remained "an appendage of the Government continuing to serve its (the Government's) interests"

Its future had to be decided in negotiations on socio-economic issues with the Government "on the basis of a clear framework for development and development finance"

The NDF — formed by a wide range of organisations aligned to the Mass Democratic Movement and working in the development field — said a national task force representative of the various sectors covered by the Independent Development Trust (IDT) had to be established to negotiate the IDT's future activities

This, said the NDF, related to the Trust's future loans and grants from both foreign and domestic sources, its approach to development, its policies and its style of management

The ANC's Dali Mpofu, who is co-ordinator of the NDF's welfare sector, said the forum's main motivation for the establishment of the NDF was "the need of the democratic movement to build its own development policies and strategies".

"This becomes urgent in light of moves from the Government and allied institutions — the DBSA and the IDT in particular — to take major initiatives to address the development needs of the poor majority

"These initiatives in our analysis are politically motivated to build support for the Government, to entrench the establishment institutions and their 'top-down' product-focused development approach," the NDF said in a statement.

The statement said the key factor uniting participants in the NDF was their commitment to "people-centred development", which emphasised the building of "human and institutional capacity within communities to enable them to exercise greater control over the process and product of development"

The NDF said unlike the South African Chamber of Business, it did not believe that there had to be economic growth before there could be redistribution of wealth Instead, it believed in "growth through redistribution" and a fundamental restructuring of the country's economy

Goals set

At its first meeting in East London in the first week of December, the NDF set itself four goals These were

- Building a development policy framework and strategy
- Developing guidelines for engagement and negotiations in the transition period around socio-economic development issues
- Working on strategies to enhance the Forum's institutional capacity at national, regional and local level, both within and across sectors
- Building the NDF and its constituent parts into a strong formation representative of "a democratic approach to development"

Eskom to connect 160 000 households

121 Dem

ROBERT LAING 24/12/91

ESKOM has committed itself to increase the number of households connected next year to 160 000 from this year's 40 000

At a recent electrification conference in Germiston, Eskom said this rate would enable it to connect all households in its area of supply by 1996 The utility estimated 700 000 homes in its domain had no electricity (260)(103)(264)(5)

This left 2,3-million unconnected houses which fall under other supply authorities such as homelands and municipalities

An Eskom spokesman said the estimated R6bn cost of the Electricity for All programme was calculated by using an average connecting cost of R2 000 per household and a figure of 3-million unelectrified homes within reach of its grid.

The power utility had already allocated the required resources, including funding, to meet its 1992 target of 160 000 homes.

Eskom would not increase its work force, instead using consulting engineers and contractors to supplement its staff Whenever possible, Eskom and contractors would use local labour.

Contractors were invited to introduce themselves to their nearest Eskom district to keep informed about opportunities and bid for projects

According to a study by Prof Geert de Wet of Pretoria University, the electrification of 1-million households over five years could create 270 000 jobs and add 5% to SA's GDP

'The spiral of silence' has to be monitored

STAR 21/12/91

On the Box (210)
JOHN VAN ZYL

IT IS is some measure of the changes that are taking place in South Africa that the lamb can lie down with the hyena and take part in a multi-party (not counting one or two) conferences to forge a new constitution

It is also some measure of the status of broadcasting in South Africa that it is thought necessary to constitute a monitoring group to check on the way that the Codesa conference is going to be reported

In most countries the professionalism of broadcast journalists would be thought to be sufficient safeguard to ensure the relatively objective reporting of such a significant event

However, such are the memories of the way the SABC reported the last election, that a conference is going to be held at the end of January to co-ordinate several monitoring initiatives that have been started

A post has been created at Witwatersrand University that will link monitoring schemes at several universities and will start issuing a monthly news letter reporting examples of bias, misreporting or events that have been lost in "the spiral of silence"

Plot

Two events this past week illustrate the vagaries of SABC journalism The first may be called the slowest breaking story of the decade It was reported as headline news on Sunday evening that there is/was/had been a plot to kidnap F W de Klerk's grandson

It turned out in the end to have been a plot by a right-winger, now no longer a right-winger, who had suggested — a year ago — that it might be a good idea to carry out this seriously despicable deed

So, one's quarrel is not with the reporting of the event, but with the timing and the subtext

Surely this has to do with the rightwing not joining the Codesa talks? Or with their threats of war?

It obviously was not a major story because there was no follow-up, no one ran with it and by Monday what had been screaming headlines had vanished One can only conclude that it had served its propaganda purpose

The other story did just the opposite It probably was the biggest story of the year, concerning the further funding of Inkatha by the police

This seemed to implicate the Cabinet, possibly even the State President But it was relegated to a very minor position in the news and never taken any further

That is why it is necessary to have a constant vigilant eye on the look-out for mis- and disinformation What compounds the mischief in South Africa is that there are myriads of laws that restrict media freedom, yet few that can censure bias or misreporting

Even Cliff Saunders woke up to the fact that there was such a thing as freedom of the press, but of course, not in Africa or the Soviet Union, his *bete noir* and *bete rouge* (translate as swart and rooi gevaar)

He approached Sowetan editor Aggrey Klaaste in the spirit of glasnost and *toenadering*

"Previously the SABC was regarded as a mouthpiece of the Government will a new government not want to do the same?" he asked slyly

Klaaste kind of put him back on the right road, but Cliff still had another question up his Burberry

"What importance does press freedom have?" the sage of the SABC (airing an old news clip) asked Jean Rook, perhaps better known for her gossip column than her grasp of media politics Luckily her sensible answer highlighted the silliness of the question

Best performer of the week was Stephen Johnson of The Literary Group who gave John Bishop a quick lesson in the part television could play in promoting reading

Typically, having ignored the "New Nation" writers' conference, someone at SABC had found a piece that Breyten Breytenbach had written about television, wrenched it out of context and given it to Bishop who read it aloud in his imitable waggish way It was left to Johnson to explain it all in words of one syllable

PUBLIC SECTOR - GOVT. — STATE ENTERPRISE

1992

JANUARY — MARCH

SABC 'needs controls'

(260) ARGT 3/1/92

Lucid state media vital to democracy, insists ANC

JOHANNESBURG — The SABC should be placed under the control of South Africa's interim government, says the ANC.

A spokesman said "The SABC appears simply to be proceeding with unilateral restructuring, regardless of the political processes underway"

He said the current restructuring was towards privatisation, the latest example of this being the launch of CCV

"The position of the ANC on such matters is clear

"There is an urgent need for state medium — the SABC — to be placed under the control of the proposed interim government The SABC is a public asset and should not be privatised

"The SABC has not and does not fulfil its role as a public broadcaster that serves South African people as a whole"

He said the ANC called for the appointment of an interim broadcasting consultative committee to control and regulate broadcasting before a new constitution was in place

The transition would entail movement from a closed society into one based on the free flow of information and the culture of open debate

"Democracy cannot flourish without democratic media," he said

"This is something the SABC is incapable of, as demonstrated already by the fatuous programming and plans for CCV." — Sapa

By PETER DENNEHY

SABC's new TV channel criticised by ANC

QUERY DATE CT 3/2/92

(260)

THE new year heralded a new era in South African broadcasting when the ethnically structured TV2/3/4 channel gave way to the explicitly non-racial CCV — but the ANC does not like the change

The ANC said in a statement that the SABC appeared to be "simply proceeding with unilateral restructuring regardless of the political processes under way".

Restructuring which had taken place at the SABC was "tantamount to privatisation", and the latest example of this was the launch of CCV, it said.

The ANC wants the state media, "which the SABC is", to be placed under the control of the proposed interim government

CCV stands for Contemporary Community Values "Where are the community values that portray the lives of South Africans today, and the crucial issues affecting them?" the ANC asked

In response, general manager of CCV Mr Madala Mphahlele said the launch of CCV was definitely not a privatisation of a part of the SABC

"The issue of broadcasting in South Africa is a hot one," he said "It is understandable that the ANC should think that someone is trying to jump the gun on them, but it is not the case"

Eskom switches on education

BDay 3/1/92 (260)

JAMES MOULDER

ESKOM is bringing more than light to western Natal and the Midlands It has become a leader in social investment in the area and a catalyst for human resource development

Eskom wants to enlarge the skills market and create economically active and viable communities If this happens the consumer market will expand It therefore offers "intensive ongoing support" to community initiatives, especially in education Its programmes use existing resources and insist on collaboration among the stakeholders It also harnesses employees' energy and initiative

Eskom's Natal western division senior relations officer Dave Jones is at the centre of the action He knows how "to lead through networking" and is helping Eskom to set the pace for corporate social investment in this part of Natal

It all began at Michaelhouse in April 1990 with a convention on how industry and education could collaborate to tackle the education crisis in the Midlands The convention identified some priorities a lack of libraries, science equipment and other learning aids, rote learning rather than active involvement in the teaching of science, maths and English, and, worst of all, little understanding, either by teacher or by pupils, of the world of commerce, industry and technology which they hope to enter after school

The Michaelhouse convention fathered the Midlands Education Project and brought Tekprep, a national pupil enrichment programme, to the region.

The Midlands Educational Project was initiated by Jones and has attracted a wide range of stakeholders from commerce, education, industry and labour Starting with a needs analysis, teachers enrich their knowledge of science, maths and English, and improve their skills, for example, by mastering strategies used by commerce and industry

The project has proved that consultation and collaboration are more effective than prescription and competition because it leads to a maximum use of scarce resources The Independent Development Trust (IDT) has agreed, in principle, to spend about R10m building classrooms for the 40 participating schools — it will sink its first R2m into buildings this month. Eskom will spend about R170 000 on teacher development for the new schools

Jones does not like his contribution highlighted "Everyone pulls together and puts in what they can," he says This is true, but it does not negate his ability to nudge people into pulling a bit harder in a project that already touches about 7 000 pupils, only 1 000 of whom are children of Eskom employees

Tekprep supplements what the schools do and, on a voluntary basis, gives Eskom's employees a chance to contribute to its social investment programme By helping to organise and run 40 "events", like visits to factories, "adventure camps" and "learning skills seminars", they are helping 270 pupils from Std 6 to 10 to discover what happens in the world of work and how to become more employable Pupils, as well as some teachers and parents, are helped to make sense of schooling and to enrich their understanding of commerce, industry and technology

Three of "the Tekprep kids" have won bursaries to private schools. This gives Jones even more pleasure than the fact that Tekprep in western Natal is regarded as one of the best in the country

Jones has taken Eskom into the Maritzburg and Midlands Community Education Forum, where he works with leaders from about 60 nonformal education bodies Their first goal is to create a community college which will give a second chance to the region's vast number of young people who did not complete their schooling, or who never even started

A community college — which concentrates on vocational training and approaches formal education with the help of learning strategies used in the business sector's in-house training programmes — is the logical home for what Eskom has contributed already to the region's search for a creative tension between industry and education

When Jones talks about this tension — which is to find a middle way between skills training and academic theory — he emphasises its creativity. And he does so because he has both discovered and inspired a faith in networks, consultation and sharing resources He defends his faith by smiling, stroking his beard and asking a question. "What else will work in a new SA?"

When I ask him about the future, I get a modest and convincing reply "Eskom has got something to give, but only if we stay switched on and in tune with all the other players"

That simply tells it as it is

☐ **Moulder is professor of philosophy at the University of Natal, Maritzburg.**

LETTERS

Dear Sir

benefited society as a whole and was

Johannesburg, yesterday. Picture: BRIAN HENDLER

KwaZulu king to meet De Klerk on Codesa

8/10 cu 7/1/92

Own Correspondent

KWAZULU's King Goodwill Zwelithini will meet President F W de Klerk on Friday in Cape Town, to present his views regarding the recent Codesa talks

This was announced at a news conference addressed yesterday by CP leader Andries Treurnicht and KwaZulu Chief Minister Mangosuthu Buthelezi.

The two leaders, accompanied by senior members of their parties, held a private meeting in Durban at which they "reviewed the political situation . . and concentrated on the recent Codesa meeting"

A passionate plea by Buthelezi to the leader of the CP "to join hands and participate in Codesa" because he believed Codesa should be as inclusive as possible apparently fell on deaf ears

Treurnicht firmly rejected the invitation because, he said, Codesa was advocating a "unitary state under a central government".

Commenting on his absence from Codesa, Buthelezi said. "If my most natural constituency is excluded, the Zulu people and the king, it is not possible for me to attend and I have no right to attend"

He added. "On Friday I am accompanying the king with some of my colleagues and members of the royal family to meet De Klerk where His Majesty will present his case on Codesa."

The CP expressed its concern over the violence that had engulfed SA and Natal/KwaZulu, and emphasised the party's rejection of terror, violence and intimidation as means of achieving political ends.

Buthelezi said. "Without the presence of the CP I believe that we, whose parties are already in Codesa, do not have a snowball's chance in hell of succeeding in achieving that which we are trying to achieve."

Both CP and Inkatha leaders said yesterday's discussions took place in a friendly and relaxed atmosphere, and added follow-up meetings would be held soon.

SABC TV crew to quit Transkei

8/10 cu 7/1/92 (260)

UMTATA — The SABC will withdraw its television crew from Transkei at the end of February following numerous clashes with the territory's military ruler, Maj-Gen Bantu Holomisa.

In a recent letter to the SABC, Holomisa "requested" that the corporation effectively halt all work by its television crew based in Transkei until it had addressed the corporation's "bias" against the territory.

An SABC spokesman in Port Elizabeth said on Monday the Umtata office would stop operating at the end of February for "rationalisation" reasons.

The staff would be moved to East London, from where they would operate in future, he said

Reacting to the news that the SABC was leaving, a Transkei government spokesman insisted the decision had been taken by the SABC itself and that it had not been kicked out by the government

Sapa is in possession of the letter, dated November 22, written by Holomisa.

In the letter, Holomisa charges that his government is aware the SABC-TV crew in Transkei had often been ordered not to cover certain events which were "highly valuable to our nationals".

Such events, he said, included a visit to the territory last year by Anglican Archbishop Desmond Tutu.

"Since we took over (in 1987) we have been complaining about SABC-TV's hostile attitude towards the military council," Gen Holomisa said. — Sapa.

(90)

Eskom may lend a hand to ferroalloys

By IAN ROBINSON

ESKOM is talking to ferroalloy producers about negotiated deals which link power costs to commodity prices

Eskom made a power-price deal with Alusaf last year It links the cost of electricity for the proposed Alusaf 2 project to the world aluminium price

The Alusaf feasibility study is expected to be completed by the end of February

Both the Alusaf deal and the talks with the ferroalloy producers are in line with Eskom's customer incentive schemes (CIS) policy which was developed to offer competitive electricity prices to assist industries to compete on export markets

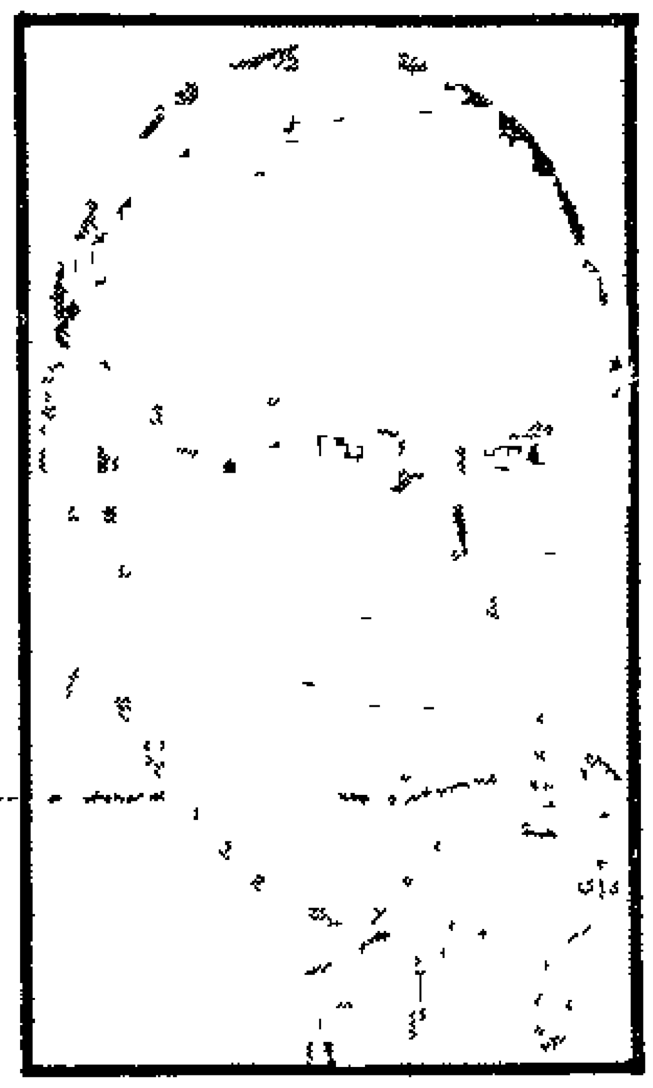
S Times (BUSS) 12/1/92

Excess

Eskom regards its role in these deals as that of a full partner in which it shares both the risks and the rewards

A prerequisite for Eskom in entering into CIS deals is that they must be at least five years to ensure a base load over a long time It is 25 years in the case of the Alusaf deal

This policy originated from the need to reduce Eskom's excess capacity which resulted from overoptimistic forecasts of South Africa's economic growth rate Underuse of capacity increases fixed costs of power stations and reduces revenue available to repay long-term loans



JOHANN SMIT. A window of opportunity for exporters

CIS applies only to special projects and is intended to encourage customers to embark on new ventures which are internationally competitive It is a fundamental principle of CIS that it should not cut the existing tariff base

Eskom sales portfolio manager Johann Smit says the excess capacity represents a "window of opportunity" for power-intensive industries Only a few countries have excess power capacity It would be difficult for many to match Eskom's power rates to selected industries

Eskom applies two major criteria for choice of industry for CIS

- Power costs must comprise a significant proportion (minimum 10% to 12%) of total variable costs
- The industry must have potential for earning foreign currency

The ferroalloy industry meets these criteria and needs help to cope with the extreme cyclical swings in demand and prices

CIS deals also help to offset the effects of the phasing out of the government power rebate scheme introduced in the 1970s to promote the growth of the industry However, Eskom stresses that CIS is not intended to "replace or reduce existing State subsidies"

Eskom has identified the more power-intensive alloys — ferrosilicon, silicon metal and ferrochrome — as offering the greatest potential benefits for CIS Power comprises nearly half of total variable costs of ferrosilicon production.

210

Ceiling

In spite of world overproduction of these alloys, Eskom believes that low prices will force the closure of many foreign plants and there is great potential for SA producers to increase market share

Eskom will negotiate "cap-and-collar" contracts with ferroalloy producers who opt for a commodity-linked price mechanism These contracts set floor and ceiling prices for the commodities If prices fall below or rise above these limits power costs will not change accordingly

Eskom hopes that opportunities provided by CIS will induce foreign partners to take part in SA mineral-processing ventures

Holomisa slams SABC pullout

TRANSKEI'S military ruler Major General Bantu Holomisa has described the South African Broadcasting Corporation's decision to pull out of the homeland as a major "blunder"

General Holomisa's criticism came in the wake of a number of developments which included his ordering the SABC television crew to stop coverage of events in the homeland – until the corporation had addressed its "bias".

In another move, the SABC announced it would be closing its offices in Umtata next month as part of its "rationalisation" programme

General Holomisa said he was prepared to sit down with the corporation and solve the problem of biased coverage, but his government could not "stop them from going"

In a statement this week the SABC attributed the shutdown of its office in Umtata to "cost effectiveness". – El-news

Citizen 12/1/92

260

Mike Siluma reports on the controversy surrounding the SABC's new CCV channel

Getting to grips with SA's language tongue-twister

260

STAR 14/1/92

THE launch of the SABC's new television channel CCV — merging the former TV2, TV3 and TV4 — has proved to be one of Auckland Park's most controversial decisions yet

Part of the criticism directed at the new channel, which went on air on January 1, centres on the reduction in the usage of African languages, making English the main communication medium

But the unease caused by this decision is merely the tip of the iceberg of the debate about the future of South Africa's 11 African languages. This issue has gained prominence as the country prepares to move into an apartheid-free future

By its choice of language medium, the SABC may have inadvertently taken the bull by the horns, grappling with an issue that all South Africans will, sooner or later, have to confront

CCV head Madala Mphahlele readily admits that whereas in the case of TV2 and TV3 the African languages were dominant, the merger has resulted in English assuming the pre-eminent position on a channel with an overwhelmingly black audience.

"If one looks at a medium such as radio it is possible to accommodate the diversity of languages by channelling them into the various stations. The question is whether you can do the same in the case of a limited medium such as television. At the same time, English is a constant language throughout South Africa That you have to acquire English is a given," he said

Such an argument is unlikely to entirely satisfy those who would like to see African languages being accorded greater status in the transitional period and in a post-apartheid South Africa.

Among them is Professor Solomon Chaphola, head of the African languages department at Vista University in Soweto, who emphasises the need for a language policy that takes into account the interests of the majority of South Africans.

"The African languages have been ignored for far too long There is now a need for them to be developed and promoted In addition, we need to change attitudes towards these languages Because the Government based 'separate development' on linguistic grounds, the promotion of the African languages is now seen by some, especially young blacks, as an attempt to promote the old order of Bantustanism"

No one is expecting the planning to which Professor Chaphola refers to be an easy task

Any new language policy would have to address the question of an official language (or languages) for a democratic South Africa

One view that has gained currency is that South Africa would need to have one official language (probably English) operating alongside the dominant regional languages For instance, in Natal the official languages would be English and Zulu, in the Cape English and Xhosa and in the Northern Transvaal English and Venda/Tsonga/Sepedi

Of course, in the metropolitan centres such as the PWV, where virtually all 11 African languages, as well as Afrikaans, are widely spoken, the implementation of such a policy would require great care not to offend ethnic or racial sensibilities

Despite resistance to Afrikaans from most blacks because of its history as the language of apartheid officialdom, there is a growing acceptance of the fact that Afrikaans cannot be simply wished away It is, after all, the mother tongue of the majority of South Africa's coloured population, whose preferences also have to be taken into account

The tendency of the political leadership, both black and white, to make pronouncements in English begs the question Given that a large proportion of the population, especially in the rural areas, is barely literate, and would have difficulty following the high-flown debate currently taking place how democratic is the present transitional process?

Perhaps the political leadership itself should, in a practical way, lead the search for answers

To have President de Klerk open Parliament (at least in part) in Zulu and Chief Mangosuthu Buthelezi address a peace rally in Sesotho might not be unhelpful to the process Who knows? □

ANC charter calls for media revamp

STAR 14/1/92

Political Staff

Multiparty control of SABC urged

210

The National Party was not only player and referee in negotiations — it was the commentator as well, the ANC said yesterday when it announced proposals for the media during transition and in the future South Africa

For this reason, Codesa had to place the SABC under multiparty control long before elections took place for a democratic government

The proposals were contained in wide-ranging resolutions accompanying an ANC draft media charter, drawn up after a media seminar hosted by its department of information and publicity from November 23 to 24 last year and released in Johannesburg yesterday.

The ANC said the media charter set out broad principles that could find expression in a constitution and a bill of rights, while others could be realised through legislation

The preamble says: "Transition entails movement from a closed society into one based on the free flow of information and the culture of open debate

"The basic principle around which a media charter should revolve is maximum openness within the context of a democratic constitution and bill of rights

"It would be erroneous to advocate the setting up of bodies which determine what society should and should not read, hear or watch

"The outcome of negotiations depends on the assertion of these rights It is crucial, therefore, to strive for these freedoms way ahead of the advent of democracy"

The ANC said a declaration of media freedom was not enough, but should be backed by an equitable distribution of media resources, development programmes, and an effort to create open debate.

According to the ANC, basic rights and freedoms included:

- The right to freely publish, broadcast and disseminate information and opinion, and the right of free access
- Media censorship and measures restricting the free flow of information should be prohibited
- The right of access to information held by the State or other social institutions, subject to limitations in the constitution and bill of rights.

On the control and regulation of broadcasting in the interim period, the ANC charged that the National Party had used the South African Broadcasting Corporation as a propaganda medium to promote apartheid

Domination

"The privileged relationship between the National Party Government and the SABC means that SABC programming, coverage and news reporting will not be fair, impartial and balanced during the interim period

"There is an urgent need to free the airwaves from the domination of the National Party Government"

The ANC had therefore resolved that

- The current restructuring of the SABC amounted to privatisation, which was unacceptable as SABC and TBVC broadcasters were public assets
- The restructuring of broadcasting was a priority and should be placed on the agenda of an all-party congress
- The all-party congress should appoint an interim broadcasting consultative committee (IBCC) which would be responsible for the control and regulation of broadcasting during the interim period

Its tasks should include

- Taking responsibility for the SABC during the interim period by appointing a representative board of control for the SABC.
- Establishing guidelines concerning the impartiality of all broadcasts
- The TBVC administrations should be required, as part of the process of negotiations, to place their broadcasting under the direct control of the IBCC
- The IBCC should appoint an ombudsman to consider and redress breaches of impartiality through the right of reply and to correct inaccuracies accompanied by apologies.

The ANC also resolved that political parties should be given equal and adequate air time on a regular basis under their own editorial control.

The ANC noted that the Government used and/or controlled a number of State information services such as the South African Communications Service, the Human Sciences Research Council, and the SAP/SADF Media Liaison Services

It also noted that some State information services had produced disinformation and propaganda for the NP Government, and resolved that:

- The all-party congress should take steps to place control of these State information services under appropriate mechanisms of an interim government with a view to rationalisation and review of their usefulness, and ensure that funding, findings and services of these bodies should be open for public scrutiny and utility.

On the print media, the ANC noted its concern "that the Government and the dominant elements of the print media will continue to distort the flow of information to influence the negotiating and electoral processes" and about "the democratic movement's lack of access to the print media".

The workshop believed there was a need for a "daily newspaper published from a democratic perspective" and directed the ANC to finalise its investigations into a daily newspaper and convene a meeting urgently to discuss the findings of its investigation.

The ANC also decided that an ombudsman should be appointed through a democratic process to receive and act on complaints relating to the infringement of press freedom, and that society should be able to legally challenge decisions of all these structures and persons.

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STAR 14/1/92

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210

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Media bosses hail ANC charter with some reservations

STAR 15/1/92

260

By Thabo Leshilo
Political Staff

The ANC's draft media charter for the transition period and beyond was welcomed by some media representatives yesterday — albeit with reservations — but condemned by the SABC.

The charter, released on Monday, calls for the SABC to be placed under multiparty control before constitutional elections are held, the diversification of ownership, equitable distribution of media resources and development programmes

Times Media Ltd managing director Stephen Mulholland said he was delighted the ANC had committed itself to press freedom. But he was disturbed by its approach, which seemed to rely on coercion

Voluntary

"They seem to be talking of freedom of the press while issuing instructions about how the media should behave This is a contradiction in terms"

He agreed with the ANC that ownership was concentrated and needed attention, but said this should be voluntary

"You can't redress the evils of the past with new evils of control, instructions and laws.

"Their approach in redressing the perceived problems created by the concentration of ownership of the media is somewhat naive. What is meant by 'free' access to information?

"Do they mean newspapers must be handed out free of charge to readers, as was the case in the Soviet Union where newspapers were free but there was no freedom of expression?"

SABC board chairman Professor Christo Viljoen said the ANC proposal confirmed old and known points of view without giving new insight.

He warned that the ANC's proposals would amount to interference in the operations of the SABC which could "turn the public broadcaster into a State-controlled broadcaster"

Professor Viljoen said the SABC currently had an autonomous, independent and representative council formed on the basis of expertise — not on political persuasions.

He denied that recent SABC restructuring amounted to privatisation and said restructuring was in line with sound business principles and international broadcasting developments.

City Press editor Khulu Sibiya said. "One must commend the ANC for recognising the importance of the free flow of information because any publication that propagates a particular party line is doomed to failure, especially in a democratic country.

"However, the ANC should go a step further and educate its followers about the importance of freedom of speech.

"The journalist's job has been a nightmare due to intimidation by their (ANC) grassroots."

Argus Group chairman Doug Band said he had not studied the full draft but it was encouraging that the ANC had in principle committed itself to a free flow of information.

He praised the organisation's recognition of the need for more training and development.

Influence

"We feel, however, that the proposed establishment of monitoring and watchdog structures for the media needs careful deliberation," Mr Band said.

He welcomed the ANC's intentions to establish its own daily newspaper to counter what it calls distortions by the Government and the dominant elements of the print media to influence the negotiation and electoral processes.

Argus had already indicated to the ANC and other parties its willingness to provide cost-effective access to its printing and distribution facilities and expertise

Numerous attempts to get comment from Perskor and Nasionale Pers, the two main Afrikaans newspapers groups, were unsuccessful yesterday

● ANC media blueprint — Page 13

ANC media charter gets wide backing

South 16/1/ – 22/1/92. (260)

By Quentin Wilson

WIDESPREAD support from a cross-section of South Africa's media organisations and political parties has greeted the ANC's draft media charter.

The 15-page document, drafted after a seminar held by the ANC's Department of Information and Publicity last November and released this week, calls for a constitutionally-guaranteed free flow of information subject to rights of privacy and the scrapping of all censorship laws

It also calls for a reconstitution of the SABC's board by Codesa after noting the "privileged relationship" between the National Party and the SABC

In the document's preface, "Towards a Media Charter", the ANC said: "In putting forward these draft guidelines for a media charter, the ANC seeks to encourage debate as well as public campaigns around society's media rights — without which democracy and liberty would be meaningless "

Most media workers and organisations which studied the document praised its contents

Former Cape Times editor, Mr Anthony Heard, said the charter was an intelligent and major contribution towards a broadly-agreed social contract on the media for South Africa

"A healthily diverse media primarily in private sector hands — but with current monopolies and near monopolies unbundled and help given to the historically disadvantaged to get a fair stake in print and broadcasting — is the best guarantee of the public's right to know," he said

The South African Student's Press Union (Saspu) endorsed the ANC's resolution to restructure the control and regulation of the SABC before democratic elections

"The SABC's reaction to the Inkathagate scandal, when they postponed the interview with Minister Adriaan Vlok after the publication of the Weekly Mail's revelations, is just one example of how the SABC remains under the control of the Nationalist Party government," Saspu said

"If we are to avoid a repeat of the disinformation campaign run by SWABC and SABC during the Namibian elections, it is essential that the electronic media be freed from Nationalist Party control.

"It is in this context that we support the ANC's media charter "

Saspu, however, also criticised the charter, saying it ignored the essential role media could play in responding to the country's desperate need for education.

"Radio stations, in particular, could play a crucial role in broadcasting educational programmes in a country which is suffering from massive illiteracy," Saspu said.

Mr Peter Soal of the Democratic Party also supported the draft charter

"It seems to be pretty non-contentious stuff. It is good that the ANC has applied its mind to the issue of media because in the transition process it is of vital importance to the entire community and we will all be looking for fair and objective reporting by both electronic and print media," Soal said

The South African Media Council said that the document "is in accord with the broad principle of freedom of information"

One dissenting voice thus far is The Argus, which reacted strongly against certain resolutions in the document this week.

In an editorial the paper responded: "It seems an unnecessarily complex and convoluted document "

The paper strongly disagreed with the ANC's commitment to redistributing media resources

"As for ensuring an 'equitable distribution of media resources', that also is contradictory to the spirit of press freedom

"A free press operates best on free market principles, with no economically artificial checks and balances. These are truisms the ANC, we hope, will discover," it said

Doctors slam Bishop for TV abortion bias

S/Times 19/1/92.

260

WOMEN doctors attacked Agenda presenter John Bishop this week for what they called his shocking, flippant and biased handling of a debate on abortion on TV1 last Sunday.

By ROY RUDDEN

They said he had allowed what should have been a serious debate on a matter of grave national importance to degenerate into an uproar in which screaming and shouting anti-abortionists practically drowned out opposing views

One panellist, Dr Helen Rees, a Wits Medical School lecturer in family medicine who chairs the Planned Parenthood Association, called for his replacement as an *Agenda* presenter

Several called on the SABC to broadcast a debate on abortion again, this time with informed participants and an impartial chairman

Excited

A staffer said the panellists reflected a 50-50 representation of pro-lifers (those opposed to abortion) and pro-choicers, who believed women should be legally entitled to have unwanted pregnancies safely terminated in certain circumstances

Mr Bishop conducted the debate in Phil Donahue style, scrambling up and down the aisles to present the microphone to increasingly excited members of the audience (mainly pro-lifers, according to his critics)

There was so much animation that the debate ran over schedule At the end, after a comment from the floor which was inaudible to viewers, a clearly hurt Mr Bishop said unbelievingly "I've just been accused of bias towards pro-lifers"

Dr Nkosazana Zuma of Durban, who represented the ANC's Women's League in the debate, said: "Apart from the panellists there was a clear majority of white, religiously fundamentalist pro-lifers in the audience

"They shouted over all opposing views and jeered at statements by those of us who have first-hand dealings with the victims of unwanted pregnancy — women and children

"Mr Bishop obviously favoured these people, most of whom he seemed to know by first name When I spoke, he got two replies from them That was the pattern

"He allowed an issue to be made of Dr Marge Dyer's (chairman of the Abortion Reform Action Group in the Cape) religious beliefs When she said she was an agnostic it seemed to be taken as a kind of 'well, what can you expect' triumph for pro-life

"That was insensitive and unacceptable"

Dr Zuma said she had been profoundly shocked by a prominent pro-lifer who remarked during the debate (and confirmed afterwards that she meant it) that "if we are worried about over-population we should rather kill the street children than human foetuses because the foetuses might turn out well"

Dr Dyer said she believed the question about her religion was loaded "But I am not ashamed of being an agnostic," she said, "although some viewers had the impression that Mr Bishop (a staunch Roman Catholic) thought I should be

"Abortion is legal in Christian countries like Italy, France and Belgium, and in Islamic Turkey it is legal within 12 weeks of conception

"Overall, what saddened me most was the flippancy with which a debate about this grave issue was conducted."

Dr Rees said "I have no doubt Mr Bishop was biased His body language showed he sided with the pro-lifers He encouraged their emotiveness In fact, before the filming he told the audience they could shout 'because we want some emotion'

Impartial

"After the programme I told one of the SABC officials I thought it was a terrible debate He said 'Yes, but it was great television'"

Under SABC policy Mr Bishop may not respond to the criticism But the corporation's editor-in-chief, television news productions, Mr Johan Pretorius, said "One expects strong views from participants and viewers in such highly emotive discussions. Our anchor people do their best to be as impartial as they are able and listen to criticism carefully

"This is a normal response to such debate It happens all over the world The SABC does not, however, dismiss this kind of criticism and where it is valid, we act accordingly."

Sasol, Gencor news depresses trading

MERVYN HARRIS

DIAGONAL Street was weighed down yesterday by news of two huge rights issues and a consolidation of recent gains as some investors took profits on blue chip industrials and switched to rand hedge shares

Plans by mining house Gencor and petrochemical group Sasol to raise a total of R3bn in separate issues injected hesitancy into trading on worries that more cash would be tapped from the market than was expected. B|Day 22|1|92

After coming down 20c on Monday, Gencor eased a further 3,7% or 45c to R11,65 as the share moved towards the expected offer price of around R11. (260)

Sasol held up slightly better After opening at Monday's closing high of R20,65, the share drifted back to close 3,1% down at R20 in strong two-way trade.

Sentiment remained firm and was reflected in gains on the overall market outnumbering losses by nearly two to one as the JSE all gold index rose 15 points to 1 327 and the industrial index fell 18 to 4 513 Precious metals were steady. In New York gold closed at $357,85, up $0,20

Kanhym, Fedfood set to merge

JABULANI SIKHAKHANE

THE merger of food groups Kanhym and Fedfood would be implemented in May, Kanhym executive chairman and CE of Fedfood Dirk Jacobs said yesterday.

The merged food group would have turnover of more than R2,2bn and total assets exceeding R1,1bn B/Day 23/1/92

Jacobs said a merchant bank would be commissioned to evaluate the two groups after the publication of Fedfood's results for the year to March and Kanhym's results for the six months to February

He added that the merger of the two groups would be done on the the basis that there was no dilution of earnings for either party Analysts say the merger will involve a share swap and a cash alternative

After approval by shareholders of both companies the merger would be implemented by May, Jacobs said

He said that after the rationalisation of the head-office structures of the two groups, which would save about R6m in overheads a year, there were no immediate plans to rationalise operations within the merged entity.

However, market sources said packaging group Holdains, which is controlled by Malbak, was interested in Fedfood's packaging operation, Quix Packaging

Quix Packaging is a producer of packaging material, mainly for Fedfood's snack division Simba, which sells over 640-million packets of snacks a year

Govt pension funds may buy IDC's Sasol rights

260

B/Day 23/1/92

JABULANI SIKHAKHANE

ANALYSTS expect the Industrial Development Corporation (IDC) to sell its rights from Sasol's R1bn rights offer to state pension funds.

The IDC, which sold 10% of Sasol shares to state pension funds for about R950m last year, holds 20% of Sasol's equity Selling its rights in the planned Sasol rights issue would net the IDC about R200m

Sasol announced this week that it will proceed with a rights offer of convertible debentures to raise funds to meet its cash-flow requirements and be in a position to promote future business opportunities of subsidiaries

An analyst said yesterday that the IDC was most likely to sell its rights to the government pension funds

He added that since pension funds do not pay tax, the debenture issue would be very attractive for the pension funds since it offered a "tax-free investment".

"Government pension funds will get good income from the debentures Also the debentures are attractive since they convert into ordinary shares at some stage."

IDC senior GM Malcolm Macdonald said that no decision had been made on the Sasol rights issue, adding that the matter would be tabled at the next board meeting

Regarding the sale of other IDC share investments, including the remaining 20% of Sasol, a 16% stake in Iscor and smaller ones in Sappi and Sentrachem, Macdonald said that at present the IDC had generated substantial amounts of capital and these would take some time to invest

Depending on the IDC's funding requirements it would consider the best way to sell these share investments Last year's deal with government pension funds had been done without disturbing the market for Sasol shares, Macdonald said.

On the remaining Sasol stake, Macdonald said that it was unlikely that any one institution including the state pension funds would increase their exposure to Sasol significantly.

Macdonald would not discount a possibility of foreign investors buying some of the IDC's share investments.

Most of the IDC's funding requirements will arise from its R10bn investment programme in projects worth about R30bn over the next five years

Life assurance market 'to stay difficult'

B/Day 23/1/92

LINDA ENSOR

CAPE TOWN — The market for new life assurance business would remain difficult in 1992 as it would take time for consumers to benefit from the economic upswing, said Metropolitan Life chairman Willem Pretorius in the company's annual report.

However, he expected premium income and dividends to continue to grow.

The unfavourable economic climate last year was apparent in the high number of policy surrenders which rose to 12,1% from 11,2% of premium income.

Metropolitan's Dynamic Life range of products accounted for more than 90% of premiums for new individual business sold during the year to end-September The products are aimed at professionals, civil servants and people in protective services

About 31% of total premium income came from group life, provident and pension fund business. Recurring premium income rose 25% to R650m and investment income by 16% to R317m

Highlights of the year were the rights issue of 22,4-million shares at 805c a share which raised about R186m and the purchase of a 17% stake in African Bank.

FM's right-wing pirates elusive

260 STAR 28/7/92

By Paula Fray

The right-wing pirate broadcasters on FM radio face three years in jail, a fine of R1 500 and the confiscation of equipment ... if caught, says the Postmaster-General.

However, say broadcasting specialists, catching the pirates may prove difficult

The pirate station recently made its debut in the Transvaal, broadcasting speeches of right-wing leaders over the 88,7 Mhz FM radio frequency. The broadcasts, usually between 7 pm and 8 pm, last for up to 10 minutes

Speeches by Boerestaat Party leader Robert van Tonder and members of the Oranjewerkers have been heard. Both organisations seek an independent homeland for Afrikaners

Yesterday, Mr van Tonder told Sapa he had heard the broadcasts but did not know who was responsible for them

"I am delighted that someone is doing this. This shows the inadequacies of the present broadcasting system which never allows the broadcasting of policies such as ours on any frequencies."

Postmaster-General Robbie Raath, who heads the Department of Post and Telecommunications, in charge of administering the Radio Act, said the pirates had been reported to them and they were "taking action"

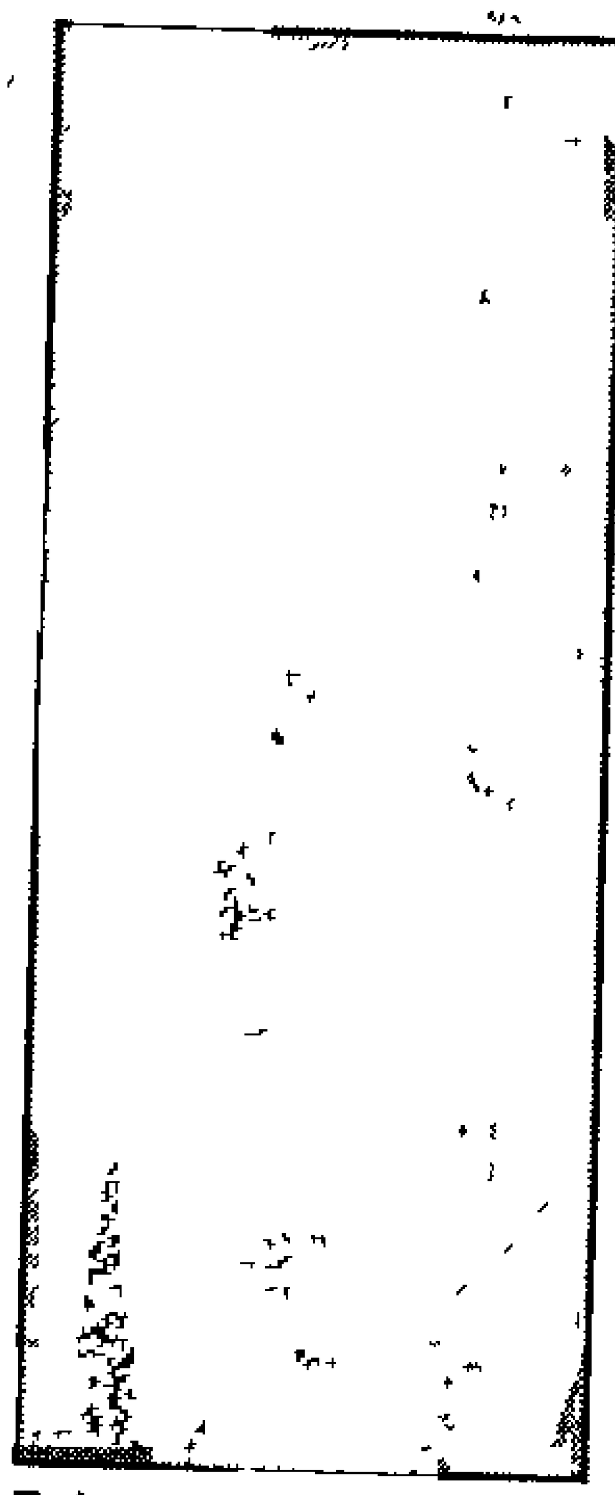
He said the pirates could be prosecuted for broadcasting without a licence Having the apparatus was not an offence.

Penalties are up to three years in jail and/or a fine of R1 500 and confiscation of apparatus.

Rhodes University head of journalism Professor Gavin Stewart said the new pirate station was not the first to grace South African airwaves He recalled the "somewhat jingoistic" Radio Freedom of the early 1960s

"The thrust then was their protest against the Republic," said Professor Stewart "As far as I recall, no one was prosecuted."

He said any good radio ham could set up a radio transmitter, and it need only be the size of a cigarette box



Robert van Tonder . delighted with broadcasting of his speeches by 10 458 to 624 450

In manufacturing, the numbers decreased by 3 800 to 1 424 222 in the four months to end-October.

He stressed too that the informal sector was becoming saturated and its ability to absorb new and unemployed workers was shrinking

Magazine admits Sasol subsidies error

THE Executive admitted publically yesterday that it was wrong to infer that Sasol received subsidies from government

"The Executive regrets any inference in its articles that Sasol would not be financially viable without support from government," said a joint statement from Sasol and The Executive

"It acknowledges that Sasol does not receive any subsidies"

Representatives of the two parties met earlier in Johannesburg to discuss Sasol's complaints, with mediation from the Media Council B Day 28/1/92

The magazine acknowledged that in relation to practice in SA and in other countries, Sasol's tariff protection did not amount to overprotection

"It acknowledges that Sasol has made a positive economic contribution to the country, particularly during the difficult period of the oil boycott when oil procurement was extremely difficult and politically sensitive, and is not a drain on the economy 260

"The Executive acknowledges that its allegation that the support which Sasol receives cost the motorist in the PWV area an extra 15c/l — or an extra R9 every time he fills his tank — is based on an incorrect analysis and is wrong," said the statement

Sasol undertook to withdraw both complaints in return for the publication of the statement in the Financial Mail and The Executive — Sapa

SABC 'remains an autonomous body'

STAR 29/1/92

Political Reporter 260

The SABC was delivering a good service, Gene Louw, the Minister responsible for the broadcasting organisation, said yesterday.

He denied the SABC was politically biased.

"A number of years ago there may have been justification for questioning the even-handedness of our national broadcaster. However, this is most definitely not the case any more.

"The fact is that the SABC is and remains an autonomous body, responsible for its own decisions on the content of its programmes."

Mr Louw said it remained a favourite pastime of political parties on both sides of the political fence to question the SABC's impartiality.

He added that the ANC seemed to find "particular joy" in accusing the SABC of being biased towards the Government. This was, however, ironic as the SABC was receiving as many, if not more, complaints that it was actively promoting the aims of the ANC at the expense of other parties

The ANC's call for an interim broadcasting committee to manage the SABC would be tantamount to putting the SABC under political control, he said.

Referring to the Viljoen task group on broadcasting, Mr Louw said he had specifically asked for input from the ANC

"Up to this time, besides criticism, I have received no positive input from that organisation (the ANC)," he said

The task group's report was still being studied, and it was "not the last word" on broadcasting matters, he said.

Equity asks SABC for proof of change

STAR 31/1/92 (260)

By Garner Thomson
Star Bureau

LONDON — Louis Mahoney, chairman of Equity's Afro-Caribbean committee, has called on the SABC to prove that its policy on screening programmes featuring black and Asian artists has really changed

In what looks like the first positive step to overcome Equity's ban on the sale of recorded material to South Africa — upheld last week by a High Court judge — Mr Mahoney said communication between the British actors' union and the SABC was the only way the ban could be confidently lifted

Equity has always claimed that the ban is intended to protect the interests of its black and Asian members, rather than comprising part of the cultural boycott of South Africa

Referring to actor Marius Goring's failed High Court bid to get the ban reversed, Mr Mahoney said "It's a shame that he wants to appeal as it's clear the judge took the view that a section of the membership would be disadvantaged

"To appeal now is to create the impression that he doesn't give a toss about Afro-Asian members and it would also add to the considerable costs now facing Mr Goring"

However, Mr Mahoney added "I think the SABC should come to the union with a package of programmes that show that its policy has changed on cross-colour barriers and show Afro-Asians in main roles

"The SABC is the linchpin in this situation as they are the people who have caused the policy to be as it is and reflects the policy of the SA Government"

And in another hint of good news for South African theatre-lovers, Cameron Mackintosh said he might revive his plan to stage "Les Miserables" if "sense will reign in the not too distant future"

He blamed the "intransigence" of the Performing Arts Workers Equity (PAWE) and insufficent talent in South Africa for the collapse of his pioneering bid to be the first British producer to take a current West End hit to South Africa

Mr Mackintosh told the trade newspaper Stage and Television Today that he ran into problems with the proposed staging of his hit musical when auditions revealed most of the performers were "totally unsuitable"

He said "People don't have the experience of doing a show of this sort and therefore there isn't the same talent pool immediately available The situation was the same when we first opened 'Les Mis' in London"

However, he blamed PAWE for depriving many of its members of the chance of work by its stance

The union suggested that Mr Mackintosh might have been deterred from going ahead with the show because of political turmoil in South Africa

THE SABC FM 31/1/92

Eyes and ears

(260)

A diminished role for SABC economics editor Jerry Schuitema has been averted after a meeting last week between staffers on the economics desk and senior editor Christo Kritzinger

The meeting with Kritzinger followed an economics desk meeting, which Schuitema attended, the previous Saturday. A proposal that the economics department should dissolve was accepted by the majority. Schuitema's role would change from economics editor to economics correspondent; other economics staffers would report to their respective radio or TV editors

Schuitema rejoined the SABC economics department some months ago after having resigned to set up a consultancy He is now employed by the SABC on contract. In terms of the agreement Schuitema may devote a certain amount of time each month to his consultancy, which has flourished lately.

According to a staffer present at both meetings, the economics staff wanted a clear-cut and "radical" division between radio and TV economics reporting. A major complaint was that there was a lot of overlapping between the two media

If the majority proposal had been implemented by the SABC hierarchy, Schuitema's influence and input would have been greatly diminished The *FM*'s source says Schuitema was not happy with the outcome of the meeting but indicated that he would accept the majority view "This was an exercise in democracy," the source adds.

After the discussions with Kritzinger, however, staff members accepted a proposal that the division between duties for radio and TV should be internally restructured within the economics department

But four economics staffers will be broadly reponsible for in-depth programmes on *Agenda*, *Scoop*, *Diagonal Street* and special radio programmes. The programmes will deal with daily financial hard news. The four

FM 31/1/92 (260)

responsible are Cobus Bester (at present Schuitema's deputy), Francois Ebersohn (a former print journalist), Leslie Mashokwe and Leone Steyn

The new structure also means that for the first time a black financial reporter will now be contributing to TV1 news *Eddie Botha*

SABC under fire at media conference

260

ARG 1/2/92

TOS WENTZEL, Political Staff

THE SABC would accept any far-reaching changes in its operations decided on by Codesa, corporation spokesman Mr Johan Pretorius assured a media conference yesterday.

The conference on the South African media in the transition to democracy was marked by sharp criticism of the SABC and by calls for an independent broadcasting authority.

The event, held at the University of the Western Cape, was attended by a wide cross-section of media representatives, spokesmen for political parties and academics.

It was organised by the Campaign for Open Media and the Centre for Development Studies at UWC

The conference intends submitting proposals to Codesa.

Mr Stan Kats, of the Association of Independent Broadcasters, proposed an independent broadcasting authority. He said there was an urgent need to have a fair, impartial system of broadcasting and to create more broadcasting services.

Mr Pretorius, editor-in-chief of the SABC's news productions, said changes to the control and structure of broadcasting were inevitable and the SABC was ready to accept Codesa's proposals.

He said it would be naive to deny the SABC had followed a fairly strict government-of-the-day line. However, he said, the whole picture had changed over the past few years.

The SABC realised it had a credibility problem. To counter this, it was declaring its support for generally accepted democratic values and would support this in its programmes.

Dr Pallo Jordan of the African National Congress said that, given the sad history of the SABC and other State-owned broadcasting systems, the myth had taken root that unfettered free market broadcasting yielded the best results.

HIGHLIGHTS FROM THE CHAIRMAN'S REVIEW 1991

"A 14% reduction in the real price of electricity has already been achieved over the last five years. Eskom is sufficiently confident of its future business performance to undertake to its customers that it will reduce the real price of electricity over the next five years by a further 20%."

Dr John Maree; Chairman of the Electricity Council

Sowetan 27/3/92

260

1991 PERFORMANCE

The past year has been a difficult one for the South African economy, characterised by low growth, high interest rates and continuing high inflation While the gross domestic product showed a negative growth of approximately 0,6%, electricity sales showed a modest increase of 1,8% which was slightly better than last year's 1,4% The balance sheet strengthened as fixed assets increased by R1 375-million while the debt equity ratio improved to 2,49 from 1990's 2,68.

Eskom satisfied its funding requirements without putting pressure on the South African capital markets. Overseas financial markets started to open and it was possible to borrow modest amounts in Europe

We decided to increase the price of electricity by 8% for 1991, which turned out to be some seven percentage points below the rate of inflation (Consumer Price Index) for the year However, due to tight financial management, productivity improvements and better than expected turnover, we were able to achieve a net income higher than budgeted

ECONOMIC GROWTH

The developments on the political front are exciting and we are confident that sensible and workable solutions will be arrived at The political process, however, needs to be supported and accompanied by a fast-growing economy Economic growth will be based on two main thrusts South Africa becoming internationally competitive, and stronger emerging and small business sectors

Reduction in electricity price

In the first instance, South Africa will have to compete in international markets, not only in commodities and processed raw materials, but also in manufactured goods, because future growth in international trade is going to be mainly in manufactured goods Exports originate in the main from the formal sector of our economy A large number of exporters are in heavy industry which is a large consumer of electricity It is important that Eskom supplies them with high-quality electricity at a low price. To this end a 14% reduction in the real price of electricity has already been achieved over the last five years While South Africa already enjoys very cheap electricity, we clearly need to continue our efforts to run Eskom even more effectively and efficiently and further reduce the real price of electricity

Eskom is sufficiently confident of its future business performance to undertake to its customers that it will reduce the real price of electricity over the next five years by a further 20% This reduction in the price of electricity will place many of our energy-intensive customers in a much stronger position to compete on international markets and thus stimulate the export of both raw materials and manufactured goods and encourage new investment in energy-intensive industries

If we are to compete internationally we have to accept that we will all have to work as hard, if not harder, than our main competitors We will not only have to develop an improved work ethic, but a greater loyalty to the organisation for which we work Employers and employees need to work together to build strong organisations capable of competing on the world markets In the process a strong economy will be built from which all can benefit. There are no short-cuts to economic success Improved standards of living will only be achieved by hard work, and economic growth is dependent on using our management, labour and plant resources more efficiently and productively

Electrification

In the second instance, economic growth depends on strong emerging and small business sectors because this is where substantial job creation takes place Here also Eskom has a positive role to play The development of the emerging business sector will be encouraged by the provision of electricity Without electricity it is difficult for small business entrepreneurs to be productive, grow and be effective participants in the economy The provision of electricity to more people will stimulate entrepreneurs and create more job opportunities and, at the same time, substantially improve people's quality of life

We need to bring the benefits of electricity to as many people as possible. This can only be achieved if it is done on a viable basis It is therefore absolutely clear that any electrification programme can only be achieved if the community wants it and is prepared to pay for it. It is also clear that communities need to be involved in the planning and provision of electricity to them Eskom has an important direct and indirect role to play in the electrification process in our country and is actively engaged in all its aspects

ENVIRONMENT

Environmental issues have emerged as being of critical importance, and Eskom has fully accepted its responsibility in this respect The challenge we face in Africa is to make the emerging international concept of "sustainable development" an integral part of our business practice

We must promote economic development while being mindful of the environmental constraints within which we operate

OUTLOOK

As our country's international relations normalise, South Africa will take up its rightful place as the economic power of the region African countries are looking more to the South and the large organisations are already identifying the various opportunities that will arise as doors open in the rest of Africa Eskom is actively exploring methods of achieving closer co operation with the countries of southern Africa

Regarding the outlook for the coming year, it is anticipated that while the economy will show some improvement, it will be modest We are thus planning for a small increase in sales As a number of capital projects will come to an end we believe that we shall have little difficulty in raising the required funds in the financial markets Our balance sheet will continue to strengthen.

Eskom will not only continue its efforts to be a good employer, but will continue to further the development of our people's potential, especially those previously disadvantaged because of colour or gender Training will remain a high priority We believe that we are well equipped to meet the challenges facing all large organisations during the emergence of the new South Africa

John Maree

5 March 1992

Copies of Eskom's 1991 Annual Report may be obtained from the Communication Manager, P O Box 1091, Johannesburg 2000 Fax (011) 800 4390

INCOME STATEMENT

For the year ended 31 December	1991 Rm	1990 Rm
Turnover	11 726	10 736
Operating expenditure	7 173	6 366
Net operating income	4 553	4 370
Net interest and finance charges	3 240	3 302
Net income before abnormal items	1 313	1 068
Abnormal items	325	223
Net income	988	845
Accumulated reserves at beginning of year	9 600	8 755
Accumulated reserves at end of year	10 588	9 600

BALANCE SHEET

At 31 December	1991	1990
CAPITAL EMPLOYED	Rm	Rm
Reserves	10 965	9 931
Net interest bearing debt	27 266	26 590
	38 231	36 521
EMPLOYMENT OF CAPITAL		
Fixed assets	35 405	34 030
Non-current assets	2 387	2 501
Net current assets	439	(10)
	38 231	36 521

ESKOM

THE AGENCY 7632

Showdown on broadcasting report looms

260

ROBERT LAING

GOVERNMENT is preparing to pilot the Viljoen task group report on broadcasting through Cabinet despite ANC demands that it be submitted to Codesa.

ANC spokesman Saki Macozoma said yesterday: "Pushing this report through Cabinet will provoke a similar reaction to VAT. We are going to resist it tooth and nail. The neutrality of the media is a matter of life and death to us, we cannot allow the Nationalists to control broadcasting in a future election."

Jack van der Merwe, adviser to the Home Affairs Minister, said an interdepartmental committee was preparing the Viljoen report for Cabinet's attention, but it was too soon to say when it would be ready. BDay 17/1/92

The Home Affairs Department said in a statement yesterday. "The report and all comments received are being analysed with due regard to all developments, including the Codesa implications. Any further decisions in this regard will obviously emanate at Cabinet level."

The ANC's media charter published on Monday said "The Viljoen task group of broadcasting was appointed undemocratically, was unrepresentative and has operated in secret. It represents the interest of a minority grouping. Not only has consultation not taken place regarding the future of broadcasting, but the public debate within the democratic movement around the issue has been ignored."

DP MP Peter Soal said "I do not believe the NP is stupid enough to ram the Viljoen report through Cabinet, and it has no chance of making it a Bill. It would not be passed by any of the three Houses of Parliament.

"However, Cabinet may decide to prepare for Parliament the portion of the report on which consensus has been reached — the portion on forming an independent broadcasting authority."

Soal said a debate on broadcasting regulations was not on Codesa II's agenda.

Capital Radio programming director

☐ To Page 2

Broadcasting

BDay 17/1/92. 260

☐ From Page 1

Anthony Duke said the public's reaction to Home Affairs Minister Gene Louw's invitation for comment on the report had been apathetic.

"We sent in two submissions to correct factual errors in the report. The task group got our address wrong and it claimed we had no right to transmit into SA, which is nonsense.

"I believe the entire report will be shelved, which is a pity. Although it was mainly rubbish, blatantly aimed at entrenching the SABC and M-Net for the next 15 years, it contained about 10 pages of good recommendations which will also be discarded."

Eskom employees bring powerline to the townships

260

w/mail 17/1/–23/1/92.

By BEATHUR BAKER

A 10-DAY pilot period for Eskom's Powerline project which started in December, is estimated to have generated up to 150 phone calls from consumers with electricity problems, a reportback revealed this week.

"Powerline, a toll-free phone in service, is the first step in a process to identify problems faced by black consumers and to give them an opportunity to voice problems and make suggestions," says project co-ordinator Peter Kgame.

Powerline revealed that the most commonly experienced problems and what consumers wanted were:

●Local authorities giving bad service — the inaccurate reading of meters, no customer service, improper maintenance and computers which are continuously "down" when consumers had problems.

Callers who receive their supply via a local municipality and not directly from Eskom are more difficult to assist, the report found, and in most cases could only be referred to appropriate municipal offices.

●The cost of electricity, overcharging and inexplicably high bills.

●No electricity supply or sudden cut-offs were reported to be more common in black areas than in the white areas.

●Requests from people who do not have an existing electricity supply. Some wanted to be supplied directly by Eskom.

An example is the request of a caller representing 300 Sebokeng Extension 12 residents. He said they were living in new homes which are wired up but have had no power supplied.

Kgame says: "These residents took a petition to the local municipality and even then they were given no assistance."

●A number of callers had questions about the amount of electricity consumed by various appliances.

Powerline was the idea of a determined group of black employees at Eskom who knew the electricity problems experienced in townships.

Dolli Mokgatle, one of the Powerline team members receiving calls, says: "The pilot period revealed the kind of concerns people have out there. It helped Powerline establish what the major electricity problems of users were and enabled us to group to them."

The Powerline team consists of 16 volunteers who receive calls from Monday to Friday between 8am and 10pm.

Kgame, also a member of the Corporate Strategy division at Eskom, says: "A number of the black managers at Eskom came together to investigate exactly what is lacking in terms of service to electricity consumers.

"We needed a mechanism which could serve as the channel between consumers and Eskom but which would allow them to feel free to speak about their problems to us."

A carefully worked out communication strategy to publicise Powerline includes:

●Daily advertisements in the *Sowetan* and talk shows on Radio Bophuthatswana and Radio Metro are aimed at creating awareness. The PWV is the area of focus at the moment but rural areas are also to be dealt with.

●Reportbacks to the respondents of the advertisements, the talk shows and the phone-in. Powerline has also employed independant consultants to conduct a random survey of individuals in the township.

"Within two days of the official launch on January 13, another 100 calls came through. It really makes us look forward to seeing further results," said Kgame.

Eskom calls for national forum on electricity supply

260

B/Day 7/2/92

LINDA ENSOR

CAPE TOWN — SA's system of electricity supply came under heavy criticism at an ANC conference on electrification which began at the University of Cape Town yesterday.

The meeting also threw up sharp differences over which body should take responsibility for the supply.

Most speakers, however, stressed the need for a high level of community involvement in the electrification programme.

Eskom's Johan du Plessis called for the establishment of a national forum for electrification representing the major stakeholders

He said about 70% of South Africans — which represented 23-million people in 3-million households — did not have electricity

Eskom could not electrify the whole country, Du Plessis said, as it could only gain access to 700 000 of the unelectrified households falling within its potential area of supply

The balance of 2,3-million households fell within the supply areas of local authorities and they would have to accept the challenge.

UCT's Charles Dingley said SA's system of electricity supply differed from that of most countries where it was carried out by highly rationalised, special purpose semi-autonomous and publicly owned organisations.

"The industry here is in the hands of hundreds of suppliers, virtually all of them part of multipurpose municipal bureaucracies, controlled for the most part by inexpert councillors and shielded from public scrutiny or accountability.

"Consumer diversity is poor because of the location of industry and commerce, because of segregated residential areas and because of rural neglect"

Dingley felt that an important issue in the forthcoming negotiations on the future of local government would be whether electricity distribution should remain in the local government domain, or whether it should be transferred to regionally based specialist distribution authorities.

Rural Advice Centre's Chris Hock believed the fractured metropolitan sector should be rationalised into regional supply authorities.

Association of Municipal Electrical Undertakings president Charles Adams believed white municipalities had a leading role to play in the provision of electricity to black townships

He criticised Eskom for taking over electricity supply from black municipalities which would soon amalgamate with white municipalities.

"The answer is not to separate one individual service from black municipalities and try to run it as a separate entity, but to press rather for amalgamation so that the pool of expertise and experience can be shared"

LABOUR

NUM angry at Eskom's restructuring

W/Mail 6/3 - 12/3/92

(260)

By FERIAL HAFFAJEE

HALF of Eskom's workforce will fall victim to the organisation's restructuring plans, the National Union of Mineworkers alleged this week.

The union accused Eskom of unilaterally adopting measures to make workers redundant.

Eskom is allegedly using prison labour to do its gardening, contracting out cleaning, line construction and security services and using casual labour instead of those workers whom it says are redundant.

The union also alleges that the South African Police is patrolling Eskom power stations and hostels and that the company is employing young white workers to replace workers who leave its employ.

In the past six years, Eskom has slashed its workforce by more than 27 percent, representing the retrenchment of about 19 000 workers. And according to Gwede Mantashe, an organiser at Eskom, the company plans to reduce its workforce to 33 000 from a complement of 67 000 workers to satisfy its plans to corporatise and increase profits.

"In recent meetings, Eskom has indicated an additional surplus of workers," says Mantashe.

Eskom's George Lindeque said he had made full representatations to the NUM about the company's restructuring plans. Eskom followed a policy of no forced retrenchments and also offered early retirement options and redeployment within Eskom.

The NUM has called on Eskom to suspend its restructuring plans and to link any such exercise to the economic forum negotiations between Cosatu and big business.

Eskom plans to light up 700 000 homes

260 STAR 26/3/92

By Derek Tommey

Eskom has set its sights on providing electricity to 700 000 households in the next five years and will encourage local authorities to provide electricity to a further 2,3 million

This was announced last night by Eskom managing director Dr Ian McRae who also reported a marked improvement in the payment of electricity bills by the residents of Alexandra

He said that between January and September last year, sufficient revenue had been received to cover only 6 percent of the bulk electricity bill But in the five months ended February this year, 77 percent of the bulk bill had been paid

Dr McRae said this followed an agreement between Eskom and the regional services council in September which provided for one-third of the bulk bill being paid by the RSC and two-thirds coming from pre-paid meters, with Eskom receiving a 14 percent agency fee

Until pre-paid meters were installed, users would pay a flat rate of R50 a month

Dr McRae said non-payment of electricity bills by certain local authorities remained a problem

He said Eskom was working on 280 electrification projects It had provided 38 051 households with electricity in 1990 but had a target of 164 000 households this year

Eskom chairman John Maree said the demand for electrical appliances arising from the electrification programme could create work for more than a million people

● Eskom pledges to keep costs down — Page 23

Eskom pledges to keep electricity costs down

STAR 26/3/92

By Derek Tommey 260

South Africa, which already has the world's lowest-cost electricity, can look forward to even cheaper power in the years ahead — and probably to a major investment and manufacturing boom as well.

Also in store is greatly increased electrification

Managing director Dr Ian McRae said last night Eskom had given its customers a commitment that it would reduce the real price of electricity by 20 percent in the next five years

This would go a long way towards making South African companies more competitive.

It had also made a commitment to promote electrification wherever it could

Dr McRae said last year's price increase of eight percent was seven percentage points below the rate of inflation

The rise in administrative costs had been kept to 7,1 percent and the increase in manpower costs to nine percent Primary energy costs had increased by only 5,5 percent.

Dr McRae paid tribute to the mining industry for its ability to keep down coal price rises.

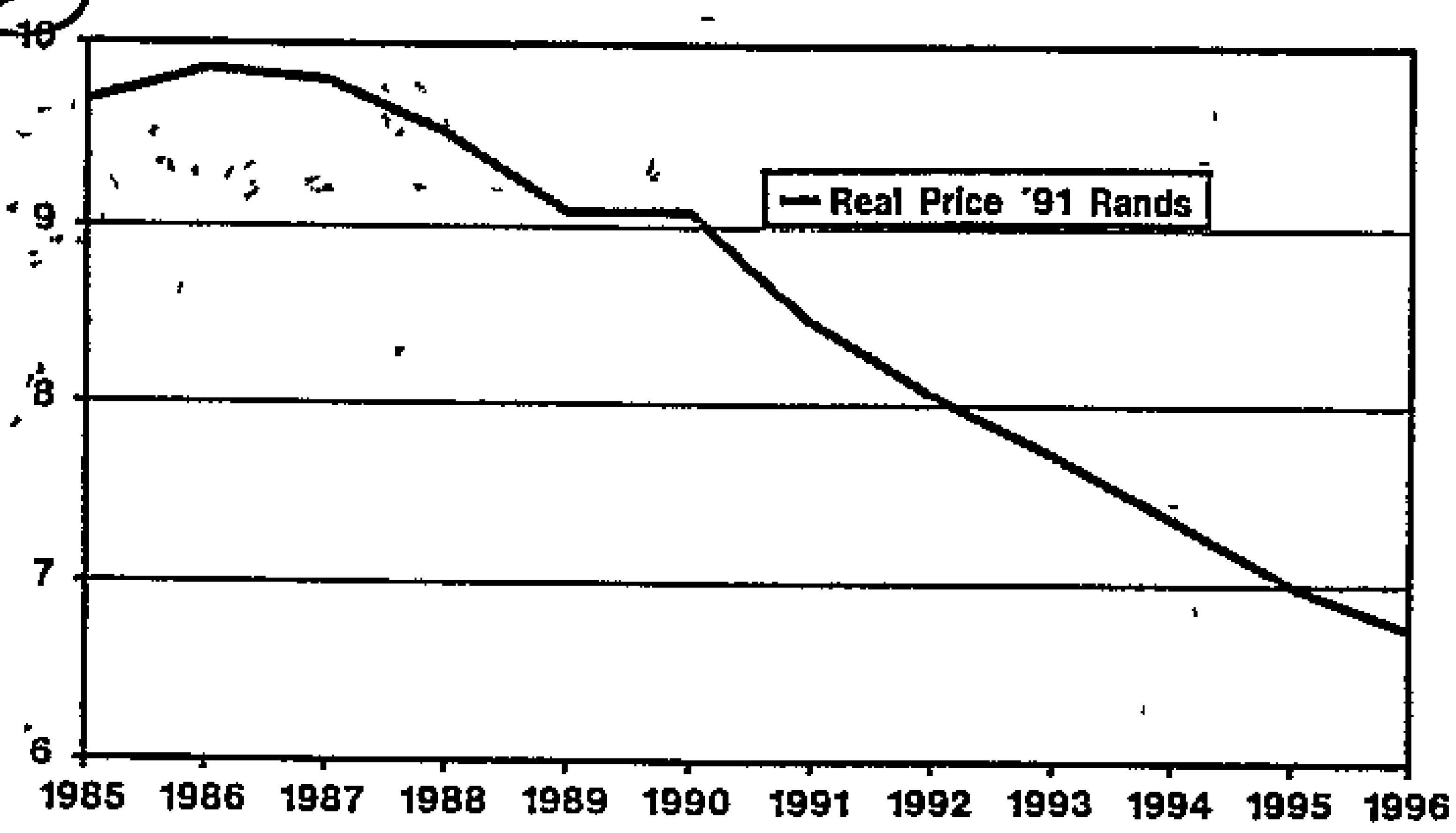
Chairman Dr John Maree said the success of any political solution in South Africa would depend on its ability to improve living standards.

In order to do this, South Africa needed to produce manufactured goods that could compete internationally.

He said Eskom was a very big player in the South African economy

It could determine the competitiveness of an industry in the outside world Therefore Eskom had to run its business effectively

Dr McRae said that Eskom would set incentives for growth and charge tariffs close to the marginal rates.



Average price of electricity in real terms

Eskom MD Ian McRae

An example was its arrangement with Gencor for electricity for the proposed new aluminium smelter

The two groups were working together to make the aluminium competitive in world markets. Eskom would set its prices to ensure this.

In spite of the poor state of the economy, and reduced demand from mining and traction, Eskom's sales volumes grew 1,8 percent in 1991, and revenue rose rose 9,2 percent to R11,7 billion

Net income rose 16,9 percent to R988 million

Sales to mining dropped five percent, while those to traction dropped 6,9 percent But sales to industrial and rural users grew.

Dr McRae said this was largely the result of the outstanding performance in managing interest and finance charges, excellent control over administration and primary energy and manpower costs.

Net interest and finance charges had fallen for the first time in many years and were 3,7 percent lower than in 1990.

Dr Maree said Eskom had strengthened its balance sheet in 1991 and that its debt-equity ratio had dropped from 2,68 to 2,49

Eskom had been able to achieve a higher-than-budgeted net income.

Non-payment of electricity bills by certain local authorities remained problematical But Dr Maree was hopeful that solutions would soon be found.

He expected a moderate growth in the economy this year, with a concomitant growth in sales.

Dr McRae said Eskom had signed co-operation agreements with Germany, Spain, France and the Ivory Coast.

It had completed a study showing there were strong benefits in linking up with Zimbabwe's power system

It was investigating the feasibility of a grid involving Zaire, Angola, Namibia, Zambia and Zimbabwe, and was also investigating the feasibility of a second power station at Cahora Bassa

Some money had been obtained for the rehabilitation of the line from Cahora Bassa to South Africa

STAR 26/3/92

Safren denies it will take stake in Virgin

By Derek Tommey 332 269

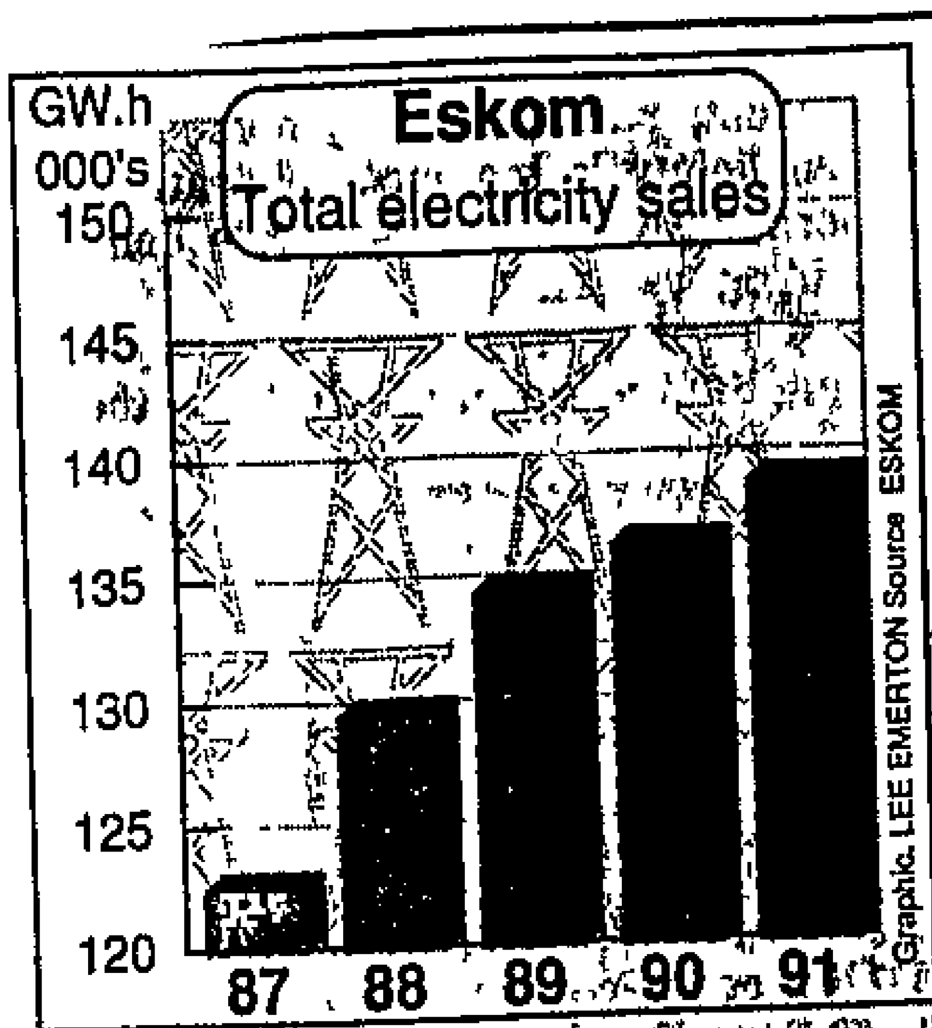
Safren had no plans to take an equity stake in Richard Branson's Virgin airline, said Safren's chief executive, Mr Buddy Hawton, last night

He was commenting on a report in a British newspaper yesterday that Safren, the country's 12th biggest commercial group, could end up taking up to a 20 percent holding in Virgin at a cost of £55 million (R275 million)

Mr Hawton said the proposal was new to him. He had held discussions with Mr Branson about ways Safren could work with Virgin But at no time had the possibility of Safren taking an equity stake in Virgin been discussed

Talks about how the two groups could co-operate were still in the exploratory stage But there were a number of areas where opportunities for co-operation existed.

FliteStar, in which Safren had a 37,5 percent stake, and Trek could also co-operate with Virgin



Eskom to spend R3,5bn on projects

260

EDWARD WEST

ESKOM planned to spend up to R3,5bn this year on electrification projects and refinancing maturing loans, MD Ian McRae said at the announcement of the electrical utility's annual results yesterday.

To fund this programme, R2,8bn would be borrowed while the remainder would be raised internally. Between R700m and R800m would be obtained from foreign markets, while about R1bn would be raised from local capital markets. The remainder would be financed from export credits and local money market sources.

Eskom planned to increase foreign borrowings from R407m in 1991 to between R700m and R800m in 1992 so as to introduce the utility to foreign markets and place it in a position to obtain better rates for future large-scale funding, he said.

Reduced net capital expenditure and a decrease in work under construction from R5,6bn in 1990 to R3,5bn in 1991 reflected the declining capital expenditure programme mainly because of surplus generating capacity, the 1991 annual report said. McRae said no more power stations would be built before the turn of the century.

By then between 10% and 15% of Eskom's electricity requirements would be imported to aid in the development of a regional electrification grid over southern Africa, he said. B/Day 26/3/92

Substantially more households would be supplied with electricity in 1992 and Eskom planned to supply 164 000 households with electricity through 280 electrification programmes. About 38 000 households were supplied with electricity last year.

Eskom saved R189m in productivity im-

□ To Page 2

Eskom

B/Day 26/3/92

260

□ From Page 1

provements last year. This amount included an abnormal item of R14,1m set aside for arrear debts of local authorities.

Eskom's 9% price increase this year was in line with a commitment to reduce real prices by 20% over the next five years It would also continue providing price incentives at close to marginal rates to industries focusing on expansion for exports, said McRae

In 1991 co-operation agreements were signed with Germany, Spain, France and the Ivory Coast to facilitate technology and information interchange, as well as the possibility of working together on electrification projects in southern Africa

Initiatives in southern Africa included feasibility studies on the western and central leg of a regional grid involving six countries, a contract in Mozambique financed by the World Bank and further studies on the Cahora Bassa projects where 70% of finance was available

Eskom's turnover increased marginally from R10,7bn in 1990 to R11,7bn in 1991 Good management of finance and interest charges and better control over administrative costs saw this translate into a 16,9% rise in net income to R988m Accumulated reserves increased from R9,6bn to R10,5bn

Eskom chairman John Maree forecast moderate economic growth this year, with a concomitant growth in sales

E Rand township to pay Eskom

CP Correspondent

City Press 4/8/91

ABOUT 25 000 Daveyton residents this week agreed to pay the Benoni City Council R100 a month for service arrears and undertook to pay future power bills directly to Eskom

Agreement was reached after a one-day stayaway in the East Rand township organised by the Daveyton Interim Committee

Early this year the committee, the Daveyton council and the Transvaal Provincial Administration, agreed that residents should pay a flat rate of R70 a month and that the council would pay directly to Eskom

But Eskom complained that some residents were not paying and cut off power several times

The new Benoni tariffs are R60 for electricity; R12,80 for sewerage; R13 for refuse removal and R14 for water

ANC Daveyton secretary Zizi Nduna accused the Daveyton council of using residents' payments for staff salaries

"That is why they must resign. They considered their stomachs before the residents "

Daveyton council spokesman MR Morapane would not comment on the allegations.

Eskom quashes fears about retrenchments

(260)

KARIN FRANKEN

ESKOM has begun a major three-year restructuring programme — announced late last year — with a view to preparing the corporation for the "new SA".

And a spokesman yesterday quashed fears of forced retrenchments, saying the emphasis would be on re-allocation of resources.

Changes would be made to Escom's top structure.

Some operational engineering group employees had been shuffled with the transmission and generation groups, while management services had been absorbed within the finance group.

The restructuring included the creation of a corporate affairs group. BDay 7/1/92

This department would deal primarily with strategic planning and communication.

The three main focus areas of the programme were to supply electricity to a further 3-million homes by 1996, to promote industrial growth, and to attract energy-intensive industrial investment.

It was hoped that the industrial investment would be attracted by internationally competitive electricity prices.

An executive director for the programme, Jac Messerschmidt, would be responsible for co-ordinating and managing implementation of the changes, the spokesman said.

The entire process was expected to be completed in two to three years.

Eskom rejects ANC's criticism

BRENT VON MELVILLE

ESKOM has rejected ANC criticism that power stations are being closed despite the fact that more than 20-million people are still without electricity

ANC secretary-general Cyril Ramaphosa said this week that instead of closing power stations, government (and therefore Eskom) should attempt to provide electricity to the about 80% of SA's population who have not got it

Eskom CE Ian McRae agreed there had to be a massive effort to provide electricity to the majority of South Africans, but said there were still a number of issues to surmount.

A major problem was the "politicisation" of electricity services Another major problem was funding for the infrastructure.

Eskom corporate electrification manager Johan du Plessis said "Eskom has surplus generating capacity and older, less economical power stations were mothballed to cut costs by using the modern, economical power stations with a better fuel efficiency and lower maintenance costs."

Eskom still had sufficient generating capacity to supply electricity to all the people of SA without having to build a single extra power station, Du Plessis said.

McRae said the electrification of 20-million homes could provide up to 2-million jobs.

Du Plessis said that although it was Eskom's vision to bring electricity to all, it could be done only where it was economically viable — where people could afford it and were prepared to pay for it

Eskom stepping up electrification projects

Star 18/11/91

(260)

Finance Staff

Eskom has announced the creation of two new departments to meet the demands of electrification for the black community.

It said at the weekend the restructuring was in line with its own target to electrify three million homes by 1996.

This should be achieved through the provision of electricity at internationally competitive rates — at the same time bearing in mind the need to keep down the costs of electricity, in real terms, for the benefit of both industrial and domestic consumers.

Eskom said further key objectives were the promotion of industrial growth, particularly to support export-led growth, the informal sector and to attract energy-intensive industrial investment.

To this end, two clearly defined groups have been established: the marketing and electrification group, and the sales and customer services group.

Both will be represented on the board to focus attention on these critical areas and both will assess the promotion of co-operation in energy policies among all Southern African countries.

A new directorship — executive director, change project — has been created, which will be responsible to the chief executive for co-ordinating and managing the implementation of the proposed changes.

Eskom said changes could take up to three years to implement and were likely to create a need for 3 500 staff, who could be sourced internally.

SABC still talking to Equity

260

SABC chief executive Wynand Harmse has revealed that he has been corresponding with Equity – the British actors' union – over the past few weeks on the possible lifting of its ban on the sale of radio and television programmes to South Africa

CP News 2/2/92

He was reacting to a request from Equity for the SABC to provide it with a package of programmes to show that the SABC was affording black actors equal opportunities.

Harmse said he had not been informed officially of the latest Equity request, but that the SABC would welcome follow-up discussions with the union.

Codesa asked to 'open' the SABC

Sowetan 3/2/92 (260)

By MATHATHA TSEDU

THE Convention for a Democratic South Africa is to be asked to dismiss the SABC board and facilitate its replacement to open the corporation to "more voices".

This is one of the resolutions taken at a media conference in Cape Town at the weekend

The conference was organised by the Campaign for Open Media and attended by the representatives from political organisations, trade unions in media industry, academics and media organisations Its theme was "Free Fair and Open South African Media in the Transition"

The conference will also call on Codesa, or the interim goverment, the Constituent Assenbly or any other transitional structure to fire SABC group chief executive officer, Mr Wynand Harmse

Former *Daily Dispatch* editor, Mr Donald Woods, was suggested by former *Cape Times* editor, Mr Anthony Heard, for this portfolio

Delegates at the conference felt that the present SABC hierachy was politically appointed and served only the interest of the Nationalist Party The conference also resolved to have the transitional authority appoint an interim Independent Communication Agencvy which will

- Appoint the SABC board,
- Re-regulate broadcasting and issue licences, and
- Establish an Independent Media Development Trust Fund to fund new and existing community radio stations and newspapers to ensure a greater diversity of opinions during the transition

The Director General of the Namibian Broadcasting Corporation, Mr Nahum Gorelick, addressing the conference early yesterday, cautioned against political appointments to replace other similar appointees

He said the present privatisation programme within the SABC was "extremely detrimental" to South Africans aspiring for political change because public service broadcast serves all people

fire at University of Western Cape conference

The need to have interim measures to ensure free expression for the Press and greater access to the electronic media was stressed at the conference, which was arranged by the Campaign for Open Media and the Centre for Development Studies at UWC

It was attended by a wide cross-section of media representatives, spokesmen of political parties and academics

A feature of the conference was the sharp criticism of the SABC and the broadcasting system and a call for an interim independent comunications authority to regulate radio and television in the transitional period

The conference decided that a new board of control for the SABC must ensure that all news and current affairs programmes would be fair and impartial and that the present chief executive of the SABC must be replaced

There was also support for the opening of the airwaves in order to accommodate public, commercial and independent and non-profit community broadcasters

In disucussions on the Press there were suggestions for an interim Bill of Rights to ensure freedom of expression, the scrapping of all laws curbing Press freedom and greater access to informatin and public documents

Proposing a broadcast authority Mr Peter Soal, Democratic Party MP, said the party was in favour of a communications authority representative of, and acceptable to, the country's diverse peoples as well as its major political groups

Proposing an independent broadcasting authority Mr Stan Katz, of the Association of Independent Broadcasters, said there was an urgent need to have a fair and impartial system of broadcasting and the need to create more broadcasting services.

Professor Sampie Terreblanche, of the the University of Stellenbosch, a former governor of the SABC, said there could be no doubt about the need to democratise the board of the SABC The SABC had remained an instrument of propaganda of the governing establishment.

The SABC, too, needed an interim arrangement One possibility was to appoint an additional Director General

Something would also have to be done about M-Net One possibity could be to have some coverage of Codesa on this subscriber service

There was a strong feeling at the conference that there should be interim arrangements for the SABC to launch it on the way to independence from political control

Mr Johan Pretorius, editor-in-chief of the SABC's TV news productions said it would be naive to deny that the SABC had followed a fairly strict government-of-the-day line

The whole picture had, however, changed completely in the past two to three years

The SABC realised that it had a credibility problem

In terms of an SABC action plan to achieve this credibility the corporation was declaring its support for generally accepted democratic values and would actively support this in its programmes

The SABC was in favour of independent control to counter political interference

These days it was trying to give fair exposure to different viewpoints and the various interest groups and parties

It was prepared to make its infrastructure and time available to interested parties

Changes to the control and structure of broadcasting would have to change and the SABC was therefore ready to accept proposals that may come from Codesa

Dr Pallo Jordan, of the ANC, said that, given the sad history of the SABC, the myth had taken root that unfettered free market broadcasting yielded the best results

This theory was disproved by the quality of the US electronic media compared with the State-owned SABC

State control of broadcasting in a range of western countries, including Britain and Canada, had not resulted in their transformation into government mouthpieces

On the other hand the ANC "do not suggest that future governments will be run by angels or that they will be free of the temptation to turn state-owned broadcasting to their advantage"

The ANC therefore supported the suggestion of an independent broadcasting authority and an independent and impartial broadcasting organisation

The party was prepared to admit that this attitude had changed from a more restrictive approach to a much more open attitude.

British journalist, Mr Anthony Sampson, said the mainstream Press in the country did not appear to reflect sufficiently the implications of enormous changes that were on the way

Effective expression was also not given to black opinion

Mr Max du Preez, the editor of Vrye Weekblad, criticised monoploy conditions in the mainstream Press He said there were basically two huge monopolies

Mr Harvey Tyson, former Editor of The Star, submitted that there was no monopoly of the Press In Johannesburg six dailies and nine weeklies competed

A break with the past was however needed. He believed that everyone, including the finance houses which acted as a buttress against totalitarian take-over of the press for decades, wanted change

They would welcome new, improved anti-trust laws provided they were fair

Referring to suggestions for the monitoring of newspapers, Mr Tyson said this would be counter-productive unless it was done voluntarily, under conditions and by people accepted by the media themselves

There could be a mechanism for self-regulation in the transitional period through the appointment of a national editorial board to which newspapers could choose to belong

The conference decided that there should be an independent body to monitor radio, televisoion and Press in the transitional period

The conference also adopted a proposal that Campaign for Open Media should be asked to set up a working commitee consisting representatives of the media council, the unions and the publishers to draw up a code of practice for the media

At the end of the conference, Mr Ray Louw, one of the convenors, said an impressively wide range of opinions, had been expressed.

It was clear that the public was viewing the operations of the radio and the Press very critically There was wide concern for the public to be as widely and accurately informed as possible about the affairs of the country

The government also had to know that restrictions on the press had to go. It had been prevaricating on this for too too long.

There was also the need to "unbundle" the ownership of the English press. There was an over-concentration of ownership in the English press There was also the monolithic Afrikaans press

MEDIA

Medicine for the messenger?

(260) ARG 3/2/92

PROPOSALS to ensure free, fair and open media services in South Africa in the transition to democracy are to be submitted to Codesa following a weekend conference at the University of the Western Cape.

SABC, media come under

pointed by all the parties in parliament and various elements of the civil society

The ANC was also not against participation of the private sector in broadcasting.

Mrs Sheila Camerer, National Party MP, said these days her party was just as committed as others to ensuring the free flow of information, a free Press and also a free inde-

National Transport Commission

*4 Mr J CHIOLÉ asked the Minister of Transport †

(1) Who are serving on the National Transport Commission at present,

(2) whether the composition of this commission changed recently, if so, (a) what was the nature of the changes and (b) (i) who served on the previous National Transport Commission and (ii) for what length of time did each of the permanent members serve on it,

(3) whether members of the previous commission whose services were terminated were furnished with reasons for the termination of their service, if not, why not, if so, what reasons?

B6E

The MINISTER OF TRANSPORT

(1) The following eight members presently serve on the National Transport Commission

Dr M F Mitchell Chairman and Acting Director-General Transport
Mr R G Meyer
Mr H J Claassens
Mr J J Smit
Mr G R Pauw
Mr S Petersen
Mr P P M Chetty
Prof S J Zondi

Dr C F Scheepers who has been appointed Director-General Transport as from 1 March 1992, will from that date be appointed chairman of the Commission

(2) Yes, the composition of the Commission has changed with effect from 1 January 1992

(a) The membership has been decreased from ten to eight members The powers, functions and duties of the Commission have been scaled down over the past year to such an extent that it now concerns itself primarily with matters regarding civil aviation and commuter subsidies

(b) (i) The following members served on the previous Commission

Mr R G Meyer Chairman and Director-General Transport
Mr J J Smit
Mr H C van Zyl
Mr B Slabbert
Mr E F Niksch
Mr G R Pauw
Mr J J S Germishuys
Mr A M Brynard
Mr H J Meyer
Mr C J Grové

(ii) The permanent members served on the previous Commission for the following periods

Mr R G Meyer — 1 October 1987 until 31 December 1991
Mr J J Smit — 1 May 1987 until 31 December 1991
Mr H C van Zyl — 1 October 1976 until 31 December 1991
Mr B Slabbert — 1 October 1971 until 31 December 1991
Mr E F Niksch — 1 June 1977 until 31 December 1991

(3) Yes, the members were informed that their periods of service expired on 31 December 1991 and that the demands of the changing transport environment have necessitated the re-composition of the Commission

Letter. Acting Judge President, Natal

*5 Mr D J DALLING asked the Minister of Justice Hansard 4/2/92

(1) Whether in July 1991 he received a letter from the Acting Judge President of Natal in connection with the release of criminals from prison, if so,

(2) whether he will disclose the contents of this letter, if not, why not, if so, what was (a) the content of the letter and (b) his response thereto?

B11E

The MINISTER OF JUSTICE

(1) Yes

(2) No It is not practice to disclose the contents of correspondence addressed to me In fact, the Honourable Member may wish to reflect whether his question, referring to the action of a court official, to wit a Judge President, is in order in terms

of Parliamentary convention The Honourable Member is referred in this regard to *E May, Parliamentary Practice* (21 st Ed), p 291 and also p 288

The matter of release of prisoners, both under the amnesties announced by the State President and in terms of normal policy, was subsequently discussed at a conference held with the Chief Justice and all the Judges President

Hansard 4/2/92

A mutual understanding was reached in respect of both the concerns voiced on behalf of the administration of justice and the particular demands on the Executive at a crucial stage in South Africa's development, when exceptional steps had to be taken in order to deal with the question of political prisoners and the necessity of an evenhanded approach as far as other prisoners were concerned

(a) and (b) Fall away

Certain person: potential threat

*6 Mr P G SOAL asked the Minister of Defence

Whether, with refeerence to his reply to Question No 26 on 19 February 1991, a certain person, whose name has been furnished to the South African Defence Force for the purpose of the Minister's reply, was identified by the Civil Co-operation Bureau as a potential threat to State security, if so, (a) when, (b) for what reasons and (c) what is the name of this person? Hansard 4/2/92

B16E

The MINISTER OF DEFENCE

As was indicated in the reply to question number 26 of 19 February 1991, the findings of the Harms Commission had been referred to the Attorney-General for further investigation The Attorney-General has indicated that the matter is still being investigated and it is therefore *sub judice* (a) (b) and (c) fall away

SABC. educational television service

*7 Mrs C H CHARLEWOOD asked the Minister of Education and Training 260

(1) Whether, since the reply to Question No 23 on 9 April 1991, his Department has taken any further steps to establish, through the South African Broadcasting Hansard 4/2/92 Corporation, a full-scale educational television service to Black schools throughout the country, if not, why not, if so, (a) what further steps and (b) when is it anticipated that this service will commence,

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

260 B19E

The MINISTER OF EDUCATION AND TRAINING Hansard 4/2/92

(1) No

(a) The establishment of a fullscale educational television service to Black schools country-wide cannot be afforded by the Department at this stage

The department is currently planning a project in co-operation with the SABC to assist standard 10 candidates with the aid of television broadcasts for two hours per day from 1 April 1992 to 30 September 1992

Furthermore the Department and the SABC are jointly planning a pilot television programme project which will be directed at pupils from standard 5–7, parents and teachers The programmes will be broadcast during 1992

An interdepartmental committee is currently investigating all aspects of distance education This includes, inter alia, educational radio and television

(b) Falls away

(2) Not at this stage

Single health department

*8 Mr M J ELLIS asked the Minister of National Health Hansard 4/2/92

(1) Whether, since her reply to Question No 15 on 12 March 1991, her Department has taken any further steps to consider the administrative, financial and national health implications of a single department of health for South Africa, if so, what further steps, if not, why not, cont→

POLITICS

SABC rejects AIDS ad plea

B'Day 5/2/92

Political Staff (260)

CAPE TOWN — The SABC had turned down a government request for free air time for anti-AIDS advertisements, Minister of Health Dr Rina Venter said yesterday.

"The SABC is autonomous and decides for itself on its advertisement policy," Venter told Parliament.

She was replying to a question from DP health spokesman Mike Ellis

He had asked whether she had approached the Home Affairs Minister with a request for free broadcasting on radio and television of anti-AIDS ads or AIDS information or education programmes.

Sasol rights offer details

B/Day 5/2/92 (260)

PAUL ASH

SASOL yesterday released details of its R1bn rights offer of convertible debentures.

Part of the offer will be jointly underwritten by Sasol and sponsoring bankers UAL and Finansbank — the balance, just over 80%, will be taken up by Sasol's major shareholders.

Changes in TV and newspapers could come sooner than most people — and not least our mass media captains—may think Proposals on the media in transition drawn up at a conference last weekend could carry powerful clout with Codesa, SOUTH editor **GUY BERGER** reports

Fast forward, is the message to the media

260

South 6/2-12/2/92

AMUSED applause punctuated the earnest conclusion by journalist Mr John Mattison, the conference chairperson

It was because of the SABC-TV camera trained on him that the audience cheered as Mattison carefully summarised and repeated a resolution

With SABC delegates attending the conference, and with SABC-TV recording the chairperson's remarks, it seemed impossible that the broadcast corporation could overlook what was being said

Specially as the message was about Big Brother SABC itself

"This conference," said Mattison, adopting a tone of voice appropriate for TV, "has proposed that Codesa should nominate a body of eminent persons to choose a new SABC board by March 31"

It seemed unthinkable that SABC-TV could ignore this death sentence on its present controllers

But ignore the verdict the SABC did, apart from a brief reference on radio news

Also ignoring the conference were most of the mainstream press — even though many of the proposals may well impact on the newspaper industry

This gathering was no ordinary talk-shop It was a watershed forum of figures from across the media and political spectrum, and whose business was to produce weighty recommendations for Codesa.

Titled "Free, Fair and Open", the conference was organised by former Rand Daily Mail editor Raymond Louw and the Campaign for Open Media.

It is certain to carry clout with Codesa And if even a fraction of the proposals becomes reality, this will have a major impact on the SABC and the print media in the next few months and beyond

For a start, the SABC will be in for new times. From SABC-TV news chief, Mr Johan Pretorius, who made a brief visit to the conference, came an admission that "It would be naive to deny that the Corporation followed a fairly strict government-of-the-day line.

"But in the last two to three years the whole picture has changed completely," he said

If today the SABC still made many mistakes, pleaded Pretorius, "please remember, the new approach is also new to us"

But few delegates were convinced by the SABC's self-proclaimed and sudden conversion to impartiality.

● "A broadcast system," retorted one participant angrily, "should depend not on changes of attitude and approach, but on structures to guarantee impartiality"

● From another speaker came the heated charge that the Broederbond was still firmly in place at SABC headquarters.

● Mr Nahum Gorelick, now head of what was formerly called the SWABC, told of broadcast bias during Namibia's independence elections, and concluded "Even the likes of Koevoet, the security branch and the police proved to be more flexible than the SWABC"

● BBC Africa Service journalist, Ms Akwe Amosu, warned "Coverage of the path towards democracy in this country is not safe in the Corporation's hands"

She urged that a democratic government, rather than the Nationalist cabinet or Codesa, should be the body to undertake a major re regulation of the airwaves

But, at the same time, an interim and independent broadcast authority should be set up for temporary reform

"There is little hope for an eventual democratic government, if there isn't immediate reform of the SABC," she said

If the weekend conference has its way, within two months Codesa will set up a panel of eminent figures The panel will choose a new and representative board for the SABC and bantustan broadcasting, from nominations put forward by the public It will also choose a new Interim Communication Authority to oversee the airwaves

The conference also discussed South Africa's print media in the democratic transition ahead

Former Drum editor and prominent British journalist, Mr Anthony Sampson, accused the mainstream press of failing both to reflect black viewpoints and to prepare whites for the coming changes.

Criticising the concentration of press ownership, he argued for "the reforming power of competition" in the newspaper world.

Vrye Weekblad editor Max du Preez highlighted the imbalances between the resources of the mainstream and the alternative press and periodicals

In response, from the country's biggest newspaper company, the Argus Group, influential former editor of The Star Mr Harvey Tyson, proposed an "enlightened reconstruction of the established newspapers, so that the near monopolies are broken — preferably by the papers themselves"

Tyson also came out in support of an independent media trust fund to subsidise non-profitable media And he spoke in favour of each major political player having a press that was close to it.

Delegates backed a call, first proposed by SOUTH, that Codesa set up a task force to investigate ways of securing print diversity during the current period.

The conference also made a strong call on Codesa to ensure that laws restricting press freedom be invalidated.

After National Party control of public broadcasting and the government's arsenal of draconian laws curtailing the press, delegates wanted no new politicians to repeat the pattern

All were aware of the delicate balance in asking Codesa to interfere in the media arena, at the same time as keeping state and party political control of the media at bay

The debates rocked back and forth — while the absent dominant players in the mass media missed their chance both to contribute and to inform their audiences about it

If most media captains, however, failed to take media coverage of the transition seriously, Codesa at least has a vested interest in pressing 'fast forward' on the issue.

Open media can be a powerful tool, argues **Anthony Sampson**

The facts about real democracy

260

STAR 7/2/92

WHY can't the media in South Africa reflect more closely and vigorously the fast-changing political changes which the country is facing? An occasional visitor like myself cannot hope to understand the complex explanations, but he may sometimes see the wood more clearly than the trees

And many others are worried by the gap between the public awareness of politics, and the drastic changes being discussed in Codesa, or elsewhere at the top.

The "mainstream" press includes much intelligent reporting and analysis, but in my view it does not convey the wider context of the new politics, or the aspirations or anger of the townships. It is still preoccupied with white politics and events, and content to leave township reporting to the black press or alternative press.

This can seriously endanger the political future, on both sides. It fails to give sufficient voice to black South Africa, to connect up the grassroots with the democratic process And more importantly, it fails to educate white opinion.

If whites are not being prepared for the possibility of a black majority government they may well face a devastating shock after the elections, just as white Rhodesians were appalled by Robert Mugabe's victory.

Since the initial bombshell of February 1990, when Mr de Klerk legalised the ANC, only a few media stories, as seen from abroad, have suggested a major change in the power balance. One was the Inkathagate scandal which compelled Mr de Klerk to demote two Ministers Another was Mr Mandela's confrontation with Mr de Klerk, which remarkably was carried live by SABC.

Black and white viewers alike were amazed to see a black leader openly and fiercely criticising a State President But that amazement was itself a reminder of how little the media had prepared them for the facts of democracy

The explosion of free speech can be an awesome power, particularly after long constraints

I saw it last November in Kenya, when after years of inhibition the three main newspapers suddenly felt able to challenge President Moi, and competed to expose the corruption of his Ministers.

I was able to watch a similar explosion of media energy in February 1990, when the ANC was first legalised. Newspapers suddenly discovered a long-lost adventurousness, and black politics overflowed into the white world.

How does a press become insulated? It must surely have something to do with a structure of semi-monopoly which protects it from the need to adapt Many South African journalists have complained about the almost uniquely concentrated ownership of their media. Any medium which enjoys a semi-monopoly is likely to lose touch with its audience, and to lose credibility.

In South Africa the most pressing political need is surely to extend the range of all the media, to make them represent a much broader public — both to inform them, and to reflect all their confusion, anger and worries.

The SABC, the most spectacular monopoly, should be divided in such a way as to ensure far more coverage both of opposition politics and of news from the black majority in the townships

The major newspaper groups would also have to be broken up. This might well require an infusion of foreign capital. But even such competition would be much healthier than a purely local semi-monopoly, and would help to make the media more responsive to political change.

● **Anthony Sampson is a former editor of Drum magazine. This is an edited version of a talk he delivered at the weekend conference of the Campaign for an Open Media in Cape Town.** □

RADIO AND TV

FM 7/12/92

Broadcasters get restless

260

A decision on so political a matter as the future of broadcasting is not likely to be made except within the context of Codesa But many broadcasters feel there is no time to lose.

The weekend conference organised by the Committee for Open Media has already moved to form an interim independent communications authority to regulate broadcasting The intention is that this should be established under the umbrella of Codesa

The conference is also calling for the abolition of all laws that restrict media freedom and it wants a new board of governors to regulate public service broadcasters such as the SABC. Coupled with that is a demand for the appointment by the board of an independent CEO for the SABC

Meanwhile, a new National Association of Broadcasters has been set up, comprising Radio 702, Bophuthatswana Broadcasting Corp, Ciskei Broadcasting Corp, Capital Radio and SABC commercial radio The association is still informal, with its constitution to be finalised, but its purposes will include the promotion of broadcasting free of government intervention

Radio 702 GM Stan Katz, a prime mover in the new association, believes broadcasting regulation faces an imminent threat of breakdown An indication of the danger has come through the recent establishment of a pirate FM radio station operated by an unidentified rightwing political group Propagandist-style broadcasts are made for an hour every evening in Afrikaans

"The problem is bigger than the irresponsible behaviour of one extremist political group," says Katz "It reflects the widespread dissatisfaction of South Africans with the existing law, which leaves broadcasting totally at the discretion of a Minister."

To prevent the chaos that could occur from people taking the law into their own hands, he believes government (after consulting Codesa) should act quickly to set up an independent broadcasting authority

"Something needs to be done pretty soon before there is a total breakdown in regulation," says Katz "We must have a proper mechanism for assessing and awarding frequencies to would-be broadcasters. Without it people are tempted to take the law into their own hands, leading to technical chaos"

It is understood government has set up an interdepartmental working group to go through the submissions to the Viljoen task group (which completed its report on the future of broadcasting in August) and come up with guidelines to present to Codesa The question is, can we afford to wait for that? ■

Free speech a priority of new group

STAR 8/2/92

(260)

FIVE broadcasting organisations — Radio 702, Capital Radio, SABC commercial radio, the Bophuthatswana Broadcasting Corporation and the Ciskei Broadcasting Corporation — have joined forces to set up a new industry body

Chairman designate of the National Association of Broadcasters of South Africa and Southern Africa is Radio 702 general manager Stan Katz, who says a formal constitution will be adopted soon

The NAB, he says, represents the consensus interests of its members Other broadcasting organisations have been approached to join and membership is expected to grow

Govt intervention

The aim of the NAB will be to "foster the development of all forms of aural and visual advertising"

"It will promote a system of broadcasting that provides programming free of government intervention and it will support the principle of representative democracy and free speech in the regulation of broadcasting"

Other functions of the NAB will be to formulate policies on matters affecting the broadcasting industry and to provide information on broadcasting issues

Activities so far, says Mr Katz, have included commenting to government on the reports of the Viljoen task group on broadcasting and attending the recent Campaign for Open Media conference.

"In the near future, we will be offering our input on pressing broadcasting issues to both Codesa and government.

"Our immediate objective is the establishment of a permanent Independent Broadcasting Authority to oversee broadcasting in South Africa and the TVBC states"

Bid to establish one radio 'voice'

Sasol's candle wax too sticky

S/Times 15 B4557

By JULIE WALKER

9/2/92

A STICKY wax problem has given rise to an even stickier problem for Sasol.

South Africa — a huge market for candles — uses both domestic and imported candle wax

Sasol has supplied candlemakers for 35 years.

Last year it developed a wax aimed at preventing candles from bending and sticking together in hot weather.

Buffalo Candles' Pietersburg factory bought the new medium wax, which had been commercialised on a small scale. Buffalo has tested it for six months, involving the use of thicker wicks

But some batches of the new wax have resulted in excess dripping and the wick's pulling and burning on one side only. As a result, it burns too quickly

Shell

A major retailer returned the candles made from new wax to Buffalo Sasol has reverted to supplying the old wax to candle-makers until the problems have been ironed out.

Sasol says the problem is receiving the attention of the group's wax technologists

Last August Sasol bought Price's Candles from Shell for R30-million

It intends to double wax production to 120 000 tons a year as part of a R850-million capital expansion programme to convert Sasol 1 from a fuels complex to a chemical facility

TV viewers irate over SABC move

S Times (CM) 9/2/92 (260)

By JANICE HILLIER

TELEVISION viewers in Durbanville and Welgemoed are up in arms because they may have to spend hundreds of rands on new TV aerials and boosters when the transmitter serving their area is closed in the next few months

According to an irate Durbanville resident, Mr Don McVean-Nicol, the move will save the SABC about R500 000 a year in maintenance costs — but he had been told by TV installers that it would cost about 3 000 affected viewers an average of R350 each for new masts, aerials and boosters to pick up a signal.

"I am angry Why should we have to spend money in these bad economic times when we are quite happy with the SABC's existing service," said Mr McVean-Nicol this week.

The viewers' reaction followed announcements by the SABC that TV1, CCV and M-Net transmissions from the Welgemoed transmitter were to cease tomorrow

But this week, in response to representations from Welgemoed station viewers, the SABC said it would postpone closure of the transmitter until May 31

The SABC has urged viewers in the affected area to retune their TV sets to the Tygerberg transmitter

Mr McVean-Nicol said that when the SABC tested his TV signal, he was told he would need a mast

"A mast, booster and new aerial ranged in price from R100 to R700," he said "As I have a few portable television sets which are also affected, it could cost me about R900 to install the necessary equipment

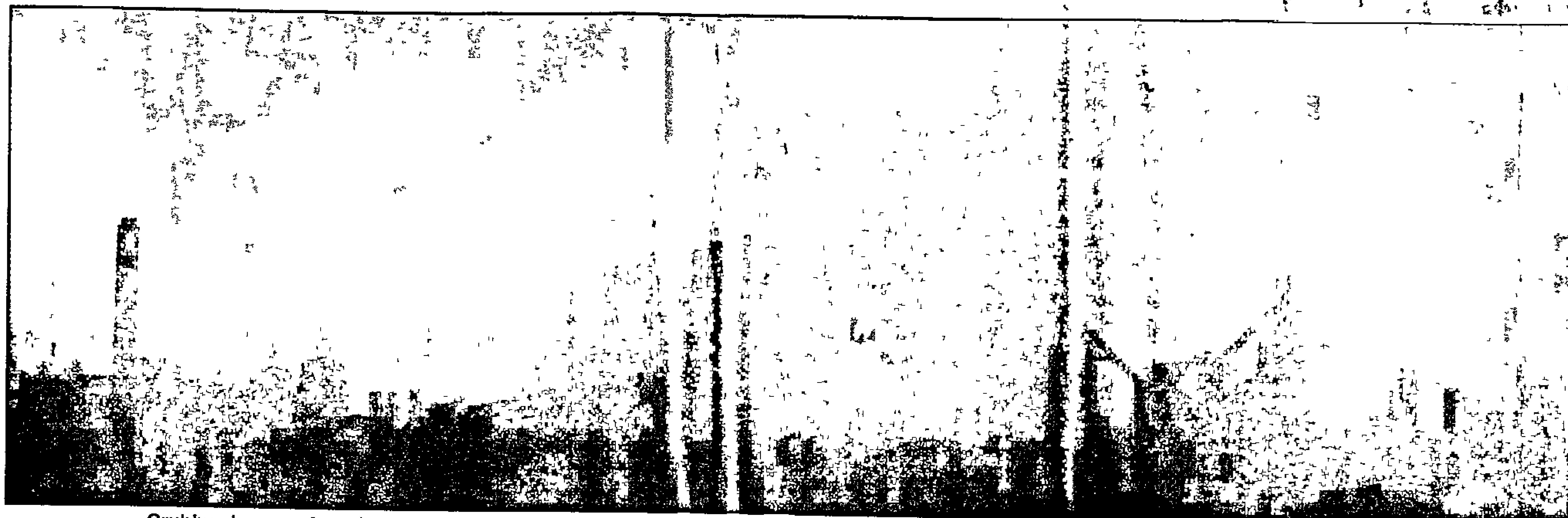
In a letter to the chairman and board members of the SABC, Mr McVean-Nicol suggested it forfeit its licence fee for "a period" to help affected viewers pay for the equipment or that they be offered interest-free loans to help meet the costs.

Late this week Mr McVean-Nicol received a reply from the SABC chief executive of signal distribution, Mr Neil Smuts, saying the transmitter shut-down had been postponed

He was not happy with this and had approached Durbanville MP Mr Philip van Deventer to address the matter at ministerial level

In a statement this week, the SABC's communication manager of signal distribution, Mr Terence Peddie, said it was "pointless" to use two or three transmitter stations in the same area

Clean up or lose out, Iscor



Grubby view . . . Iscor's works near Vanderbijlpark on a recent summer's morning. Picture. Chris van der Merwe

STAR 10/2/92

(260)

DIRTY AIR South Africa's competitors could use our poor air quality control to win contracts for themselves. **JAMES CLARKE** reports.

NOW that Europe is interested in buying South African steel, will it do to Iscor what the Government has failed to do? (Get it to clean up its act, that is.)

The picture on this page shows Iscor's works near Vanderbijlpark on a recent summer's morning It reveals how Highveld dawns can be just as filthy in summer as in winter.

Iscor, for years, has been a dirty landmark and its policy has been NOT to become involved in the public debate about clean air

When, a year ago, South Africa's big industries — Eskom, AECI, Sasol, Nampak, Mondi, Samancor, the oil companies and many more — formed the Industrial Environment Forum, Iscor stayed out

When industry, wary of overseas pressure, held a congress in Somerset West last November to discuss annual environmental audits and a new appraoch to pollution, Iscor did not take part

The Department of Health, the sole arbiter of whether air pollution standards should be tightened, claims South Africa does not have an air pollution problem

In an international journal, Tomorrow, it reiterated the claim that South Africa's air was healthy enough

Ironically, although the department has never used the 27-year-old Clean Air Act to fine an industry for pollution, it did once obtain a judicial order stoppping Iscor from erecting a second iron works in Pretoria on the grounds that, whatever it said, it would still pollute the area

A recent CSIR report criticised the Government's attitude regarding air pollution

The CSIR environmental services division later warned that overseas buyers of South African goods were beginning to insist that their South African suppliers certified that their manufacturing processes did not pollute unduly

A South African company recently lost a long-standing overseas contract — it amounted to 80 percent of its output — when its buyers found a cleaner supplier

The question is whether potential importers will use their leverage to force Iscor to accept higher standards There is also a possibility that South Africa's competitors could use South Africa's poor air quality control to win contracts for themselves.

Nearly all other large industries, as a result of new pressures and in anticipation of new laws called for in the 1991 President's Council Report on environment, have announced willingness to state their clean-up targets and institute annual environmental audits — even to have them independently scrutinised

Adspend shows real growth of 7%

BDay 11/2/92 260

MARCIA KLEIN

TOTAL advertising expenditure on all media grew by a surprising 25,1% to R2,3bn during 1991, the final 1991 Adindex figures show.

Taking into account an average media inflation of 18% during the year, this amounts to a real growth of 7% in a contracting economy.

Despite a deepening of the recession over the past year, this increase compares with an average 19% adspend growth in the previous three years Total adspend has grown from R1,3bn in 1988 to R1,5bn in 1989 and R1,8bn in 1990

The Media Shop MD Dick Reed said television continued to erode print's dominant share of the advertising cake, while radio, outdoor and cinema held their share at last year's levels

Print, the largest category, dropped from 51,3% in 1990 to 47,3% in 1991 as it grew by only 15,3% to attract expenditure of R1,1bn

Financial publications were the best performers, growing by 40,1%, and English consumer magazines also fared well with a 25,6% growth.

But freesheet newspapers and black, coloured and Asian newspapers were hardest hit, falling by 7,8% and 4,5% respectively

Television continued its rapid growth, increasing by 40,2% to R857,6m, to take its share of the total up from 33,1% to 37,1%, Reed said

M-Net was the star performer — with a rise of 133,2% — followed by Bop-TV with an 84,8% growth TV1 grew by 19,3% off a larger base to give it half (49,8%) of TV adspend

Radio grew by 23,9% to R262,4m to maintain its 11,4% of total adspend share, and both outdoor and cinema held their share at 2,8% and 1,3% respectively Adspend on outdoor grew by 29,7% to R66,2m, while adspend on cinema increased by 24,8% to R29m.

Reed forecast that radio, outdoor and cinema would maintain their shares, while the battle between television and print would continue, with TV taking the upper hand.

He expected adspend to rise by 22,9% to reach over R2,8bn during 1992, while television would increase its share from 37,1% to 38% and print's share would decline from 47,3% to 46,4%

Global recession erodes Iscor shares

MATTHEW CURTIN

ISCOR shares slipped 3% on the JSE yesterday to close at 175c, their lowest level since December 1990, and 25c below their 1989 listing price.

Markets sources said the steady fall in the stock this year reflected the depth of the recession in local and international steel markets. Iscor, which reports interim results at the end of the month, was unlikely to escape the effects of the recession.

Frankel Kruger Max Pollak analyst Kevin Kartun said that following drops in earnings of up to 60% at steel-makers such as Australia's Broken Hill Proprietary and Germany's Thyssen, Iscor would also suffer poor results. B/DAY 12/2/92

Demand and supply of carbon steel has dropped 5% in 1991, and has led to severe cutbacks by SA's main ferro-alloy producers, Samancor and Highveld Steel & Vanadium. (260)

Kartun said Iscor's changing sales mix would affect its results, as the group's dependence on low-margin export markets was increasing. Given Iscor's policy of maintaining a dividend cover of three times, shareholders could expect a lower dividend payout in the interim.

Iscor declared a total dividend of 11c a share in 1991 on earnings of 33c a share, compared with 17,6c and 55c in 1990.

Taxpayers to fund bulk of sponsorship

EDWARD WEST

TAXPAYERS will fund a substantial bite of Sasol's sponsorship of the Jordan Formula One Grand Prix team.

Tax consultant Michael Steyn said yesterday if the sponsorship amounted to $10m, the actual cost to Sasol could be $1,36m while government would have to foot the balance as tax rebates

Sasol public affairs spokesman Jan Krynauw did not disclose the cost of the sponsorship yesterday, but said it was less than the speculated $10m.

Steyn said Sasol would qualify for the 100% write-off against tax of all advertising and promotional costs accorded to all companies

It would also be able to claim an 80% rebate for sponsoring an international event in SA which attracted overseas sportsmen and visitors.

This meant that, notwithstanding the 48% company tax rate, Sasol could be due for a 180% rebate on its sponsorship

Price Waterhouse tax consultant Tienie Lategan said most companies battled to get the full 80% rebate and normally only received 30% to 40% He believed the rebate would soon be phased out.

Krynauw did not deny the company would receive tax rebates, but said interest costs and the unclear nature of the legislation considerably reduced Sasol's ability to receive full rebates. (260)

He said one of the main objects of the sponsorship was to promote the export of Sasol products overseas and gain foreign exchange B/Day 12/2/92

Sasol chemicals and solvents are used in various engine and body parts of the Formula One car

Krynauw said the sponsorship of Formula One sport, generally accepted as the most technically advanced sport in the world, would promote Sasol internationally as a hi-tech company.

This was essential to the joint ventures it hoped to enter with overseas companies and to the new export markets opening up.

Attorney-general loses appeal bid

B/Day 12/2/92

SUSAN RUSSELL

WITWATERSRAND Attorney-General Klaus von Lieres was refused leave to appeal in the Rand Supreme Court yesterday against an order which found him liable for R100 000 in legal costs incurred by himself and Vrye Weekblad in a recent defamation case.

Von Lieres sued Vrye Weekblad and editor Max du Preez for R35 000 after the newspaper published two articles in January and February 1990 which defamed him

Shortly before the matter went to court early last year, Vrye Weekblad tendered R15 000 plus costs in settlement for the first article and a further R5 000 plus costs for the second

Von Lieres agreed to settle the first claim for R15 000, but went ahead with his R35 000 claim in respect of the second article.

Du Preez admitted the articles were defamatory, but challenged the amount of damages sought by Von Lieres.

Vrye Weekblad also published a full retraction and apology.

Mr Justice A P van Coller awarded Von Lieres R5 000 damages, plus costs, for the second article.

Vrye Weekblad then went back to court in August last year, claiming that Von Lieres was legally obliged to pay the costs incurred by both parties from the date that he had been offered R5 000 in settlement

It was argued that Von Lieres should pay the costs from that date because the amount awarded had been equal to or less than what had been offered to settle the claim

Mr Justice van Coller found in favour of Vrye Weekblad and ordered Von Lieres to pay costs incurred from the date the R5 000 had been tendered until settlement of the case

Von Lieres was also ordered to pay the costs of the court hearing on the question of costs.

The attorney-general, represented by L Weinstock SC, applied yesterday for leave to appeal against the judge's finding During his argument Weinstock said the costs involved were not "trivial" and referred to a sum of R100 000

Mr Justice van Coller dismissed the application, saying there was no reasonable prospect of another court coming to a different conclusion

The judge ordered Von Lieres to pay the costs of yesterday's application, including costs of two counsel.

Life as seen by Soweto's youth

B/Day 12/2/92

THEO RAWANA

MARKETERS, strategic planners, social responsibility executives and others interested in the black market will be given insights into the youth of Soweto in a study to be published next week.

The Alternative Consultancy's Gill Stacey interviewed 200 young people in Soweto and has put her findings into a report entitled Insight into Soweto Youth.

Publicity for the report describes the township youth as SA's fastest-growing market.

It says the report will show what a wealth of information emerges when suspicion of outsiders by black youths has been removed. Stacey spoke to people between the ages of 15 and 25.

"They were from all income groups and educational levels, including the so-called 'lost generation' (children who dropped out of school during the lengthy education crisis)

"The youths opened up on issues as diverse as fashion styles, crime, political views, AIDS, the environment, education and spending patterns," says the consultancy's brochure

At the launch on February 19, Soweto youths who participated in the research will describe the various sub-cultures to which they belong.

Sasol to develop Formula 1 fuel for Jordan

BDay 13/2/92 (260)

DARIUS SANAI

SASOL is to develop its own fuel for the Jordan Formula 1 cars it is sponsoring — but the Jordan cars will still use BP fuel at the Kyalami Grand Prix on March 1.

Sasol spokesman Jan Krynauw said yesterday that Sasol "would like to produce and supply fuel to the Jordan team" and was researching the possibility

But as the deal with Jordan — reportedly worth several million dollars — was concluded only last week, it was unlikely Sasol fuel could be ready for Kyalami

The Jordan team would stick to its own selection of fuel for the Kyalami race. It used BP fuel last year and had not indicated any change for this year

A spokesman for Motor Racing Enterprises, which owns the Kyalami track, said developing fuel for a Formula 1 car was a complex procedure

Fuel technology had become a major player in Formula 1 Companies like Elf and Agip had spent years developing fuel to suit particular racing engines, the spokesman said.

"Each car may demand a different fuel for each different circuit" Formula 1 cars used refined super-high octane fuel, and it took much fine-tuning to develop a harmony between a particular engine and a type of fuel The high-revving, five-valve per cylinder V12 engines used by the Jordan team would probably require particular attention

Teams would experience particular problems at Kyalami because the altitude of the track resulted in a 16% drop in power from every engine.

The Sasol Jordan drivers are Stefano Modena and Mauricio Gugelmin

SABC does 'not get its cue from De Klerk'

Sowetan 13/2/92 (260)

By JOE MDHLELA

THE SABC did not receive instructions from State President Mr FW De Klerk or the the National Party, the chairman of its board, Professor Christo Viljoen, said during the *Sowetan*/Radio Metro Talkback Show last night

Perception

He was responding to a question from the editor of the *Indicator*, Ameen Akhalwaya, who had suggested that the perception that the SABC was Government-controlled still existed

He said the corporation would endeavour to give leaders from all political persuasions an opportunity to put across their viewpoints

Responding to caller who said the SABC lacked credibility, Viljoen said an independent opinion survey contradicted that view

On the contrary, Viljoen said, the corporation was seen as unbiased and neutral by the majority of its listenership and viewership

He, however, agreed this did not mean that the corporation had to relax and not improve its image

Restructuring

On a suggestion by caller that the SABC should consider employing a person of the stature of Anton Harber, editor of the *Weekly Mail*, who was also a studio guest, Viljoen said he would be considered if he applied.

Harber said nothing short of restructuring would convince people that the corporation was committed towards being neutral

SPONSORSHIP FM 14/2/92 (260)

High octane spending

Sasol will not shy away from its local social responsibility programmes despite spending millions to sponsor a Formula One Grand Prix racing team Sasol spokesman Jan Krynauw says all its SA sponsorships, including the group's backing of junior soccer, will continue

Krynauw also denies that the sum for backing the Sasol-Jordan-Yamaha team is R20m — the figure mentioned by *Beeld*, which says the Yellow Pages Kyalami Grand Prix will cost about that.

"It is considerably less," says Krynauw. He adds that the reason for not divulging the amount of the sponsorship is in line with company policy not to disclose what is being spent on publicity

It also follows a request by the Jordan-

FM 14/2/92 (260)

Yamaha team, which does not want their sponsorships to be made public. Perhaps the SA taxpayer has a greater claim — the right to know to what extent he might be supporting an expensive venture

Sasol is busy with an expansion programme worth R3bn, says Krynauw "Our chemical production will focus mainly on the export markets. At present, we export 30 chemical products to 120 countries and we cannot expand unless we have a decent corporate image overseas"

He says Sasol's future involvement with Formula One racing is not unrelated "We are in a position where we can supply 13 various Sasol chemicals which can be used in Formula One racing cars"

The Sasol-Jordan-Yamaha cars, with their new V12 engines, will be driven by Italian Stefano Modena and Brazilian Mauricio Gugelmin Sasol apparently received various other invitations from Formula One teams

The sponsorship is for the full 1992 international Grand Prix Formula One programme. Sasol will reconsider its involvement at the end of the season ■

Sasol is gearing up to capture export markets

BDay 14/2/92 (260)

AN EXPORT drive is fuelling the expansion programme at Sasol.

Communications manager Jan Krynauw says the corporation is spending R3bn on new plant and a further R2bn is in the pipeline

"We have an advantage over our trading partners in that our technology allows us to produce chemicals at fuel price level, as part of our fuel production process

"While the production of fuel from coal is expensive, our manufacture of many chemicals is cheap," he says

One such product is pitch, which is produced in the gasification process, while other heavy residues from the Synthol process are being used as commercial fuels

One of the biggest projects underway is the R1bn Syferfontein opencast colliery.

Production here started in the final quarter of 1990 and the mine will be in full production, churning out seven million tons a year, by next year.

Working towards the beneficiation end of the scale, also under construction is a R250m alpha olefins purification facility targeted at world markets for pentene, hexene and other higher olefins

Another project has been the commissioning of a R55m cresylic acid plant at Sasol One

In addition, a R400m upgrading programme is underway at the Natref oil refinery in Sasolburg.

This project, scheduled for completion during the second half of 1993, will increase the refinery's production capacity and enable it to process a cheaper and heavier crude oil slate than formerly.

In the process, it will increase the refining margin, raising the profit contribution of crude oil refining by more than 25%

"Natref is the most modern crude oil refinery in SA and its white product yield from crude oil ranks among the best and most efficient in the world," says Krynauw

Increase

"Once the upgrade is complete, Natref will be able to produce more than 50% lead-free petrol if required and process adjustments could increase its lead-free capacity to more than 80%.

"It will also make allowance for the future production of low sulphur diesel."

This commitment to environment-friendly technology is being carried through in the design of the plant.

A further R300m has been set aside for the construction of a new ammonia plant in Sasolburg, scheduled to come on stream during 1993.

This plant, which will have a capacity of 240 000 tons a year, will replace the old 68 000 tons a year plant

It will make SA self-sufficient in ammonia, bringing about foreign exchange savings estimated at around R42m a year

"Sasol has a competitive advantage in the production of ammonia from synthesis gas in Sasolburg," says Krynauw.

"The plant is close to fertiliser and explosives factories, the major users of the product, while research is underway into additional potential uses for the product.

"In addition, the coal necessary for ammonia production is produced at one of SA's most cost-efficient mines and it will be using existing synthesis gas from proven gasifiers, which are producing at well above design capacity"

Another R37,5m plant, to come into operation at the end of this year, is under construction

It will extract the rare gases Krypton and Xenon from the Sasol oxygen plants in Secunda for marketing worldwide

Sasol's ethylene recovery plant at Secunda.

Sufficient capacity to meet the needs of the next decade

BIDay 14/2/92 (260)

ESKOM has the capacity to meet SA's power needs for the next decade or longer without significant expansion programmes, a spokesman says.

While, historically, growth in power demand was regarded as a reliable indicator for economic growth, since the economic downturn of the early '80s it has not fulfilled this role.

"At present, nearly 70% of South Africans don't have power in their homes, but even if we provided electricity to every home in SA we would not increase consumption by more than around 3 000MW

"At the same time, the mines — which are major consumers of electricity — are taking a beating and industry in general is investing less in electrically powered plant."

SA's power stations' capacity is around 36 000MW Peak demand last winter was 22 500MW.

To ensure its ability to keep pace with demand, Eskom holds its power production at 15% above peak, so production is just below 26 000MW

Of the remainder of its capacity, around 5 000MW is in mothballs as the organisation upgrades its older power stations to bring them into line with the cleaner, more efficient newer units.

The spokesman says at present growth rates it will take a good 10 years before SA power consumption reaches capacity.

Grid

During that time, negotiations may well have cleared the way to the formation of a power grid covering the entire continent and tapping the hydropower potential of the Zambezi River.

"Our coal supplies are finite and we are giving a lot of attention to the question of alternative power sources," he says.

"At this stage, nuclear power seems the only viable alternative to coal-fired power stations, except where hydroelectric power is possible.

"It isn't popular, but the technology is improving In France, around 70% of electric power is nuclear.

"Alternatives such as solar and wind power may sound appealing, but they aren't efficient and I don't see them ever offering a workable source of power for major demand".

Research into these alternatives is ongoing, however, as part of Eskom's electrification drive.

The spokesman says where it is uneconomical to run hundreds of kilometres of power cables to supply a small community or isolated rural dwellings, small hydroelectric schemes and solar power can provide a viable alternative.

"We are investigating the potential for small hydroelectric schemes, for example, in areas like KwaZulu and Transkei, where many small villages are located close to fast-flowing rivers.

"Some communities also use biomass technology, producing methane gas from sewage and refuse," he says.

Iscor to axe another 350 jobs

B/Day 14/2/92

MATTHEW CURTIN

ISCOR is planning to cut 350 jobs from its Vereeniging Works which employs 2 200 people — bringing the number of jobs lost at the group since June last year to nearly 2 000

MD Willem van Wyk said yesterday that although the group had shed 1 500 jobs since June, only half of these had been retrenchments (260)

The group had sought to streamline its workforce first through natural attrition, early and voluntary retirements and transfers from one division to another.

Van Wyk was commenting on reports yesterday that 2 000 white workers had lost their jobs at Vereeniging

He pointed out that the plant's total workforce was little more than that number, of whom half were black

The Vereeniging plant was operating in line with market demand for its iron and steel production

The action being taken was to bring manpower in line with market conditions, he said

It was too early to determine the exact number of retrenchments

Management was in the process of evaluating how best to reduce the workforce, including a survey of possible candidates for voluntary resignations.

A similar process had been underway at the Pretoria Works since 1983 and was happening at those of the group's mines, which were nearing the end of their ore reserves

Van Wyk noted that between 1989 and 1991, the period of the group's R2,7bn capital expansion programme, Iscor's workforce rose from 56 200 to 58 600 employees.

He said Iscor was operating at a high capacity — total output was higher than at the same time last year — while it was reducing its inventories too.

Given that local and international steel markets were depressed, Van Wyk said he hoped this reflected the competitiveness of Iscor's prices.

Iscor reports interim results for the period ended December 1991 at the end of the month, and market sources have said they expect the group's performance to be down sharply on last year because of the slump in the world steel market

Iscor's shared closed unchanged at a 14-month low of 175c on the JSE yesterday

SABC unveils conduct codes

STAR 15/2/92 (260)

The corporation "has no friends" and intends taking steps to remedy the situation, reports TOS WENTZEL

CAPE TOWN — The SABC has announced that it has adopted two codes of conduct for its staff in an effort to achieve public credibility and to counter criticism of one-sidedness and pro-Government bias.

One of its spokesmen acknowledged yesterday that these days "the SABC has no friends".

The two codes, one for the staff in general and another specifically for journalists and people dealing with information programmes, have just been adopted by the corporation's Board.

Johan Pretorius, editor-in-chief of the TV news productions of the SABC, said yesterday that the decision to have the codes had not been a sudden one as a result of recent criticism, or as a result of the transitional stage that the country was going through at present.

The codes had been considered for some time and were similar to those of the BBC and the Canadian Broadcasting Corporation which had been studied

In a speech to a recent conference on the media at UWC, Mr Pretorius said that the SABC had been blamed and criticised over the years for being the Government's mouthpiece

It would be naive to deny that the SABC had followed a fairly strict government-of-the-day line It used to interpret and comment in favour of the government of the day and seldom criticised the Government

Yesterday Mr Pretorius said· "The SABC does not have any friends We are now trying to get our credibility to a level where at least our bona fides will be accepted, even if people do not always agree with us "

He said this was a development of moves that had started in 1989 towards a more balanced approach He pointed out that the adoption of the codes was not meant to coincide with recent criticism of the corporation The matter, he said, had been under consideration for a considerable time

The corporation was still being criticised by members of all political parties and felt it was time to make its approach as professional as possible

The "Code of conduct and values of the SABC" (for the staff in general) acknowledges that the corporation will have an important role in the period of socio-political and economic transition in the country and the constitutional dispensation that will follow

The code says that the SABC believes in a just society in which equality for all is the objective and believes in an orderly society characterised by peace, stability, security and prosperity

In the fulfilment of its role as broadcaster, the corporation says it will be guided by certain values. These are freedom and responsibility, tolerance, fairness and impartiality, justice, respect for the truth, good sense and reasonableness, mutual respect for the individual and his affiliations, respect for the accepted ethical norms, values and desires of society in general and of specific target audiences and communities in particular.

The SABC says it accepts that democracy is characterised by opposing ideas and views. It would therefore reflect fairly and actively stimulate the current debate

It says it also believes that its independent functioning as a broadcaster is a prerequisite for its credibility among the general public

The editorial code and policy acknowledges the SABC's responsibility "to serve the truth in the public interest".

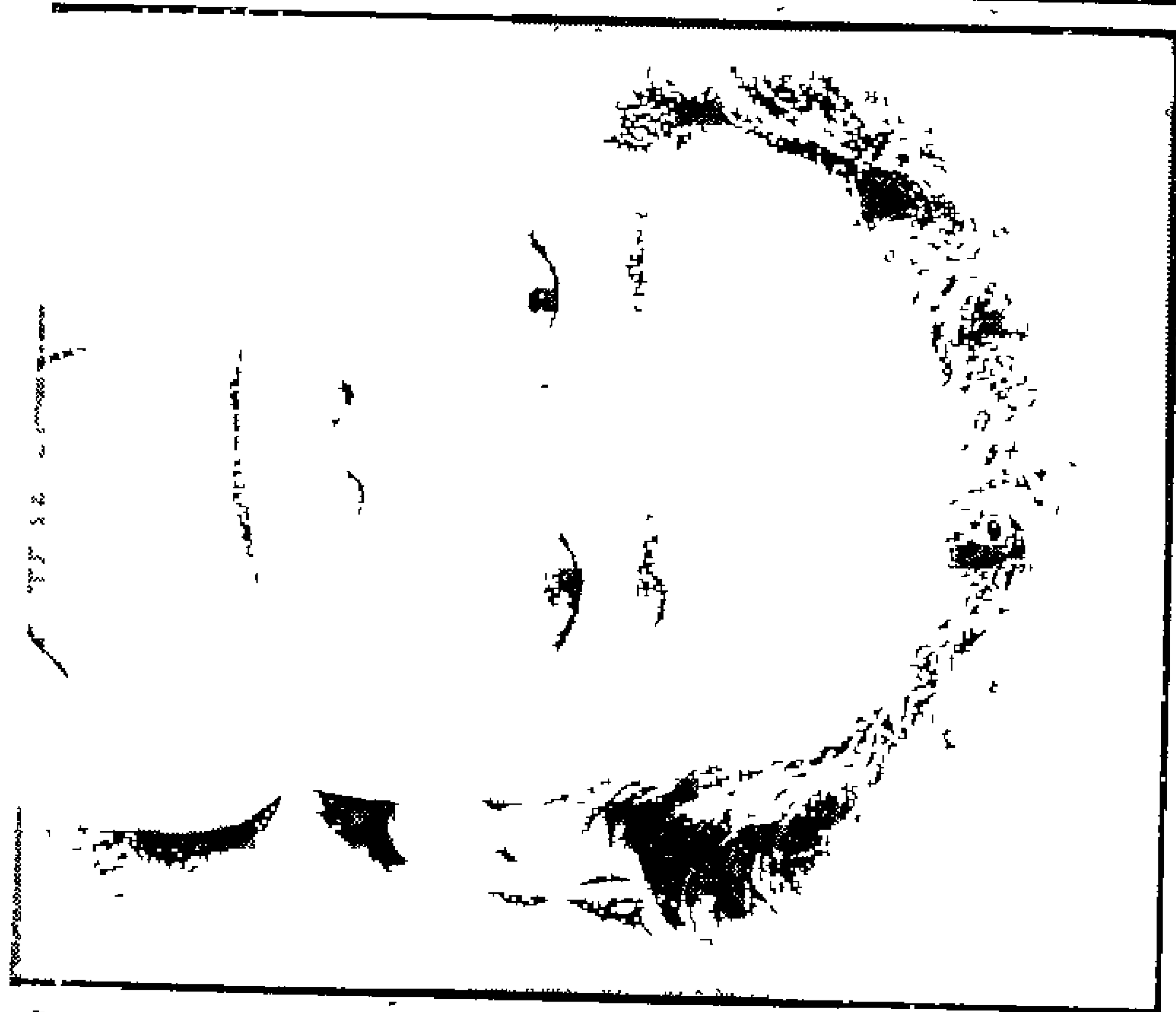
It commits itself "to play an active role, in this decisive period in the country's history, in promoting reconciliation."

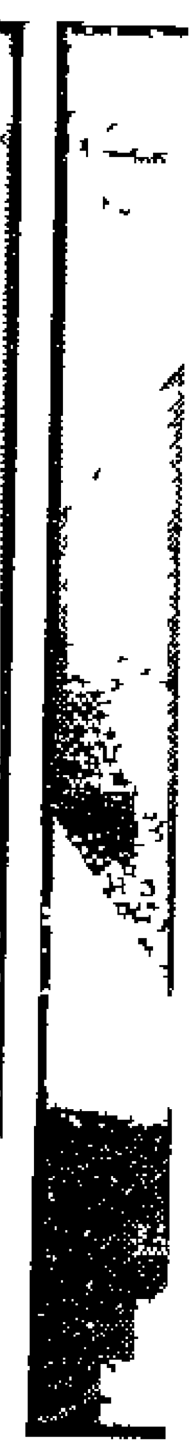
Programmes, the code says, would be accurate, fair, honest, open and impartial". The public interest would always come first and the public's right to know was acknowledged as a basic right.

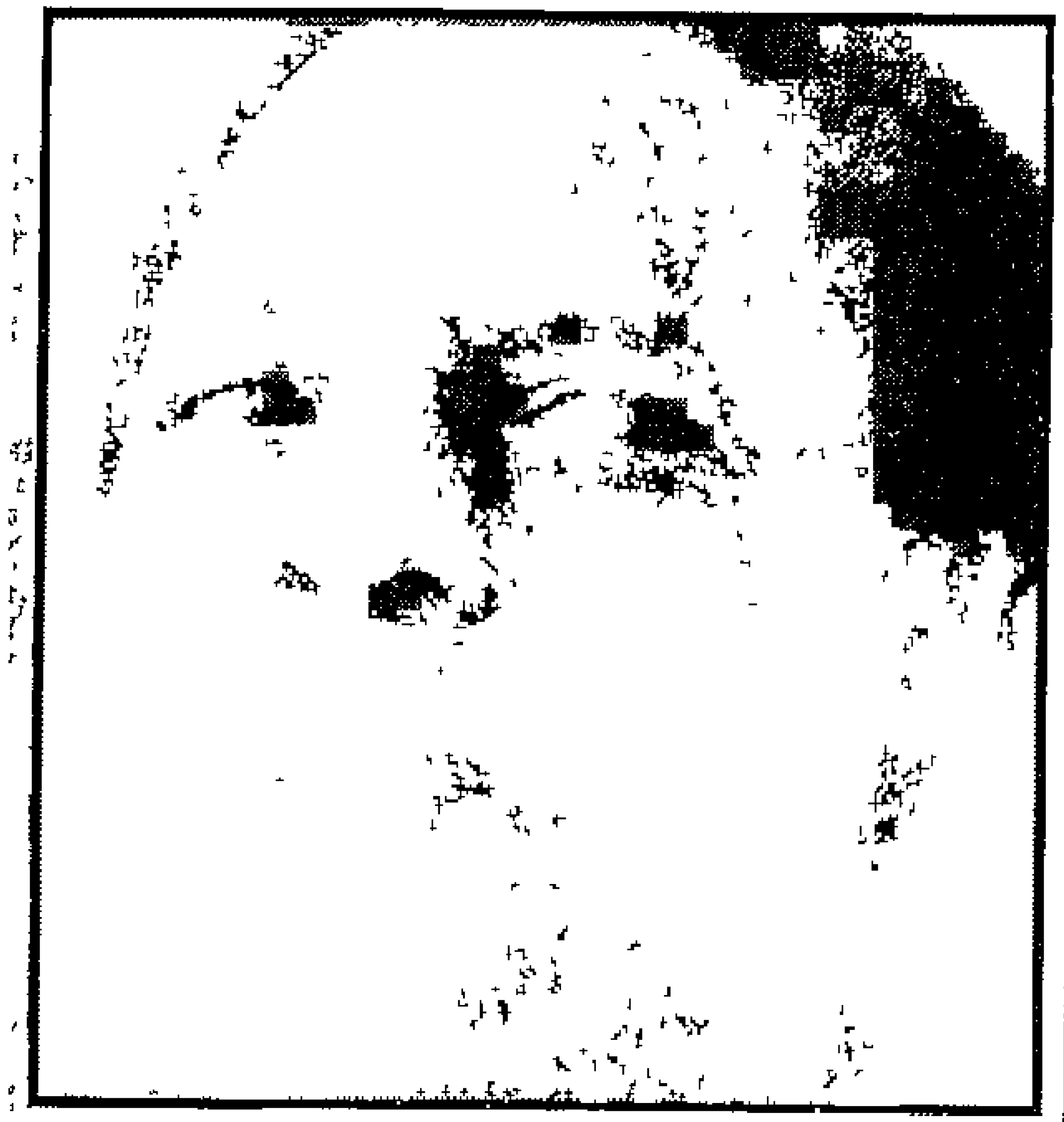
According to the code, a wide variety of relevant views on any particular matter would be reflected fairly and without prejudice.

The SABC says it also plans to make more air time available to political parties The code says that "appropriate opportunities will be created on radio and television to enable parties to explain their policies when circumstances require"

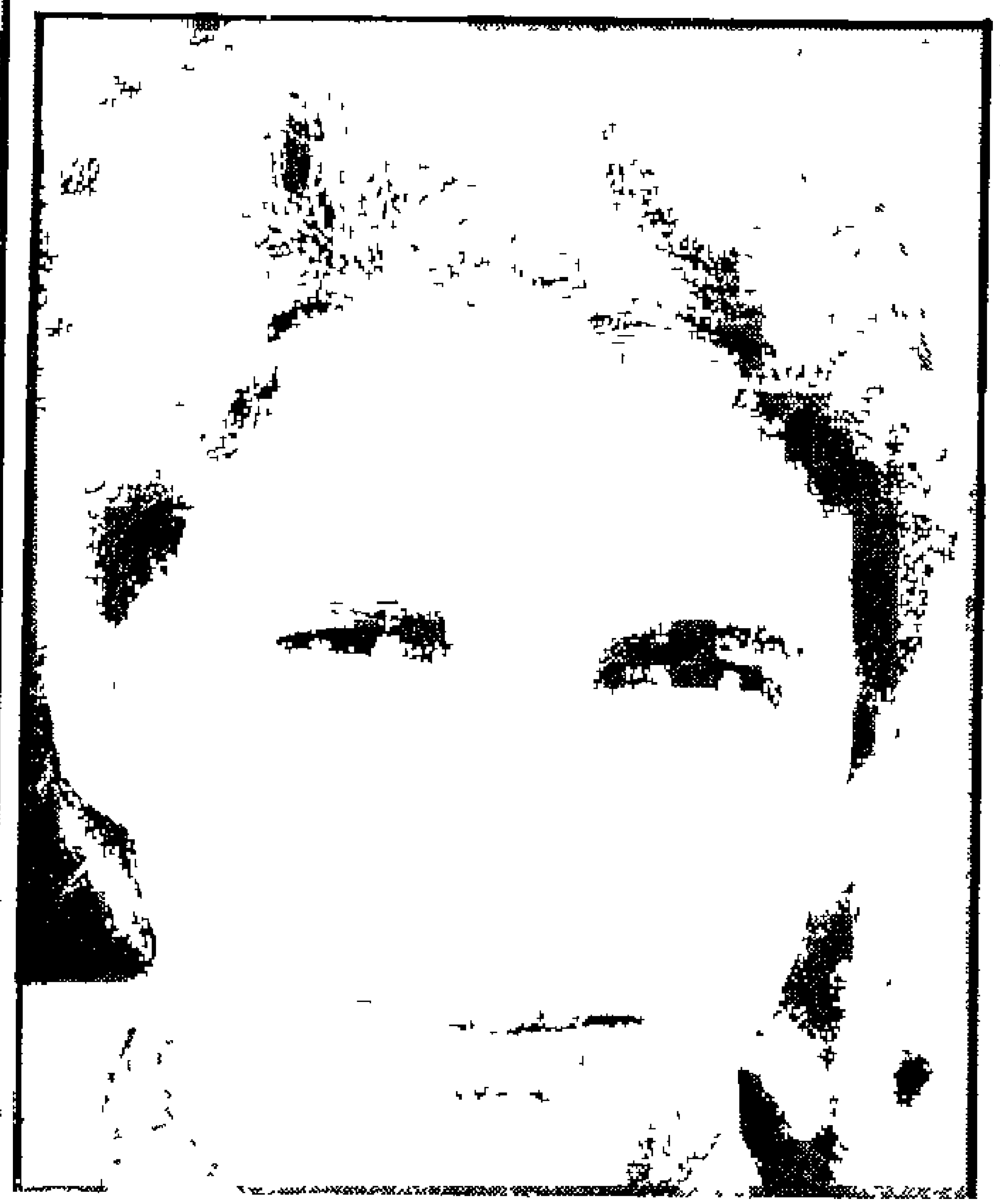
The code also states that members of the staff will have to declare explicitly any personal interest or activity that could conflict with the editorial approach of the SABC

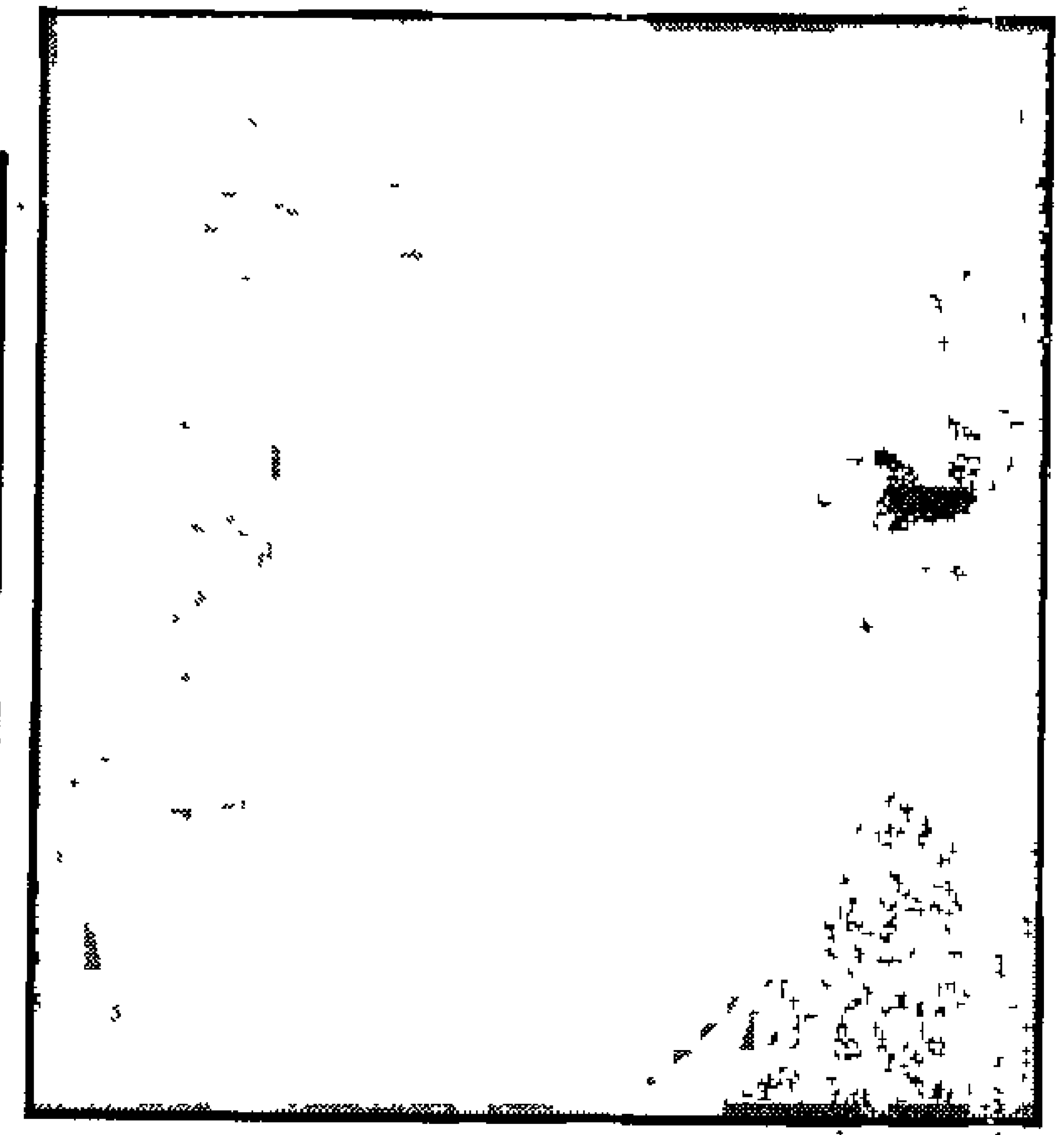






THE PAST: In December 1991, SABC anchorman Freek Robinson (right) aggressively grills the ANC's Chris Hani (above), but when he turns his microphone towards President de Klerk (far right), he slides on velvet gloves. Not once is Mr de Klerk put on the spot.

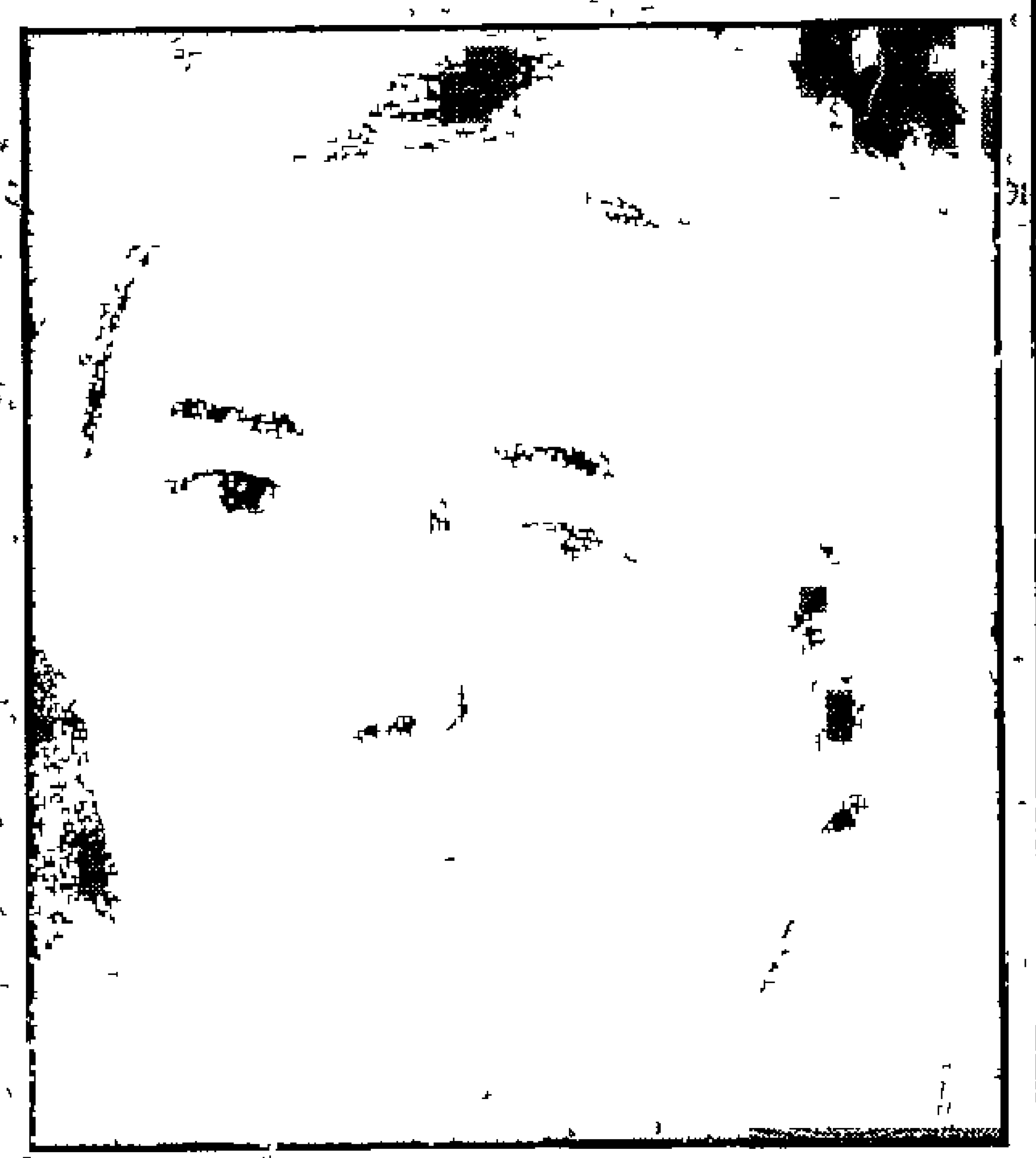


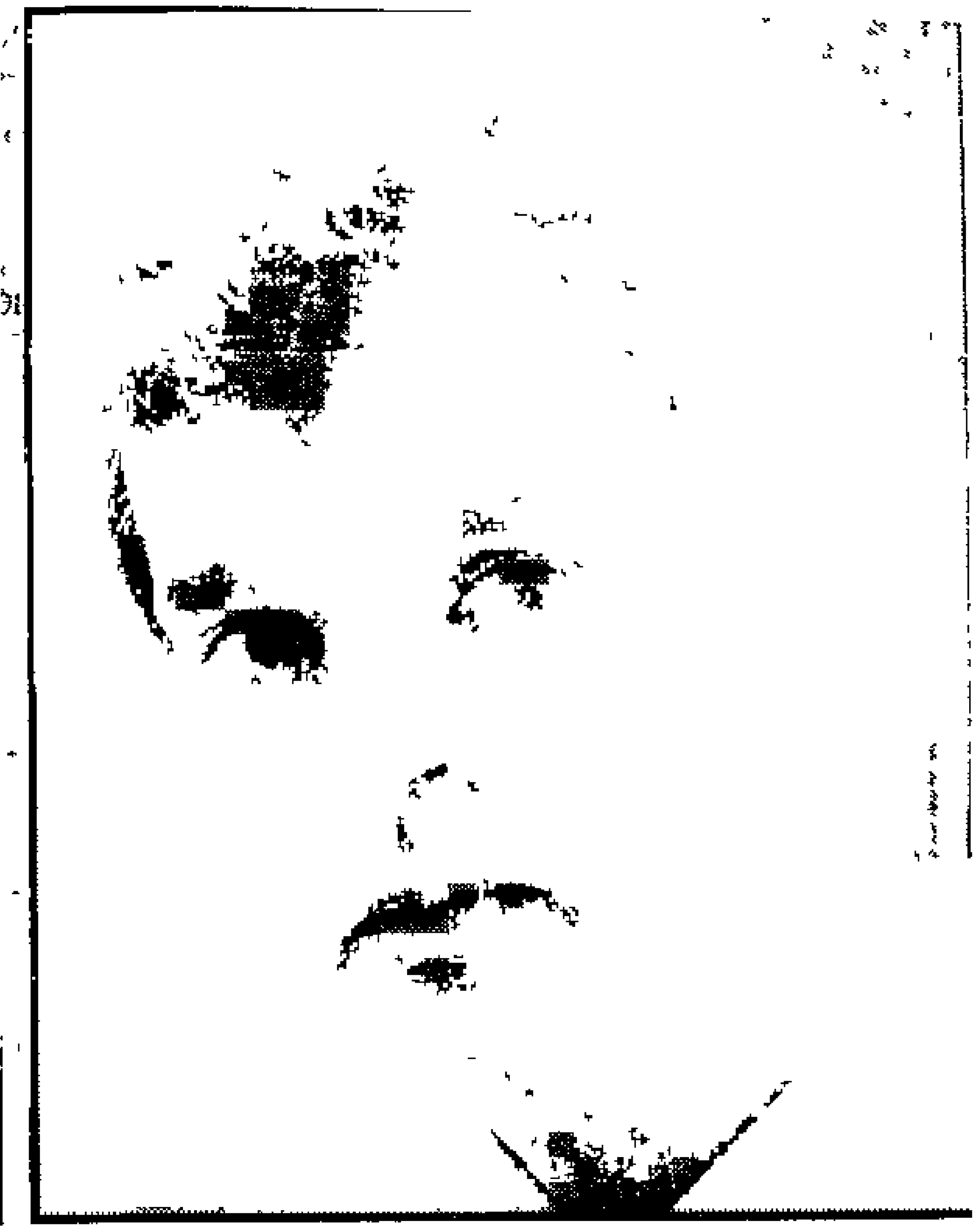


THE FUTURE: Zooming into the future, say May 1992 and hypothetically, John Bishop (below centre), gives Conservative Party leader Dr Andries Treurnicht (centre left) a rough time, but the ANC's Nelson Mandela (below) is let off the hook.

SHAKE-UP: Recommendations for a far-reaching reshuffle at the SABC have been presented to Codesa with a deadline for action of March 31. They include the "urgent replacement" of director-general Wynand Harmse (right).

NO SURPRISE: Editor-in-chief of TV news productions Johan Pretorius (far right) says the decision to have the codes of conduct introduced has not been as a result of recent criticism, or as a result of the transitional stage the country is going through at present.





If they're 'grilled', be sure it's on both sides

STAR 15/2/92 (260)

PETA THORNYCROFT

DECEMBER 1991, a day after Codesa begins and SABC anchorman Freek Robinson aggressively "grills" the ANC's Chris Hani It's pretty good television

But later on at the same function he turns his microphone towards President de Klerk and slides on velvet gloves Not once is Mr de Klerk "put on the spot"

If anybody notices, nothing is said or done to make sure the playing fields are flatter next time around Certainly no one at the SABC is known to have wagged a finger at Robinson

Robust

Zooming into the future, say May 1992 and hypothetically, on Agenda chaired by John Bishop. The cut and thrust is robust, and rhetoric is exposed on a panel discussion with Dr Andries Treurnicht It is Bishop at his best But then when he comes around to Nelson Mandela he lets the ANC president off the hook.

Not only does the Conservative Party notice and complain, but a team of four foreigners and four South Africans appointed as monitors also notice and make their disquiet public in one of their regular reports

The SABC's chief executive thus learns of the accusations of bias and that a presenter/journalist must be seen to be impartial

The SABC, by May, is starting to look more like the BBC Codesa had agreed to the establishment of an Independent Communications Authority to regulate broadcasting in transition by March 31 And it has teeth

So the SABC's news department tells presenters that if they show "perceived" bias, they will, unfortunately have to be reassigned to a less public part of the Corporation

Of course, by May the present SABC board has already disappeared In its place is one made up of media academics, perhaps a sportsman, an entertainer maybe, and a couple of other local personalities appointed for the first time not by politicans but, after a series of public hearings, by a panel of eminent personalities None of the members of the new board is waving any party political flag

By July, the kind of competence routinely demanded by journalists and presenters at the BBC is taking its toll at Auckland Park While no one has been sacked, some decide they can't take the heat and leave or get offered other jobs in the SABC

Some journalists cum presenters, who for years behaved "irrationally and illogically" in their obeisance to the National Party, strive for impartiality

But their very association with the SABC's "shameful" past hampers their credibility and they too move on Others like Bishop — who was part of the old order — rise to the occasion magnificently

Some rusticated over the years — because they challenged the SABC's status quo as the propaganda arm of the National Party — are brought in from the cold And those journalists/presenters, members of an unofficial "red list" of unemployables — because of their independence in the bad old days — find a new home at Auckland Park

Reality

And by September, the SABC's 700-strong, nation-wide news team has changed

But back to reality

Someone did in fact notice the Freek Robinson/Chris Hani/FW de Klerk interviews late last year — the Independent Broadcast Monitoring Network It watched the SABC coverage of Codesa and presented its findings to last weekend's historic and hurriedly put together conference on South Africa's Media in the Transition to Democracy

Sitting in padded blue leather seats in the old Coloured Representative Council at the University of the Western Cape was the largest gathering yet seen of present and future movers and shakers in the press

Over a stinking hot weekend the Conference was told that despite some radical changes at Auckland Park, the independent monitoring group still finds the SABC is biased towards the Government

Johan Pretorius, SABC's diffident and pleasant news chief, compared his participation at the conference to "Daniel in the lion's den"

Of all the changes ahead, there is one which is going to enter the living room of every TV and radio subscriber in the country, and soon Mr Pretorius was conciliatory and accepted that changes and a new authority was on the way

Recommendations for a far-reaching shake-up at the SABC have been presented to Codesa with a deadline for action of March 31

And the recommendations for transition include monitoring, the "urgent replacement" of Wynand Harmse, a halt to any restructuring of the SABC, the establishment of the Independent Communications Authority, and of course the removal of all existing laws which still hamstring the press

Even M-Net, the "whore" of the airwaves as it is called in some academic circles, may have to poke around in its bulging pockets and play a genuine media role

M-Net's licence to broadcast, thanks to the "patronage' of the National Party, may be forced to stick to its contractual obligations to beam a substantial chunk of local content among its present blue-chip schedules

Recommendations by the conference for interim measures which were delivered to Codesa this week are not going to be "perfect . bound to be a compromise, but it could do something to bring fair and impartial reporting into people's homes now," according to Akwe Amosu of the BBC

The conference concentrated on the electronic media but the role of the mainstream press monopolies was also on the agenda

Conceded

Only one of the big three newspaper proprieters was substantially represented — the Argus Group

Its representatives conceded, as they have in the past, that there are too many newspapers in too few hands including their own

While the earth may not be moving yet at Auckland Park, its past and some of its present performance concentrated minds over a broad political spectrum last weekend

The style and shape of the media message that will be seen and heard in our living rooms is now on the negotiating table

SABC boosts image by staff codes

ARGT 15/2/92

(210)

TOS WENTZEL
Political Staff

IN an effort to gain credibility with the public and to counter criticism of one-sidedness and pro government bias, the SABC has introduced two codes of conduct for its staff

One of its spokesmen acknowledged yesterday that "these days, the SABC has no friends"

The two codes, one for general staff and another specifically for journalists and those dealing with information programmes have just been adopted by the corporation's board

Mr Johan Pretorius, editor-in-chief of the TV news productions of the SABC, said the decision to adopt the codes had not been a sudden one as a result of recent criticism or as a result of the transitional stage through which the country was going

The codes had been considered for some time and were similar to those of the BBC and the Canadian Broadcasting Corporation

In a speech to a recent conference on the media at the University of the Western Cape, Mr Pretorius said the SABC had been blamed and criticised over the years for being the government's mouthpiece

Mr Pretorius said yesterday "The SABC does not have any friends We now are trying to get our credibility to a level where at least our bona fides will be accepted, even if people do not always agree with us."

This was a development towards a more balanced approach which had started in 1989 The matter had been under consideration for some time

In the "Code of conduct and values of the SABC", for the staff in general, it is acknowledged the corporation will have an important role to play in the future of the country

It says the SABC believes in a just society in which equality for all is the objective

It believes in an orderly society characterised by peace, stability, security and prosperity

In the fulfilment of its role as broadcaster it will be guided by certain values

These are freedom and responsibility, tolerance, fairness and impartiality, justice, respect for the truth, good sense and reasonableness, mutual respect for the individual and his affiliations, respect for the accepted ethical norms, values and desires of society in general and of specific target audiences and communities in particular

The SABC accepts that democracy is characterised by opposing ideas and views It would therefore reflect fairly and actively stimulate the current debate

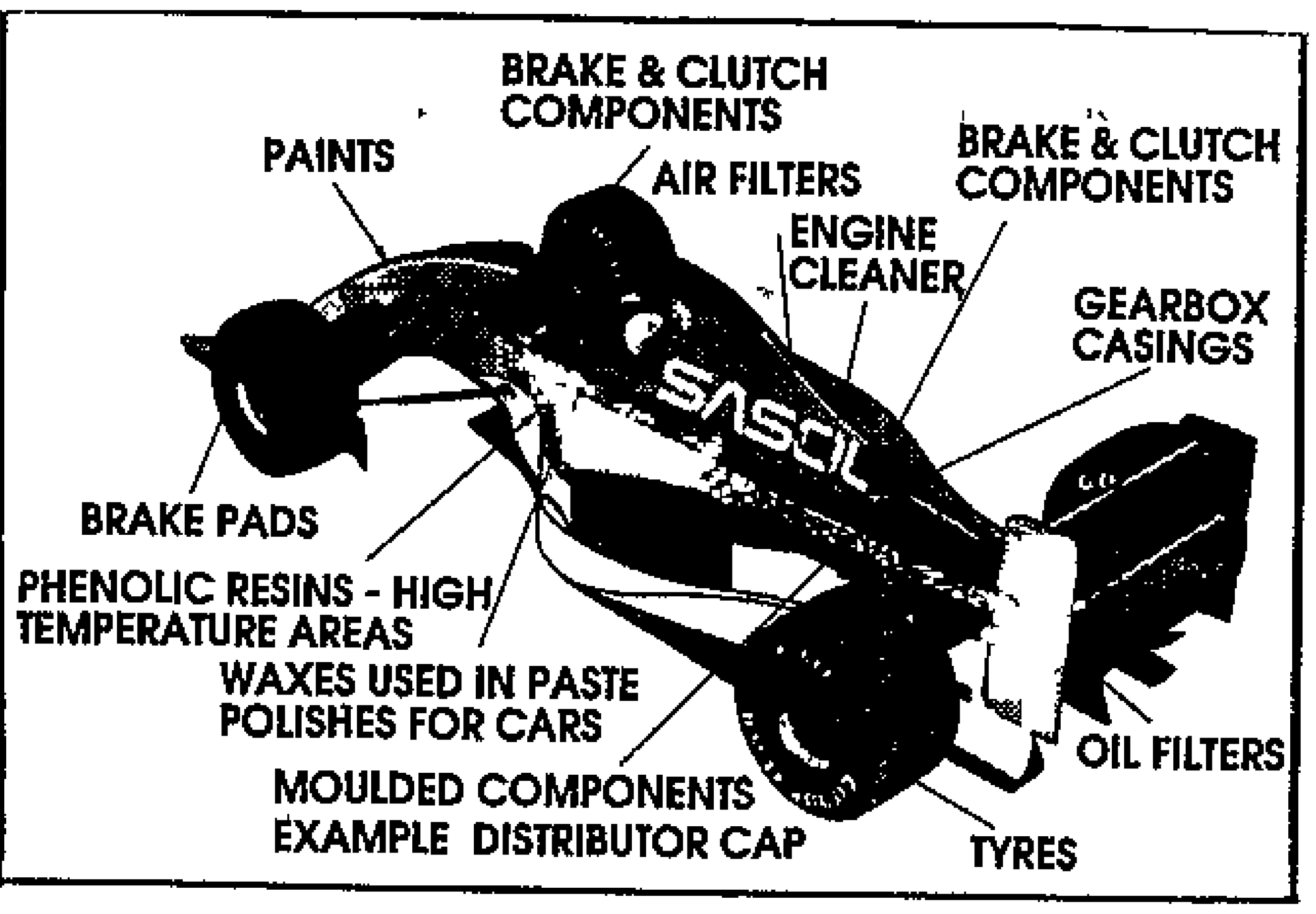
In the editorial code and policy, the SABC acknowledges its responsibility "to serve the truth in the public interest"

Sasol drive to become a world name

260

S Times (Buss) 16/2/92

By DON ROBERTSON



SASOL's multimillion-rand advertising and sponsorship deals are aimed at making it a big name in world markets

It hopes for a huge increase in sales, says managing director Paul Kruger.

Sasol distributes about 83 chemicals to 120 countries It is engaged in projects worth about R5-billion to produce speciality chemicals for world markets Exports last year were worth about R550-million

Billions

Mr Kruger says that although Sasol is well known in the international chemical industry, "we want to become better known to the world in general"

The Jordan Formula One racing team sponsorship — announced last week — will bring the Sasol name before billions of people

The sponsorship will cover 16 Grand Prix events this season at an estimated cost of $6,5-million (R18-million)

Sasol's chemical products can be used in at least 13 different applications in a GP car

The company will apply for tax concessions in terms of Section 11 (bis) of the Income Tax Act Section 11 (bis) is designed to assist exporters to promote their products abroad and provides for a double tax deduction.

Sasol, however, will qualify for only a 50% deduction A company spokesman says it is a popular belief that 100% can de deducted But the 48% tax rate for companies leaves 2% to be carried by the company

Interest losses between the time of payment and the claim, which can be made only in the following year, bring Sasol's expenditure for the GP series to about half of the sponsorship amount

Sasol's tax liability in the past financial year to June was R470-million.

Because the GP deal was signed last week, the two Jordan cars in the Yellow Pages GP on March 1 at Kyalami will not use Sasol fuel But there is a good chance that it will be used in subsequent events

Fifth

Mr Kruger says the technical experience Sasol has gained in providing fuel for high altitudes should help the Jordans in the Mexican GP

It is estimated that each GP is viewed live by about 800-million people

The Formula One Constructers Association (Foca) claims that 4,27-billion people watched the 16 events live live last year Another 13-billion watched recordings of the GPs

Mr Kruger says several SA companies in the tyre and exhaust industries were approached for GP sponsorship, but most found it too expensive

It is believed that Benetton also approached Sasol

Mr Kruger says sponsorship of the Jordan team was accepted eagerly

Jordan amazed its Formula One competitors last year by finishing fifth in its first world championship

In another deal, Sasol has produced 15 programmes of two minutes each for showing on CNN The films, covering the group's business, will be shown to 110-million people each day and will cost the company R2,6-million

IDC eases rates to help development

BDay 17/12/92

(260)

LESLEY LAMBERT

THE reduction in the Industrial Development Corporation's (IDC's) loan rates was likely to stimulate fixed investment but should not be seen as a signal of a general easing in monetary policy, IDC MD Carel van der Merwe said at the weekend

The IDC announced on Friday that the fixed interest rates for its new loans to small and medium sized companies had been cut from 16,5% to 16% a year, while rates for its new loans to large companies had been reduced from 17,5% to 16,5%.

The IDC's fluctuating interest rate of 2% above the Eskom three-year rate was also lowered by one percentage point to 17,3% As with the fixed rates, this reduction would apply only to new loan applications, the IDC stressed.

Commenting on the reduction in rates, Van der Merwe said it was expected to have a positive stimulatory effect on industrial developments However, he warned that it did not necessarily represent a trend in monetary policy

"The lowering of the interest rate does not indicate that we anticipate an easing in the present tight monetary policies, but rather is based on the IDC's policy of encouraging industrial development through market-related interest rates, particularly in this phase of weak economic growth," Van der Merwe said

The IDC's two special interest rate schemes — for export promotion and multiple-shift production — have been confined mainly to companies with assets of less than R100m. The schemes are being extended to accommodate larger enterprises with assets exceeding R100m.

A package is being offered to larger enterprises in which up to half of the project or expansion to a maximum of R20m is available at a rate of 9% a year. The main condition is that a similar amount must be funded at normal industrial financing rates.

"Although we don't anticipate a significant reduction in interest rates unless the rate of inflation declines sharply, nevertheless we would now like to play a responsible role in stimulating fixed investment," Van der Merwe said.

"Industrial development is a key factor in the country's effort to compete in international markets. We cannot afford just to be exporters of raw materials."

New Bill will enforce parliamentary accountability of parastatals

B/Day 17/2/92 (260)

BILLY PADDOCK

CAPE TOWN — Government has acted to enforce President F W de Klerk's promise of tighter control of state spending.

A new Bill will force stricter parliamentary accountability on all public entities that rely on government for more than 50% of their funds

Dusting off the report from the committee headed by former finance secretary Gerald Browne, which had been requested by former auditor-general Joop de Loor in 1987, the State Expenditure Department tabled a Bill on Friday giving effect to the committee's recommendations and setting in motion greater public control of taxpayers' money

Browne identified 340 public entities, ranging from the Development Bank to agricultural control boards, that needed stricter financial control Others included universities and technikons, the performing arts councils, research institutions such as the CSIR and the SA Institute of Medical Research and the HSRC

This is the first evidence of the work of State Expenditure director-general Henri Kluever, a former deputy auditor-general in the department created in April last year under Minister Amie Venter

The Reporting by Public Entities Bill sets in place structures and regulations forcing all public entities to fall in line with the Companies Act, and answers criticism that parastatals had drifted too far from parliamentary control It demands strict accountability by directors of the parastatals to utilise resources effectively and efficiently on sound business lines

Auditor-General Peter Wronsley said previously, when funds voted by Parliament had been transferred to a parastatal, accountability was no longer publicly controlled

Two years ago the joint committee for public accounts voiced concern that parastatals were not properly accountable.

Bodies falling under the Bill are those that depend on the state for 50% or more of their total permanent capital needs, including share capital, loans or other forms of permanent capital, and where the state holds a direct or indirect interest of 50% or more in such permanent capital

None of the parastatals under the Public Enterprises Ministry, such as Transnet, Telkom and Eskom will be affected

The Bill forces the State Expenditure Department to keep a list of all the public entities This list has to be reviewed regularly and the bodies informed of the requirements facing them.

Every listed entity has to report to Parliament on its activities and financial affairs "If a listed entity fails to to pursue any of its objectives properly, the responsible Minister may, after consultation with the board of directors, issue directions aimed at the proper pursuance of those objectives by that entity," the Bill says

Full annual financial statements have to be audited and submitted to the responsible Minister within six months of the end of the financial year These must include a balance sheet, an income statement, a cash flow statement, notes on the statements, a directors' report, group annual statements prepared in accordance with the Com-

□ To Page 2

Parastatals

B/Day 17/2/92 (260)

□ From Page 1

panies Act and an auditors' report

Public entities are permitted to apply for exemption from the provisions of the envisaged Act Those corporations where full disclosure could result in a threat to national security are required to submit a summary after consultations between the responsible Minister and the State Expenditure Minister

The Browne Committee recommended that structures be set up for uniform reporting to Parliament by public corporations on their operational and financial affairs and that in terms of financial discipline, public entities be brought in line with the Companies Act. It also recommended internal systems be upgraded to improve the performance and accountability of parastatals and said that a separate joint committee of Parliament should be set up to look at public entities

In the explanatory memorandum to the Bill it states that there was not a single consistent framework to establish effective reporting structures and arrangements for public entities

The Bill provides that these bodies submit annual financial statements and reports to Parliament, which in the past had happened on an ad hoc basis

DP finance spokesman Ken Andrew yesterday said he welcomed any measure that increased public accountability

SABC editorial policy impartial, says NP

By Esther Waugh
Political Reporter

260

The National Party was satisfied that the SABC's Code of Conduct and Values and its editorial policy met the requirements for political neutrality and impartiality

This was submitted by the NP yesterday in a subcommittee of the working group dealing with the creation of a free political climate

The NP said the SABC was free from Government involvement or interference and noted that the corporation was not funded by the Government

"There is no justification whatsoever for any inference to be drawn that there is bias towards the Government solely because it appoints members of the SABC board

"The mere fact that the Government makes certain public appointments cannot mean that such a body is contaminated as a result," the NP submitted

The distribution of time among political parties on the SABC could be dealt with by an advisory committee, the NP said

"As the NP is satisfied that the aims with regard to neutrality and impartiality can be achieved without any modification to the present structure the status quo should be maintained as an interim measure."

The Democratic Party yesterday released details of its proposal for an independent authority to oversee broadcasting

It proposed that a seven-man SA Communications Authority or SA Independent Communications Authority be established

Until such an authority had been formed, the DP said the SABC should hire an outside senior executive, with the title of ombudsman and an adequate staff to investigate allegations of bias by the SABC

DP MP Peter Soal told the working group many Codesa delegates had said at last week's meeting that the SABC board should urgently be reconstituted and there had been broad consensus on the need for an independent authority

Members should be appointed by the State President from an approved list The DP also proposed that the body should, for the interim period, report to Codesa for policy guidance and should be fully funded and financially accountable to the Government

STAR 18/5/92

With blacks and coloureds the preference for integrated education was much more evenly spread over the various age groups The HSRC report further found that South Africans, in most instances, supported

- The advancement of a common South African citizenship,
- Uniformity in school financing for all four race groups,
- The introduction of free and compulsory basic (six years) education,
- Contact between pupils from different population groups on the sports fields as well as during cultural activities,
- The idea that parents should make a higher financial contribution towards their children's education
- The survey also found "just about" 70 per cent of the respondents of all four race groups believed separate schools would not last another 20 years

Amnesty. prisoners released/rearrested

*9 Mr P J GROENEWALD asked the Minister of Law and Order †

(a) How many prisoners who have been released since 1 January 1991 as a result of amnesty have since been rearrested for crimes and (b) in respect of what date is this information furnished?

B174E

The MINISTER OF LAW AND ORDER

(a) 21

(b) 1 November 1991 until 5 February 1992

Note

The South African Police has only kept such statistics as from 1 November 1991

Sale of stockpiled crude oil

*10 Mr P J PAULUS asked the Minister of Mineral and Energy Affairs †

Whether he will furnish information on the sale of stockpiled crude oil, if not, why not, if so, (a) on what date since the most recent Cabinet decision on the sale of strategic oil supplies was stockpiled crude oil sold for the first time, (b) to what agencies or countries was it sold and (c) how much crude oil was sold to each?

B181E

The MINISTER OF MINERAL AND ENERGY AFFAIRS

Yes, within the limits of existing legislation

(a) 2 September 1991,

(b) local refineries and Madagascar, and

(c) the volume of crude oil sold cannot be disclosed, it can, however, be mentioned that less than two per cent of the volume has been sold to Madagascar

Sale of oil supplies: utilisation of money

*11 Mr P J PAULUS asked the Minister of State Expenditure †

260

(1) For what purposes is it intended to use the money obtained from the sale of stockpiled crude oil since the most recent Cabinet decision on the sale of strategic oil supplies,

(2) whether any money has been paid out in respect of projects, if not, why not, if so, (a) on what dates and (b) to whom were the first amounts in respect of such projects paid out?

B182E

The MINISTER OF STATE EXPENDITURE

(1) Divided into broad functional categories it is intended to apply the funds as follows

	Rm
Health	84,2
Welfare services	15,2
Education	138,1
Infrastructure (rudimentary services)	407,9
Hostels	31,0
Community facilities	8,8
Special job creation programme	20,0
Sports facilities	16,9
Transport (roads)	204,2
Police (police stations)	62,4
Maintenance of government buildings	18,7
	1 007,4

(2) On account of the substantial number of requests which have been received and

Continued

which had to be thoroughly evaluated in accordance with established norms, the allocation of funds to the relevant departments/administrations was only completed at a late stage in the financial year Provisional estimates indicate that an amount of R264,5 million will be spent in the current financial year The amount could prove to be less if specific projects do not progress as planned within the current financial year (260)

After the funds had been allocated to departments/administrations, further measures had to be adopted such as complying with tender procedures, the procurement of materials etc which means that all the projects cannot be completed during the current financial year However, payments have already been made The Cabinet has requested a report on a six-monthly basis and the first report will be submitted on 30 April 1992 Detailed information concerning the actual expenditure will subsequently be available

Travel Agents Board/travel agency: discussions

*12 Mr P G SOAL asked the Minister for Administration and Tourism

(1) Whether he was involved recently in discussions between the Travel Agents Board and any travel agency which was experiencing financial difficulties, if so,

(2) whether, as a result of these discussions, an amount of approximately R500 000 was paid to the owners of a Greek pleasure vessel, the name of which has been furnished to the Minister's Department for the purpose of his reply, if so, (a) what was the nature of the (i) meetings held in this connection and (ii) discussions at these meetings and (b) what is the name of the vessel in question,

(3) whether he came to the conclusion that this amount of money was to be paid from the Travel Agents Fidelity Fund, if so, what brought him to this conclusion?

B191E

The MINISTER FOR ADMINISTRATION AND TOURISM

(1) Yes The company in question was TFC Tours The President of the Association of Southern African Travel Agents (ASATA) was also present, as was the Chairman of the Travel Agents Board and the Executive Director of the SA Tourism Board The meeting took place on 9 January 1992

(2) An amount was not paid to the Greek shipowners in question as a result of this meeting The possibility of a loan from the TAB was raised by TFC but the Chairman of the TAB indicated that this was not possible in terms of current legislation This proposal was not pursued any further, and attention was given to other possible ways of preventing the collapse of TFC Tours with the attendant hardships it would create for the consumers concerned

(3) The decision to pay monies to the Greek shipowners was taken at a later date by the Travel Agents Board, an autonomous body established under an Act of this Parliament I was thereafter informed by its Chairman of the decision the Board had taken in order to avoid even greater losses for the Board and its fidelity fund At no stage did I propose this course of action to the Board

Squatters: property at Bloubosrand

*13 Mr P H DE LA REY asked the Minister of Local Government and National Housing †

(1) (a) For what amount did the Transvaal Provincial Administration purchase the property at Bloubosrand intended for accommodating the squatters of Seven-fontein and elsewhere and (b) out of what fund was this money voted,

(2) whether the Government intends paying damages to persons who are allegedly going to suffer losses as a result of a decrease in the value of their properties because of the establishment of a squatter camp at Bloubosrand, if not, why not,

(3) whether any steps are contemplated to ensure the safety of residents and properties in the vicinity, if so, what steps?

B198E

Continued

ESKOM

Education – best insurance policy

STAR 20/2/92 (26)

Education is an investment that will withstand all inflationary trends and business cycles. Nationalisation can not touch it, nor can another Black Monday on the stock exchange take it from you

Eskom's commitment to education is therefore appropriately seen as education "investment" It is seen as a "hand-up" rather than a "hand-out"

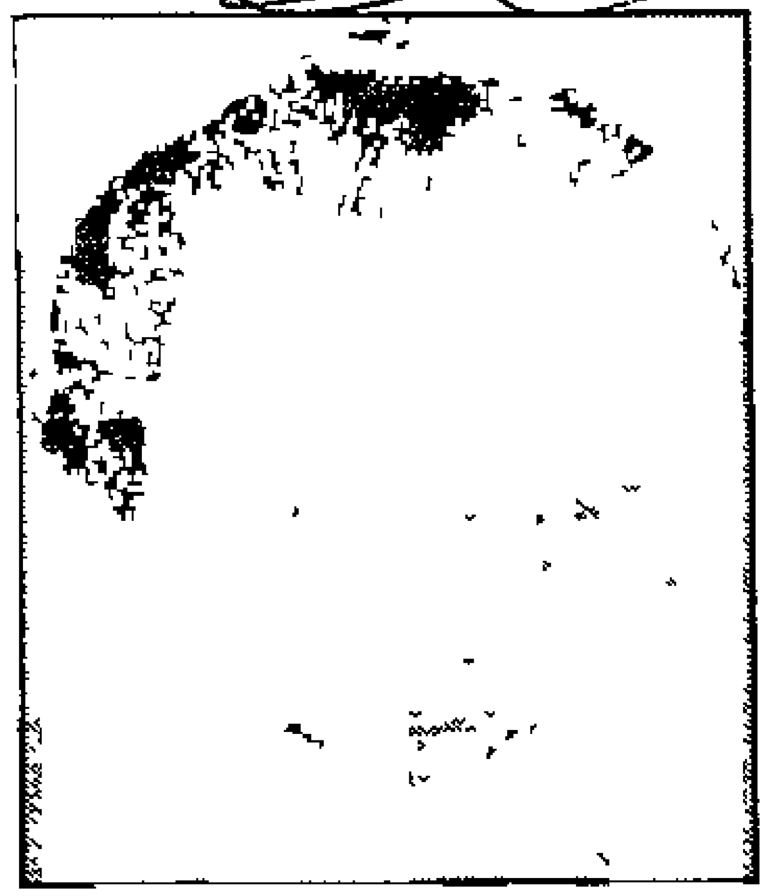
"There are two reasons why we support education," says head of the Education Ivestment Division Hermien Cohn.

"One is to get skills into our organisation to manage our plant and equipment There is over R40 billion worth of equipment in the hands of our employees

"The other is more altruistic All the research has told us that the only way to help people to develop themselves, to compete on an equal basis, is through education"

About 35 000 black pupils are currently benefiting from a variety of educational programmes Eskom also has a declared approach that 25 percent of every scholarship intake must be black

"Yes, we want those badly-needed technological skills But we also feel responsible to help disadvantaged people get a better education than they would otherwise be able to afford



Education is seen as a "hand-up" rather than a "hand-out", says Hermien Cohn

"That is why we only support the disadvantaged in our education programmes"

The Education Investment Division gives this assistance through direct means (such as scholarships) and indirect means (non-formal educational programmes, teacher development, curriculum development and teaching equipment)

The prime aim is to promote technological awareness and to enhance the teaching of mathematics, physical science and English

One of the most significant ways in which Eskom can contribute towards a child's development is to electrify schools to make teaching and learning easier, more fun, and more effective Last year 14 schools were electrified

"Let me share an example of what the lack of electricity means to one teacher," says Ms Cohn "Whenever he has to make photocopies of a document or a set of notes, he has to catch a combi-taxi to town and have copies made in the DET offices Think of the time expense and lost productivity because his school doesn't have electricity to operate a photocopier"

Then there are the instances where children cannot gain essential computer skills because there is no electricity And where pupils in remote areas cannot benefit from educational videos or poorly-qualified teachers are unable to benefit from notes on overhead slide transparencies

Eskom's Education Investment funding strategy supports projects at existing schools Occasionally it does build schools, but it's usually a case where Eskom employees' children are involved

"We would not support a programme or project if it is not recommended and motivated by the Eskom business unit in the area," says Ms Cohn

"Ultimately, the idea is to build an Eskom family"

Enriching their understanding

Eskom works with community leaders to enrich the understanding of teachers, pupils and parents of this often mysterious world of commerce and industry. In addition to providing formal bursaries and bridging programmes, Eskom gets involved in a wide range of informal education programmes.

Bringing light and opportunities to Africa

STAR 26/2/92 (260)

"By transferring electric energy to where it is most needed," says Eskom chief executive Ian McRae, "we believe that not only can we help boost the southern African sub-continent's economies, but also vastly improve the quality of life for all the people of the region"

The impact of electricity goes way beyond the everyday convenience of turning on a light, a stove or a television It affects education, health and the environment

It unlocks the productive potential of the people by enabling them to use power tools and equipment It allows them to make more skilled inputs by freeing them of time-consuming manual labour.

It provides the cheap, dependable energy that drives mining, industry and business and makes internationally competitive exports possible It could also be the catalyst to trigger economic growth in the entire sub-continent of Africa

The resources necessary to generate sufficient electricity for the entire sub-Saharan Africa are abundant, and Eskom — with its 45 000 employees, its skilled base and infrastructure — is confident it is the best placed organisation to drive such a effort

In fact work on the project, which will link countries and governments in an unprecedented network of co-operation and mutual economic benefit, has already begun

"The improving political situation will bring about better co-operation between the sub-Saharan countries, and the end of South Africa's isolation," says Mr McRae

"Power companies have been able to build bridges across political divides, deep-seated conflicts and distrust by appealing to common needs It becomes increasingly clear that isolation is not the answer for any southern African country

"We need to stand together to become strong, because help from the rest of the world may not materialise

"In South Africa, where people have no electricity and where the survival of any future democratic government is dependent upon sustained economic growth and a visibly improved standard of living for the poor majority, Eskom has an equally crucial role to play"

It is one of the Big Five or Six in the world in terms of electricity generation and produces 60 percent of all the power on the African continent

With the benefit of a new, streamlined management core and a more focused attitude to business Eskom has committed itself to reducing the real cost of electricity by 20 percent over the next five years, although it already claims to be the cheapest power supplier in the world

Education has a high priority in South Africa and electricity gives it a specific boost by providing better lighting for studying and reading, and facilitates the use of television and electronic teaching aids

Public health is vastly improved by electricity Modern medicines depend on electronic equipment for diagnosis and treatment, sterilising and refrigerating facilities are essential for surgery and drug stocks The smoke generated by burning fuels in urban areas is a health hazard.

Electrification impacts on every facet of the economy as well One of the factors crucial in ensuring that exports of manufactured goods or beneficiated minerals from South Africa are competitive internationally, is cheap, dependable electricity

The importance of the informal, small business sector as a job creator in South Africa is well known Once again electricity plays a crucial role

"Clearly a person without electricity is a disadvantaged player in the economy," says Eskom chairman Dr John Maree

Apart from the jobs created directly by supplying electricity, there is a multiplier effect that comes into play when electricity reaches a home or a workshop

It stimulates demand for a hot-plate, a kettle, a TV, and has a ripple effect into the economy

"If we can electrify 1,5 million homes over the next five years as we plan to do, we would create half a million jobs and our GPD would grow by five percent," says Dr Meree

Electrification of underdeveloped regions is a long-term investment in the future It could unite the people of Africa in a strong economic community, and it could play a major role in bringing light, peace and prosperity to our land

TV man's CP stickers offend

ARGT 20/2/92

JOHANNESBURG. — Irate telephone callers said they were "appalled and disgusted" that SABC-TV political correspondent Lester Venter had worn Conservative Party stickers while he reported on the Potchefstroom by-election

Calls flooded in to the SABC seconds after Venter appeared live on last night's TV1 8 o'clock news

SABC executive TV news editor Christo Kritzinger was adamant that Venter was not aware of the stickers

"Lester had a notepad in one hand and a microphone in the other. In the chaos of the election scene he did not know that someone had plastered the stickers on him The report was live so we could not re-tape it," he said. (260)

"It is downright silly for anyone to suggest that Lester wore the stickers deliberately," Mr Kritzinger added.

Callers were not easily convinced by the SABC's explanation "It is hard to believe, considering the biased news we see daily I've lived abroad for 24 years and I have not seen anything like this before," said one caller

Another said "Can you imagine the outrage if the person was wearing an ANC sticker?"

● During the 6pm news on TV1 Venter started his report with no stickers on his clothes but while he was talking, people in the large crowd around him could be seen putting stickers on his lapels

R1,58 million lost in Foreign Affairs investment

260

ARG 21/2/92

AN advance of R1,58 million from the Department of Foreign Affairs for shares in a foreign company had not been recovered, the Auditor-General said in his report on the Appropriation and Miscellaneous Accounts for 1990/91 which was tabled in Parliament this week.

The report, in its finance section under the heading Secret Services Account, said it had not been possible to acquire the shareholding and all attempts to recover the money were unsucessful

The same account lost R1,96 million due to the "failure of a key person abroad to comply with an agreement"

The National Intelligence Service was obliged to write this off as a loss to the State — Sapa

ELECTRIFICATION

Wires crossed

FM 21/2/92

A senior official of the Development Bank of Southern Africa was due to meet Mineral & Energy Affairs Minister George Bartlett this week in an effort to convince government to participate in an ANC-sponsored initiative to convene another national conference on electrification.

In an apparent fit of pique, government boycotted the ANC's "national meeting on electrification" in Cape Town earlier this month because it upstaged a similar conference being planned by Bartlett's department.

But the move left him with egg on his face. His natural allies in the electricity supply industry — including Eskom, the bank and local and regional government associations — are backing the ANC initiative.

It is reliably understood that senior officials of the department believed the ANC meeting at UCT would degenerate into a list of grievances and demands and advised against attending

But instead it drew together the most representative gathering ever of interest

Continue →

FM 21/2/92 260

groups to discuss future electrification needs

The meeting concluded with a resolution to establish a working committee before the end of the month, that will work towards convening an even more representative conference — including government — to establish strategies and make proposals for the expansion of SA's electricity grid

Eskom, the bank and the Energy Research Institute offered either financial or administrative support in setting up the working group

At the start of the conference, ANC economics department head Trevor Manuel claimed that government and provincial officials who were keen to attend were forced to withdraw by the department

He received a letter from Bartlett in response to an invitation to the conference in which the Minister had said his department was itself busy with investigations into restructuring electricity supply and was, therefore, not in a position to attend the ANC's meeting

In the letter Bartlett denied that officials of his department had tried to persuade other organisations and individuals not to attend

In an earlier letter to ANC conference secretary Paul Theron, the department's Director-General, Piet Hugo, said his department was planning a national forum on energy provision later this year at which the possible restructuring of the electricity supply industry would feature prominently

Hugo said a departmental study group appointed to prepare a discussion paper for the department's conference was still busy and he could, therefore, not accept the invitation to participate in the ANC meeting

Manuel also criticised "the so-called independent" Eskom, which he said had agreed to participate but later "buckled" under government pressure

Working group

Two Eskom officials who were to deliver papers did not do so, though their papers were circulated

One of the officials, corporate adviser Johan du Plessis, says there was "no question" that Eskom would attend the conference — it sent four delegates — but it was decided on reflection and after talks with the ANC not to deliver the papers on a party political platform

He says he is unaware of any pressure from government on Eskom not to participate "We take our own decisions which should be evident from the fact that we were there and government was not," he said

Du Plessis was an active participant in debate at the two-day meeting and during the final session, offered Eskom's support in setting up the proposed working committee The bank's GM, Johan Kruger, offered its services and financial support and undertook to approach government to join the working group

Ketso Gordhan of the ANC's economics department said government's absence was unfortunate "The time for unilateral decision-making is over The process is now as important as the end product "

At the end of the conference Manuel said he did not see government's refusal to participate as a major setback "There is pressure on government to come into the process and they will hopefully be drawn in," he said

He said there was no point in Bartlett going ahead with his own conference

The ANC meeting had shown there was no disagreement on the need to electrify SA It was now essential for the process to be taken further as quickly as possible

Theron said this week that the bank was talking to various parties, including government, about participation in an interim convening committee and it was hoped that government could be persuaded to join in

Bartlett declined to comment ■

B/Day 21/2/92

R209m for Sasol

(260)

SASOL received R209,9m from the Equalisation Fund in the year to end-March 1991 as import protection for the production of petroleum products from domestic raw materials, auditor-general Peter Wronsley said in his report tabled in Parliament this week.

The report said the total amount allocated to Sasol for this purpose in the period April 1 1985 to March 31 1991 was R1,3bn.

A further R122,7m was paid by the Equalisation Fund to oil companies as compensation for the loss of refinery throughput resulting from the present operation of Sasol Two and Sasol Three.

... same message to the local business and industrial community — either it faces the reality of real economic reform or the economic slide will be irreversible.

Arnold van Huyssteen

SYNTHETIC FIBRES FM 21/2/92 (260)

A new plant for Sasol

Last year, Sasol said it would build a plant at Secunda to make the chemicals for acrylic fibre This week, Sasol outlined the second

continue

 FM 21/2/92 (260)

part of its strategy to move boldly into the synthetic-fibres industry when it announced plans to build a R320m acrylic-fibre plant in Durban, in an equal partnership with the Industrial Development Corp

The project would provide the last piece for Sasol in a vertically integrated synthetic fibre operation that proceeds from the mining of coal to the finished product

Sasol has bought a redundant acrylic-fibre plant now operating at Calais, France, and will dismantle and re-erect it on a 10-hectare site in Durban, according to Sasol GM Jan Fourie The plant, purchased from Courtaulds UK, will be relocated by Genrec and Spie Batignoles of France — an effort that will require the transport of some 18 000 t of equipment

Sasol expects the plant to be completed in Durban by March 1993, with full production planned for July 1993 Courtaulds will license the Neochrome and Courtelle brand names to Sasol Fourie declines to say how many jobs the plant would create

Export potential

The choice of Durban was obvious Sasol intends to export a significant proportion of the output, the target markets include Pakistan and the Pacific Rim. And 40% of the local demand market comes from the Durban area, with another 50% in the Port Elizabeth and East London areas

The project will be financed largely with equity, augmented by export credits and commercial loans by banks and the IDC Sasol says there will be no soft loans or subsidies

Fourie says the 20 000 t annual local market for acrylic fibre is supplied entirely by imports, so the initial annual output of 36 000 t would easily provide a surplus for export.

Sasol plans to increase the output eventually to 50 000 t a year and believes its product will have several cost advantages over overseas competitors — allowing it to make money in an oversupplied world market where Courtaulds UK couldn't These include the savings in buying a second-hand plant and SA's low electricity rates and moderate labour costs

In two years, when Sasol completes its plant at Secunda to manufacture acrylonitrile, the chemical precursor of acrylic fibre, the company also will save money on the cost of inputs

Sasol estimates that in its first year of production, the Durban plant will reduce SA's import bill by R180m and earn R50m in exports There is now no tariff protection for acrylic fibre and Fourie says Sasol has no intention of asking for protection

Acrylic fibre is used for a variety of purposes, such as jerseys, blankets and low-cost carpeting and upholstery, including upholstery for low-priced cars. SA Nylon Spinners MD Peter Boxall says there is little competition between nylon and acrylic fibre, so he does not expect the new plant to have a significant impact on his group's business ■

R40m to move plant for Sasol

260

SASOL Fibres has awarded a R40-million contract to an SA-French consortium for the dismantling, transport and re-erection of an acrylic fibre plant. S / Times (BUSS)

The contract was signed by Sastech of behalf of Sasol Fibres MEI Construction, a subsidiary of Genrec and Spie Batignolles of France. The plant in Calais will be dismantled and re-erected near Durban.

Plant and pipework, complete with electrical control gear, will be dismantled, cleaned, labelled, packed and shipped from Calais 23/2/92

MEI managing director Chris Biden says: "The purchase of the plant offers capital cost savings and the proven technology provides competitive energy consumption, guaranteed performance and full technical and marketing support from home to export markets."

Staff from MEI will begin dismantling work tomorrow

Iscor outlook grim

B/Day, 25/2/92 (260)

STEEL maker Iscor could report a 40% earnings drop to less than 10c a share for the six months to December 31 1991, in spite of a major rise in exports, analysts say.

Increased export turnover would be offset by a decline in higher margin, more profitable local sales, for the first half of the 1991/2 financial year, said Simpson McKie's Hennie Vermeulen.

"The change in the sales mix is a major reason for the earnings fall, and the outlook is poor until the local economy recovers," he said.

Iscor shares closed on Friday at 161c, 39c below their 1989 issue price. Results for the six months to December are expected tomorrow.

Vermeulen, echoing other analysts's views, said earnings could drop to slightly less than 10c a share from 16,1c in the previous comparable period. One analyst, who asked not to be identified, believed the fall might be less, to 12c.

Vermeulen, noting Iscor's policy of maintaining dividend cover, expected the interim dividend to be cut to 2,8c a share from 4,5c.

Analysts polled were disturbed by Iscor's "crippling" debt levels. Vermeulen expected a 50% increase in interest payable to R210m for the first half period, and a 64% increase in the full year to R420m, excluding investment income.

Irish & Menell, Rosenberg analyst Dave Russell said: "At this rate, Iscor may have to recapitalise." He ruled out the option of a rights issue. — Reuter.

IDC raises R10m in rights sale

JABULANI SIKHAKHANE

THE Industrial Development Corporation (IDC) has sold its rights to Sasol's R1bn rights offer to the state pension funds for about R10m

IDC MD Carel van der Merwe said yesterday the IDC board had decided not to take up rights in the Sasol issue The sale of the Sasol rights meant the IDC had raised R960m from selling Sasol securities to the 440 government pension funds. Last year it sold 10% of Sasol equity to state funds, reducing the IDC stake to 20%.

Van der Merwe explained that last year's sale of the 10% stake in Sasol had not been offered by public tender because at the time government pension funds were the only funds with the financial capacity to take that amount of shares.

The amount involved in the Sasol rights had been so small it was not worth a public tender But the IDC's next sale of Sasol shares would be through public tender

Analysts said the Sasol rights were attractive for the state funds as they represented a cheaper entry into Sasol No brokerage was payable on taking up the rights to the debentures which would convert into ordinaries at some stage

From these two deals, Van der Merwe said, the IDC had a lot of cash and would not be selling its other share investments in the short term

The IDC was still committed to disposing its share investments over the next five years to meet funding requirements

The IDC required about R10bn over the next five years for investment in industry and had to provide R1bn over a two-year period to the Development Bank of Southern Africa Other listed IDC investments which were worth more than R859m included a 16% holding in Iscor and smaller stakes in Sappi and Sentrachem

● See Page 10

Whether only his Department is involved in the sale of stockpiled crude oil, if not, (a) which other State Departments are involved in it and (b) why are they thus involved?
B183E

†The MINISTER OF MINERAL AND ENERGY AFFAIRS

Yes,

(a) and (b) fall away

Sale of stockpiled crude oil: tenders

*2 Mr P J PAULUS asked the Minister of Mineral and Energy Affairs †

(1) Whether tenders were invited for the sale of stockpiled crude oil, if not, why not, if so (a) how were the prices determined and (b) what are the relevant details,

(2) whether any agents or intermediaries were involved in the transactions in connection with the sale of this crude oil, if so, (a) why and (b) who are these agents or intermediaries?
B184E

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) No, because the stockpiled crude oil comprises different types of crude oil which are not stored on a segregated basis This mixture is difficult to market internationally and within the limited South African market it is highly unlikely that favourable prices could be achieved through tender

(a) and (b) Fall away It can, however, be mentioned that on grounds of an analysis of the stockpiled crude oil, a price base was negotiated with local refiners, ultimate selling prices were comparable to international market prices

(2) Yes, for sales to Madagascar,

(a) because they had a supply agreement with Madagascar in 1991, and

(b) The Addax and Oryx Group Ltd

*3 Mr A J Leon—Justice [Question standing over]

National Parks Board of Trustees: appointments

*4 Mr J CHIOLÉ asked the Minister of Environment Affairs †

(1) Which Board members have since 1 January 1990 been appointed and/or designated to serve on the National Parks Board of Trustees,

(2) whether any non-Whites have been appointed to the top structure of this Board since the said date, if so, to which posts,

(3) whether these appointments were the result of normal promotions, if not, for what reasons were the appointments made?
B218E

†The MINISTER OF ENVIRONMENT AFFAIRS

(1) *Prof F C Eloff—*

Reappointed with effect from 17 September 1990 for one year

Reappointed with effect from 17 September 1991 for one year

Mr T I Steenkamp—

Appointed with effect from 1 March 1990 for five years

Mr C J van R Botha—

Ex officio with effect from 1 April 1990 by virtue of his appointment as Administrator of Natal

Mr A E G Trollip—

Reappointed with effect from 17 September 1991 for one year

Dr L van de Watt—

Ex officio with effect from 1 August 1991 by virtue of his appointment as Administrator of the Orange Free State

Mr N E J Mabuza—

Appointed with effect from 1 September 1991 for five years

(2) Yes, one non-White has been appointed in the post of Executive Director Human Resources

(3) No, the appointment was not a promotion from the ranks of serving personnel but the applicant was found the most suitable candidate for the vacant post as a result of his appropriate qualifications and previous experience

†Mr J CHIOLÉ Mr Speaker, arising out of the hon the Minister's reply, I want to ask whether the hon the State President exercised any pressure in his personal capacity on the executive of the Natal Parks Board in respect of the appointment of board members and non-Whites to their executive

†The MINISTER Mr Speaker, I cannot speak on behalf of the hon the State President, but as far as I am concerned—if it were a function I were to perform for him—I can frankly say to the hon member that no pressure whatsoever was exerted on the Parks Board in respect of the appointment of board members during the time that I have been Minister of Environment Affairs

†Mr J CHIOLÉ Mr Speaker, further arising out of the hon the Minister's reply, I want to ask him whether any pressure has thus far been exerted by the ANC or whether the Government has entered into any agreement with the ANC to appoint exiles in certain posts [Interjections]

†An HON MEMBER Ah, you are backbiting!

†The MINISTER Mr Speaker, I can assure the hon member that there was no such agreement and that no such negotiations occurred

†An HON MEMBER Go and say that in your constituency!

Transed bursaries

*5 Mr J CHIOLÉ asked the Minister for Public Enterprises † 260

(1) (a) What was the purpose of the institution by Transnet of the Transed bursaries, (b) when were these bursaries instituted and (c) what are the conditions attached to the granting thereof,

(2) how many Transed bursaries have been granted to (a) Whites and (b) non-Whites for the 1992 study year?
B219E

The MINISTER FOR PUBLIC ENTERPRISES

The Managing Director of Transnet Limited replied as follows to the hon member's question

(1) (a) Transed was at a stage only a planning concept to determine needs

(b) It was never introduced as a bursary scheme

(c) Falls away

(2) (a) and (b) Fall away 260

†Mr J CHIOLÉ Mr Speaker, arising out of the hon the Minister's reply, I wonder whether he would elaborate for us on a letter dated 20 June 1991, in which the Managing Director of Transnet makes certain recommendations regarding the reasons for Transed bursaries

†The MINISTER Mr Speaker, the reply which I gave to the hon member states clearly that such bursaries were never awarded, that at one stage, however, thoughts were exchanged and information was gathered on the concept of such a scheme, but that the whole concept was later abandoned and thus never implemented

†Mr J CHIOLÉ Mr Speaker, further arising out of the reply of the hon the Minister, I would like to ask him whether further consideration will be given to awarding Transed bursaries in future in the light of the scenario of the new South Africa proffered by the Managing Director They say that it must be borne in mind that for bridging purposes with a view to tertiary education these candidates must be employed for a year

†The MINISTER Mr Speaker, I can reply to questions, but not to speculations [Interjections]

Certain person arrested: Wesselton

*6 Mr P H P GASTROW asked the Minister of Law and Order

(1) Whether a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, was arrested in Wesselton in August 1990 on suspicion of murder, if so, what is his name,

(2) whether any other persons were arrested with him in connection with the above offence, if so,

(3) whether he and the others arrested with him have been released, if so,

(4) whether, at the time of these arrests, the police confiscated any weapons belonging to these persons, if so,

cont -- p

Sasol's sales down but earnings rise

BDay 26/2/92 (260)

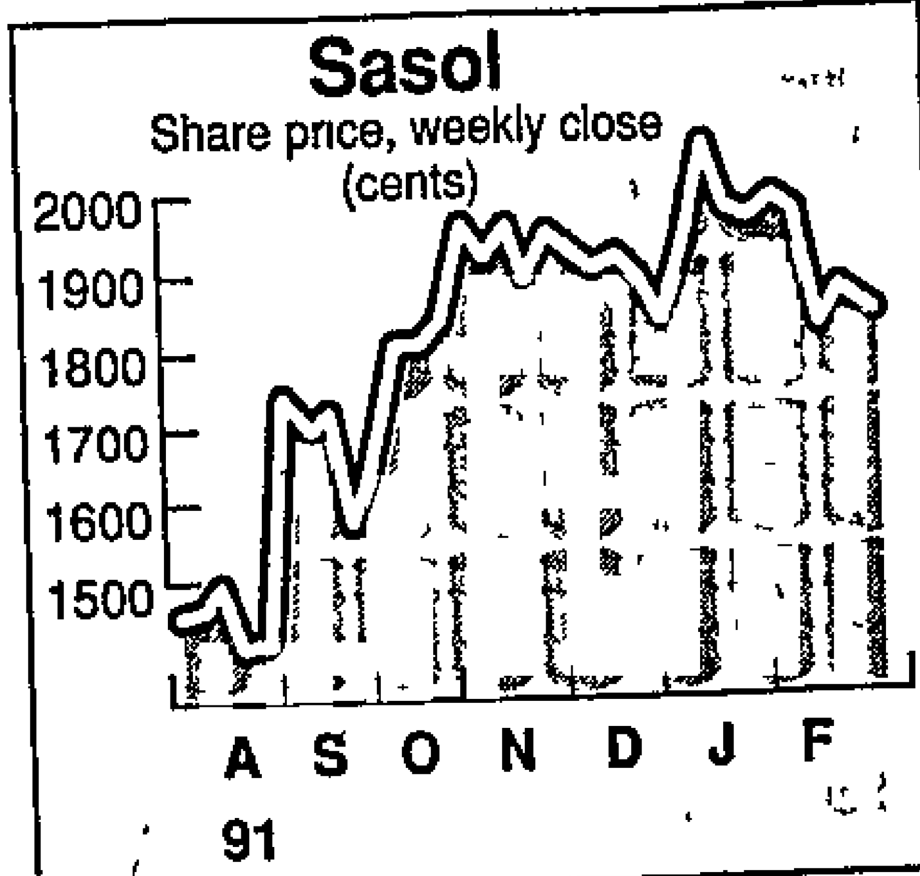
EDWARD WEST

LOWER petrol prices and intensified competition in the fertiliser market clipped Sasol's sales and operating revenues in the half-year to December 25. However, a lower interest bill and reduced tax charge combined to lift bottom-line earnings

The half-year's sales slipped fractionally to R3,96bn from R4,00bn in the corresponding period of 1990, the interim operating profit was R869m against R974m, the half-year's pre-tax profit slipped to R750m from R770m and the attributable after-tax profit increased to R533m from R465m.

Turnover totalled R7,56bn in the year to June 25 1991, the year's operating income was R1 897m, the pre-tax profit was R1 525 and the attributable after-tax profit R1 041m.

Yesterday, the board reported that the synthetic fuels division increased production and the resultant productivity improvement went some way towards offsetting the effects of lower product prices and tighter margins



Graphic LEE EMERTON Source I NET

Synfuels production accounted for 40% of turnover, oil refining 27% and coal mining 12% The sale of petrochemicals, such as waxes and explosives, accounted for 21% of turnover The drop in synfuel's proportional contribution to sales from

☐ To Page 2

Sasol

BDay 26/2/92 (260)

☐ From Page 1

last year's 50% is partly explained by the shift towards petrochemical production

MD Paul Kruger said yesterday the full effect of lower international petroleum prices was mitigated by favourable shifts in the rand dollar exchange rate. He said Sasol's petrochemical exports — worth about R500m a year — were having to compete with dumping in certain areas because of the highly depressed state of the international petrochemicals industry

He said the R3bn capital expenditure programme would eventually allow export turnover to increase by about R800m in another two to three years

At home, the drought continued to hammer fertiliser sales and forced the company to close its Sasolburg fertiliser plant. The plant at Secunda was modified for fertiliser production

Productivity gains at the coal mines contributed towards profits The Syferfontein mine was completed and was profitable

Substantial coal tonnages were available for export and Sasol was considering whether to make use of excess capacity at the Richards Bay Coal Terminal or to participate in a new terminal, Kruger said

Results for the second half of the year would be determined by the rand/dollar exchange rate, confidence after the referendum and international petroleum product and chemical price levels Given a continuation of present trading conditions, Kruger added, this year's earnings growth would be modestly higher than last year's

The first half's earnings rose to 94,6c a share from 82,5c a year ago and the interim dividend was lifted to 36,5c from 32,5c Last year's total earnings were 184,7c and the year's dividend was 71,5c.

COMPANIES

Natsel sells LuK Africa stake

JABULANI SIKHAKHANE

NATIONAL Selections (Natsel) has sold its 49% shareholding in Port Elizabeth automotive parts manufacturer LuK Africa to the German controlling shareholder LuK GmbH for an undisclosed sum

Natsel is one of the two investment trusts controlled by the Industrial Development Corporation (IDC) (260)

IDC managing director Carel van der Merwe said yesterday that the sale price could not be disclosed at the request of the German company.

He said that the amount involved was "sizeable".

BDay 26/2/92

Van der Merwe said that the IDC had been approached by the German group, which needed to integrate the local operation into its worldwide network

LuK GmbH has plants in Mexico, Brazil and Europe

● VAN DER MERWE

With the cash received, Natsel would look into the possibility of taking over one of the non-listed investments from the IDC

A decision would be made within the next month, Van der Merwe said.

LuK Africa (formerly Repco) manufactures clutches for passenger and commercial vehicles at a factory in Port Elizabeth.

The IDC has been involved with LuK Africa (then Repco) since 1964, when it participated with an Australian company to start the operation.

The Australian group sold its 51% stake to LuK GmbH in 1987

Media laws on parties to probed

Sowetan 26/2/92

260

CODESA decided yesterday to investigate whether any laws prevented organisations in the country from having access to the media

The African National Congress and the Government differed sharply at Codesa last week on whether the SABC was independent.

The investigation is part of Codesa's working group one, which has been mandated to investigate free political activity

The announcement was made yesterday at the World Trade Centre, outside Johannesburg

"The discussions resulted in agreement that members of the sub-group would investigate if there are any statutory provisions in South Africa - including the TBVC states - which prevent any political party or any other agency from establishing or continuing its own means of mass communication and from exercising Press freedom and enjoying access to established print media," the statement said

The next meeting of working group one would also hear a report from the Government and ANC on progress made in their bilateral meeting on Monday night regarding political prisoners and exiles.

Earlier, the Campaign for Open Media called for more openness towards the Press by Codesa.

Meanwhile, KwaNdebele's Intando Yesizwe Party has recommended that the possibility of adapting the existing economic development regions of South Africa into political regions

The party was commenting on the balance between central, regional and local government

The IYP said it was in favour of dividing a country into regions to ensure the existence of effective administration and a meaningful exercise of democratic rights at regional level

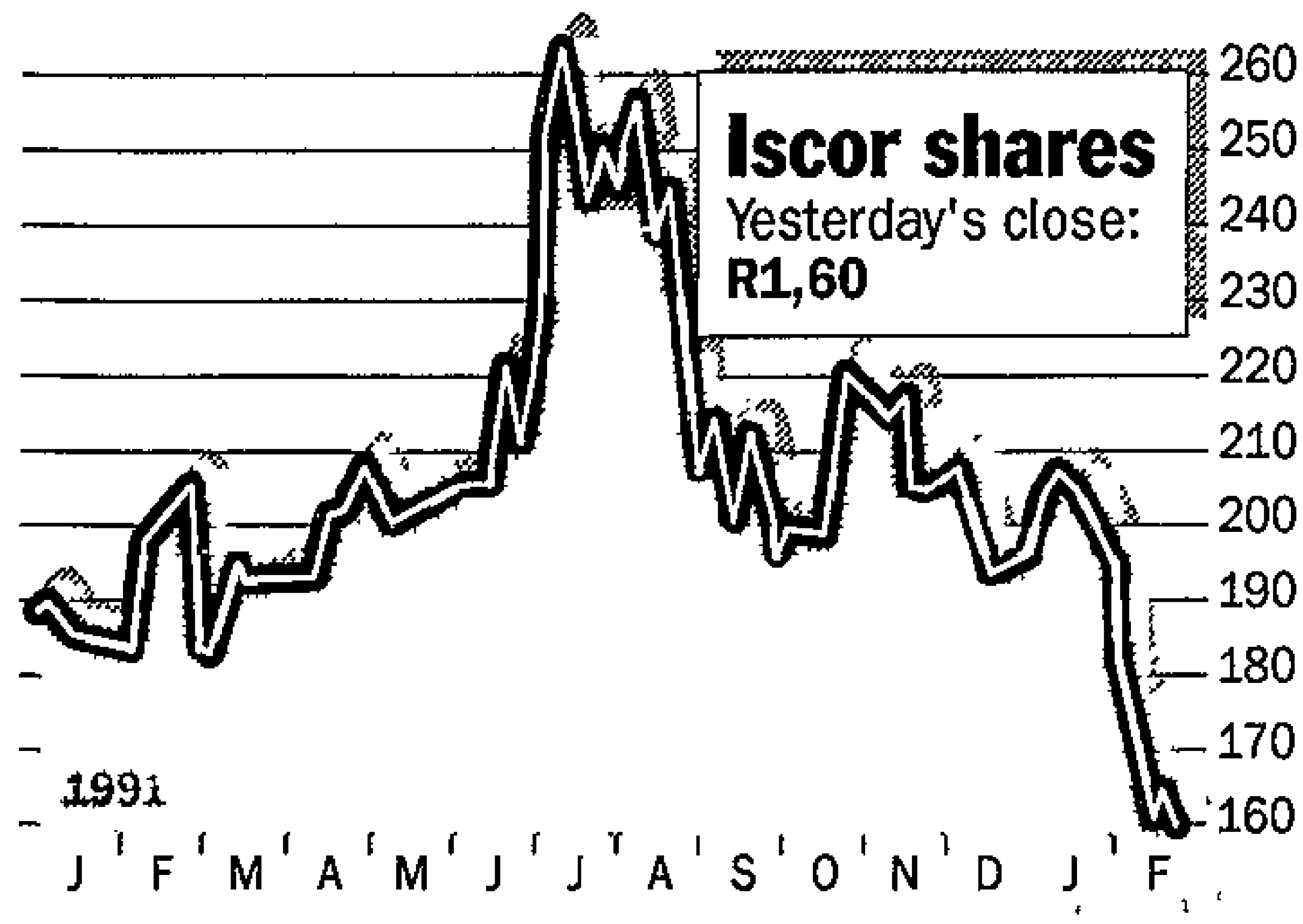
The division of the country should be done within the parameters of the principle of a united democratic nonracial and non-sexist society, with the sovereignty vested in the national or central government

The regional government should have powers over regional matters - *Sapa*

STAR 26/2/92 (260)

Outlook for Iscor

Iscor's interim results for the six months to December, to be published tonight, are expected to be poor, which can be seen from the behaviour of the share price in the past few weeks Analysts say Iscor cannot be expected to buck the trend and overcome the recession, which has hit metal companies such as Highveld Steel and Samancor Last year Iscor paid an interim of 4,5c a share This year's interim may be as low as 3c or even 2,5c



Sasol prepares to enter coal export market

(260)

STAR 26/2/92

By Derek Tommey

A "no" vote in the referendum would be a sad day for economic development, Sasol managing director Paul Kruger said yesterday.

Despite a number of adverse factors, Sasol increased its earnings by 14,6 percent from 82,5c to 94,6c a share in the six months to last December 25.

The interim dividend has been raised by 12,3 percent from 32,5c to 36,5c a share.

Mr Kruger said at a press conference to announce company results that the easing of foreign political pressure in the past two years had opened up vast opportunities for South Africa and for Sasol, and that it would be a tremendous setback for the economy if these were lost.

Sasol had embarked on a major new investment programme aimed at increasing its export earnings from the present R500 million a year to around R1,3 billion a year within the next 18 to 24 months

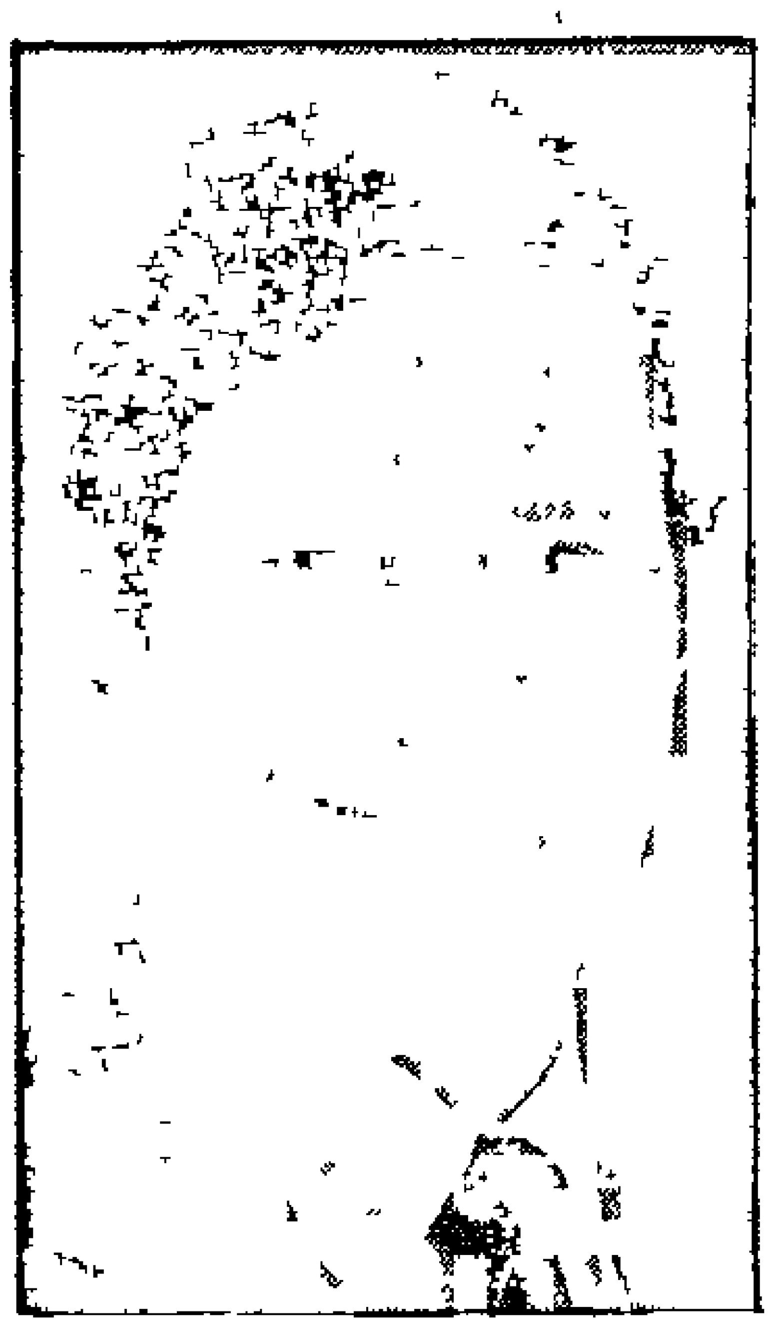
Race sponsor

This planned increase in exports and the need to get Sasol's name known overseas was one of the reasons why it was sponsoring a car in Formula 1 motor racing

He said Sasol was planning to enter the export coal market

It hoped to be able to take up some of the spare capacity at the Richards Bay coal terminal

But if this were not possible, then it would hold discussions with other coal producers about financing the construction of a second coal terminal.



Paul Kruger .. Sasol sponsoring Formula 1 racing car to get better exposure.

Factors affecting profits in the six months included the drop in the petrol price after the end to the Gulf War a year ago, depressed export markets for chemicals and depressed conditions in the local market

Mainly as a result of the fall in the price of oil from $27 a barrel in the six months to December 1990 to $24 a barrel in the same six months last year, Sasol's turnover had declined from R4 billion to R3,96 billion

But the decrease in operating income from R974,2 million to R868,8 million was more than offset by interest payable dropping from R204,5 million to R119,4 million, and the tax provision declining from R299,2 million to R208,7 million

This had resulted in taxed profit rising R70,8 million to R541,5 million

Mr Kruger said that the synthetic fuels division had enjoyed a substantial increase in production volumes as a result of "being smarter"

This had made for an excellent contribution towards countering cost increases, a reduction in product prices and lower refining margins

Over-capacity

He said there was tremendous over-capacity in the petrochemical manufacturing industry and Sasol was having to compete overseas with many dumped products.

But the shut-down of some of these plants should help Sasol's sales.

Sasol itself was investing heavily to increase the recovery of white products from its feed stock from the current 86 percent to around 88 percent, which would help profits, he said.

Mr Kruger expected the world economy to start picking up by the second half of this year, but thought the South African economy could lag this recovery by several months

Profits in the second half of Sasol's financial year to June should be better than those of the first half, but the rise would not be as strong as a year ago, he predicted

However, by this time next year, Mr Kruger said he expected to be feeling decidedly bullish about Sasol's prospects

Cash flows in for 'yes' vote campaign

Bday 27/2/92 (260)

MARCIA KLEIN

THE Private Sector Referendum Fund has raised more than R1m for its campaign to promote a yes vote in the March 17 poll

Joint chairmen Chris van Wyk and George Thomas said this amount had been received in just two days in response to the fund's initiative to promote a positive result

In a new development, it appears that the SABC's CCV channel and SABC radio have agreed to carry the campaign, after indications on Tuesday that the corporation would allow no advertising on the referendum. Van Wyk and Thomas said this would ensure a very wide audience

They said the fund's media campaign was firmly in place, with space booked in a wide range of newspapers nationally. Airtime has also been booked on M-Net and Radio 702

Agency Initiative was briefed on Monday evening, and by 2 30pm on Tuesday it presented a TV, radio and print campaign which would include five or six print executions and about five TV commercials, Times Media Ltd GM marketing Peter McKenzie said yesterday The fund was also negotiating for hoardings at the SA Grand Prix and at various cricket grounds in Australia

He said the fund was hoping to raise "quite a few million rands"

An M-Net spokesman confirmed yesterday that the station would accept all paid advertising that conformed to codes of the Advertising Standards Authority M-Net said the placing of ads did not imply that the station endorsed the products, and the station reserved the right to veto adverts

A CP spokesman said the party was still planning its strategy for the referendum, and a decision might be made known today

Advertising campaigns by the Private Sector Referendum Fund and the NP will break in full force in this weekend's Sunday newspapers.

New plant helps Iscor limit recession damage

STAR 27/2/92

260

By Derek Tommey

Despite collapsing export prices and a drop in local sales, Iscor managed to limit the decline in operating profits in the six months to December to 9,6 percent

A major factor behind the small drop in operating profits has been Iscor's R4 billion investment over the past three years in modernising and upgrading existing plant and in new products

The investment enabled it to remain competitive and to increase sales at reduced operating costs, despite difficult trading conditions at home and abroad, chairman Marius de Waal said yesterday

The investment should enable Iscor to take full advantage of any improvement in market conditions and charge considerably higher prices for its products, he added

Howvever, part of the R4 billion investment was financed by borrowings and the interest on this money had made deep inroads into Iscor's earnings

Financing costs absorbed R218 million (R108 million a year ago)

After payment of a small amount of tax, attributable income dropped 43 percent to R171 million — 43 percent down on the R301 million earned in the same period of 1990

This has resulted in the interim dividend being cut by a third from 4,5c last year to 3c

However, finance costs should not bear so heavily on earnings in the six months to June, as R800 million in short-term debt is being converted into lower-cost medium-term loans

Mr de Waal said there were no signs of a recovery in the domestic market and excess capacity overseas would depress steel prices for most of 1992

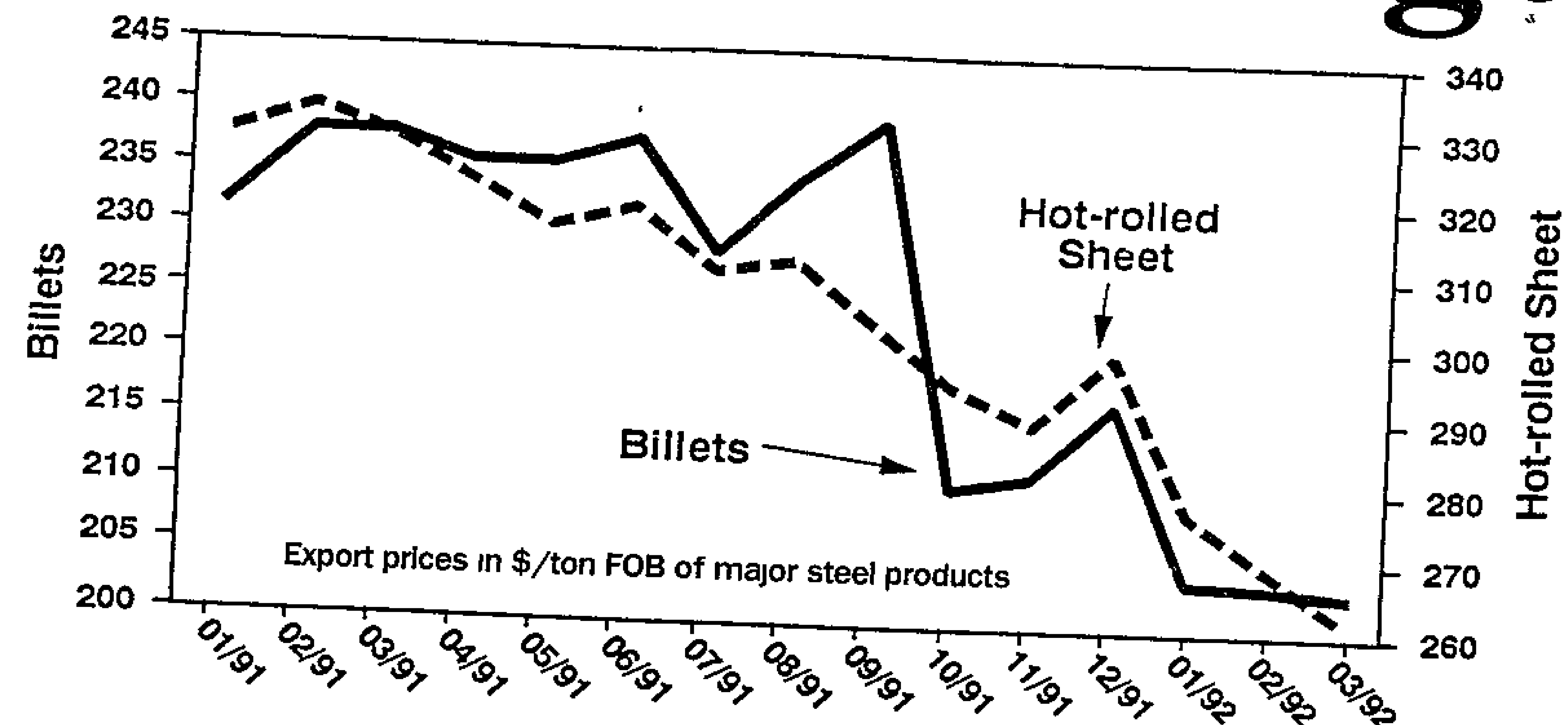
Therefore no short-term improvement in earnings was expected

MD Willem van Wyk said Iscor was taking steps to protect its earnings until market conditions improved

One of these steps included restricting capital expenditure to existing products

But Iscor would look immediately at new investments, should market conditions warrant

Another was to continue improving productivity In the past six months it had achieved a 9,9 percent improvement in the tons of steel sold per person employed



Looking farther ahead, Iscor said that even a two percent improvement in local demand for steel, together with a two percent rise in the dollar prices of steel would lift earnings before tax by R90 million in 1992-93, by R170 million in 1993-94, and by R270 million in 1994-95

A four percent increase in domestic sales and the dollar price of steel, together with a one percent rise in productivity, would lift earnings by R170 million, R360 million and by R600 million respectively in the three years

B/Day 27/2/92

NEWS IN BRIEF

(260)

SABC talks in limbo

THE SABC has put all wage talks in limbo even though, the Financial Mail reports, chairman Christo Viljoen is to announce an almost R40m profit. The staff association has rejected a 5% increase and is demanding 18%.

Black, white & coloured TV

South 27/2-4/3/92

(260)

By Justin Pearce

AS South Africa stumbles away from segregation, it is not only the CP and the AWB that talk about group rights. A new organisation aims to keep the coloured flag flying because it believes coloureds are being marginalised. Because there are African and white television stations, they want coloured TV introduced.

The organisation, known as "The Advancement and Upliftment of Coloured People's Talent", was founded at a meeting of 600 people in Johannesburg, says chairperson Mr Lionel Myles.

The first issue to be considered by the new body was broadcasting, where Myles feels coloureds are getting a bad deal.

"We want to see more of our people on television," Myles says. "We see a lot of whites and blacks and there is now a new Indian programme. There are a lot of good things about our people and they only show the bad things."

Myles previously held posts in two homeland radio stations, but turned down a post with Radio Transkei, feeling coloureds were being kept out of the SABC's principal services.

What of the organisation's future political aspirations?

"I'm not a politician," Myles says, explaining that his organisation is concentrating on lobbying the SABC for the new TV and radio stations.

But he made it clear that he has no time for the token provisions made for coloured people.

And what about the idea of a coloured homeland proposed by the Conservative Party?

"Laughable," Myles chuckles. "It's never going to work — we're scattered all over the country."

Battered Iscor posts 43% fall in earnings

(260)

B/Day 27/2/92

MATTHEW CURTIN

ISCOR emerged battered from the six-months ended December, as high interest charges from financing its R4bn expansion programme exacerbated the effect of the slump in local and overseas steel markets.

The iron and steel producer posted a 43% drop in attributable earnings to R171m, compared with R301m in the same period in 1990.

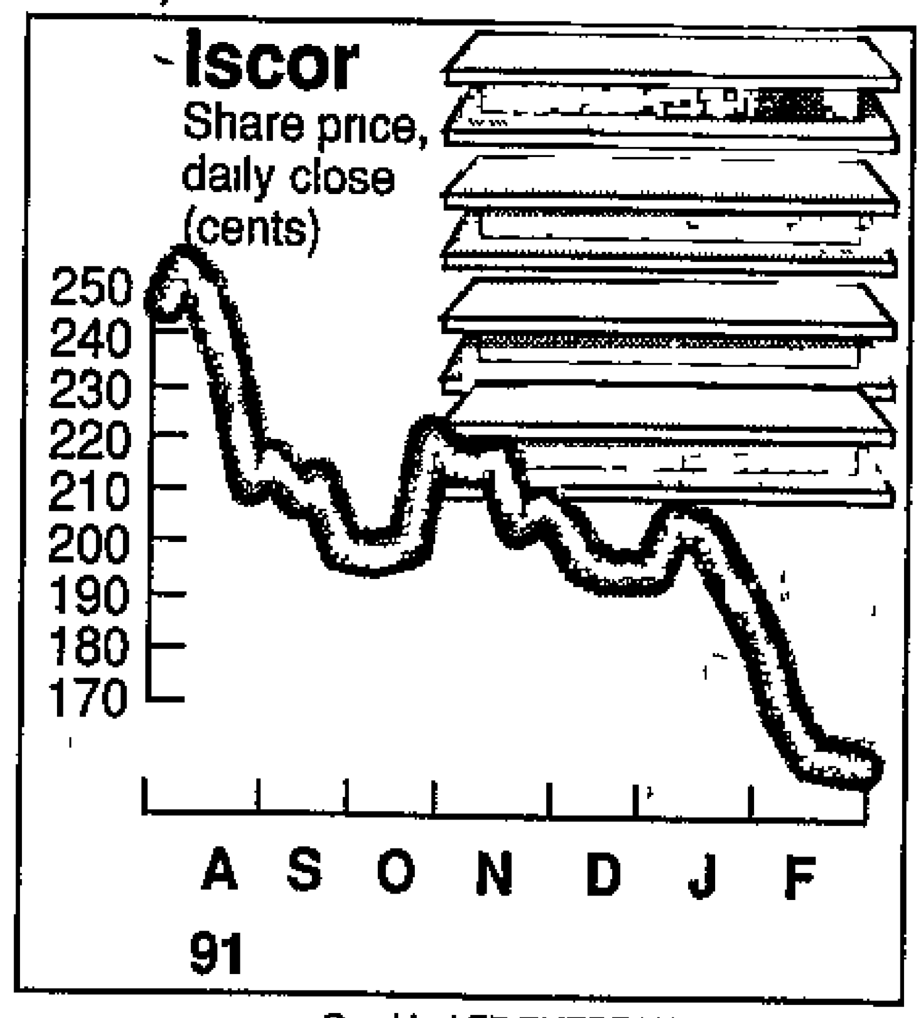
Earnings a share dropped to 9,2c from 16,1c as Iscor's results continued to fall behind the predictions at the time of its listing in 1989. The group declared a 3c interim dividend, down from 4,5c in 1990, to keep its dividend cover at three times.

Market concern at the group's short-term position has pushed its shares down below the listing price of 200c. Iscor stock has fallen 15% in the past month, although shares rose 1c to close at 162c yesterday.

MD Willem van Wyk said yesterday Iscor was striving to protect earnings until market conditions improved.

He said the depressed iron and steel markets had led to Iscor borrowing more money than it originally planned to finance its spending programme.

Finance charges were at their peak and would fall as the group's capital spending programme was now winding down. The revamping of Iscor's Pretoria works and the installation of an electrogalvanising plant at Vanderbijlpark would be completed by mid-year, he said.



Graphic LEE EMERTON Source I NET

Finance charges amounted to R218m in the period, up from R108m in 1990 and were equivalent to nearly 6% of total costs.

Addressing a news conference yesterday, Van Wyk said Iscor would spend R800m in the current financial year on

☐ To Page 2

Iscor

B/Day 27/2/92

capital projects, against R1,4bn in 1990/91

Finance and business services GM Louis van Niekerk said Iscor had investigated other ways of financing its capital programmes with its merchant bankers. It decided the best option was to convert existing short-term loans into lower-interest longer-term loans, while concentrating on "strict cash management".

At the operating level in the interim period, Iscor's performance was buoyed by a sharp improvement in export sales and productivity. They mitigated the effect of lower domestic sales and tumbling international prices for hot-rolled steel and steel billets.

Van Wyk said more than half of Iscor's sales were exports compared with only 45% in the second half of 1990.

(260) ☐ From Pag 1

Deputy MD Nols Olivier said there would be a "traumatic shake-out" in the international steel market in 1992. Although the supply/demand imbalance in the steel sector had widened in 1991, there would be large production cutbacks and closures this year because of steel producers' experiencing sharp profit drops.

Olivier said that meant better international steel prices were likely by 1993 as demand picked up and production fell.

However, local demand for Iscor's products would improve only in the second half of 1992 because of the recession.

Mining division GM Ben Alberts said Iscor was intent on maximising its sales of iron ore, coking and steam coal, and other minerals in 1992.

SASOL FM 28/2/92 (260)

Slower pace after the war

A year after the Gulf War, Sasol's earnings growth has slowed markedly Operating profit is under pressure in most of the major activities But cash flow has remained firm, and debt is being repaid while the group continues to pursue its large capital programme, now running at about R1,4bn a year

Turnover for the six months to December 25 is down marginally on the year-ago level, and operating profit fell 11%. This reflects the drop in world prices of petroleum products from the higher levels seen ahead of the Gulf War, weak prices of petrochemicals and lower refining margins

Compensating for the drop in operating profit, was a reduction of 42%, or R85,1m, in interest paid, and a 30% fall in the tax bill following an overprovision in the previous interim

The interest bill was brought down largely because of the swift repayment of loans taken to fund the 1990 acquisition of the outstanding 50% of Sasol 3 held by the Central Energy Fund Long-term liabilities were cut by R277,7m, to R1,93bn, short-term borrowings are down from R779m to R409m

MD Paul Kruger says Sasol 3 — largely a synfuels producer — put in a good performance over the six months, mainly through better plant utilisation The synfuels operations remain Sasol's biggest generator of cash, even though synfuels' contribution to profit is estimated at 40% for the 1992 year, compared with 50% just after the Sasol 3 acquisition

EPS growth of 14,7% at the 1992 halfway stage follows the 39,5% surge in the 1991 year, but that outstanding performance was largely owed to the war Executive director André du Toit attributes the lower international petroleum product prices to the return to normality in the market when the war ended

For Sasol, the effect on turnover was significant Prices of crude oil fob fell to about $23 a barrel (also the present level because of the pricing formula), compared with around $28 a barrel at the previous interim

Refining margins also slipped to more normal levels Kruger says, however, that Sasol's refining operation continues to run at an efficient level, recovering 86% per barrel in the form of white products. An upgrading programme at the refinery should increase this recovery level to 88%

Results improved in the explosives and polymers divisions, as well as in the fertiliser division, which was helped by cost savings A fertiliser plant was closed at Sasolburg, with 350 workers retrenched, though jobs were found for half of them at other Sasol plants

Performance of the underground coal mines was described as excellent. Expansion of coal mining operations should bring growing benefits The new Syferfontein strip mine contributed to profits for the first time.

Exports are being considered for surplus coal mining capacity, and this could involve further expansion at Richards Bay

A modest profit improvement is forecast for the full year The share closed on Tuesday at 1 850c — well down on the 12-month high of 2 075c set in January — giving a p e of 9,4 on 12-month earnings. *Shaun Harris*

THE SABC FM 28/2/92

Getting and spending

260

SABC chairman Christo Viljoen is set to present a profit of R35m-R40m when the corporation's annual report is tabled in parliament in May The board has also told the labour relations department to stop all wage talks with the SA Broadcasting Staff Association (Sabsa), which has rejected a 5% across-the-board pay rise

Sabsa was told this week that negotiations had been postponed until July in the light of

"the political situation in the country, the drought and the economic climate." The announcement was given to Sabsa officials Mynderd Bornmann and Valerie Hopper, neither of whom is a member of the union's negotiation team.

In an unprecedented reaction, Sabsa accused management of misspending and of attempts to disguise profits in the balance sheets In a confidential letter to group CE Wynand Harmse and top management, Sabsa demands an 18% salary increase across the board and "that 50% of the profit that is in excess of the 1991/1992 budget . be divided equally between all the staff" Sabsa further demands the right to continue negotiations during this year

The Sabsa letter also claims that the SABC made a profit of R37m last year "despite the efforts of some sections (such as TopSport) to throw millions of rands away. The (incomplete) balance sheet as supplied to us shows this profit, despite some creative accounting methods employed to disguise it" The union further claims that the corporation earned R19m in interest on investments in 1991.

The letter also refers to various instances of alleged misspending. The recent "Moscow Circus debacle," where the SABC is reported to have lost R3m, is cited It also accuses some departments of "lavish spending on certain marketing ventures such as hiring Boeings to ferry people around the country"

The recent acquisition of expensive furniture by the TV department is also referred to. According to an informed source at Auckland Park, almost R2m has been spent to refurbish TV's headquarters and studios. "The SABC seems to be able to spend vast sums on capital expenditure as well as supplying lavish furnishings and equipment to many areas of the SABC. The storerooms and passages are full of two- or three-year-old equipment and furniture that has become redundant but is still perfectly usable (or was purchased and then not used)," claims Sabsa.

An internal auditing team has meanwhile started an investigation into the Moscow Circus affair. Its tour was partly sponsored by the CCV channel (formerly TV2/3). In the wake of accusations that the SABC has lost almost R3m on the tour, Gerhard Coetzee, the CCV senior financial official who had been in charge of the project, suddenly resigned.

Sources say that TV CE Quintin Green accused Coetzee of not keeping him fully informed about developments. But the *FM* learns that Coetzee (who has a master's degree in costing and management and was previously employed by the Development Bank of SA) submitted a written report to the internal auditors in which he claimed he had at all times informed his immediate head, Madala Mphahlele; Mphahlele was responsible for informing Green.

Coetzee's associates say he resigned because of intense pressure from Green, financial director Steve Schubach and the legal department. They add that, apart from Mphahlele, who had supported Coetzee and pleaded with him not to resign, other members of top management had all put the blame on Coetzee for the blunder. After the first reports of the debacle appeared, Coetzee was ordered off work on medical advice. He could not be contacted for comment this week. The SABC declined to comment.

Eddie Botha

So much for Iscor sell-off W/Mail 28/2-5/3/92

ISCOR announced results that throw new light on claims by privatisation opponents, at the time of its listing, that Iscor was being sold for a song. A 43 percent drop in profits confirmed the investing public's belief that Iscor would not produce sparkling results. Anticipating the results, Iscor's share price dropped mid-week to 162c, well below its issue price of 200c.

(260)

Iscor's steely shine dims

BDay 28/2/92

260

MATTHEW CURTIN

THE ordinary punters who make up nearly 10% of Iscor's shareholding may be a little cheesed off with the company whose shares they bought at 200c a shot in November 1989.

The company they invested in not only failed to meet its forecast earnings growth in 1990, but by June this year will have reported two years of rapidly dwindling profit The company's much lauded capital expansion programme has left it with a near crippling debt burden The interest cover is down to 1,8 times The stock closed at 163c yesterday afternoon

Iscor cut its interim dividend on Wednesday to 3c a share, in line with its policy of maintaining a dividend cover of three times The total dividend is likely to be no more than 6c, compared with 17,6c in 1990

In the interim period ended December 1991, finance charges rose by more than 100% to R218m from R108m Iscor has R1,2bn in long-term loans, but R1bn in short-term borrowings too, plus the prospect of a final chunk of capital spending worth nearly R400m in the current six-month period

However, stock exchange analysts are unanimous that there is no reason for panic, even if Iscor is in a critical condition One analyst says "Iscor has to manage itself out of its current predicament It won't be rescued by the market, and if it does not get the finances right, it will blight its chances of capitalising on the next growth phase"

VAN NIEKERK

The key to Iscor's future prosperity lies not with the engineers who have traditionally run the company, but its financial management team. The problem is that there is little room for manoeuvre

Finance and Business Services GM Louis van Niekerk says that Iscor has to do something "drastic" about its interest bill, "We can no longer finance long-term assets with short-term debt, and you cannot rely on the good old days of a buoyant market to save you," he adds

Van Niekerk says Iscor examined every way to reduce the weight of its debt The company does not have a large enough assessed loss to issue preference shares, his preferred choice Market conditions preclude a rights issue, and as Iscor's tax bill has shrunk dramatically, it has no access to tax schemes to alleviate its position

The last resort is to convert short-term borrowing to long-term debt in a sensible fashion, to at least keep interest charges as flat as possible, as the capital spending programme draws to a close He says that Iscor this week has already converted R70m of short-term loans at a "more than favourable rate"

Van Niekerk says Iscor is now accounting for and forecasting market conditions and cash flow on a monthly basis, and has presented suppliers with an eight-point plan to help keep Iscor's input costs down The message to suppliers is "If you want to keep your volumes, you have to come to the party," he says

Iscor is now in a period of consolidation after the capital spending, but to give investors an adequate return it has to investigate further expansion That means reinvestigating options for reducing debt and raising money by 1994

The paradox is that despite the euphoria over Iscor's listing in November 1989 as the people's share, the timing of the listing suited the company itself and its institutional investors far better than the private investor Companies involved in a commodity business like the iron and steel industry invariably find that the time to use buoyant market confidence and accumulated profits to raise money and invest in the company's future is when the business cycle is at its peak

Iscor went to the market at that time and raised more than R1,2bn, as its R4bn expansion and revamping programme accelerated It was not the best time for the speculator who, ideally, should pick the bottom of the business cycle to buy his shares,

Of little solace to the private investor, but of some importance, is that Iscor has been caught out by the depth of the worldwide and domestic recessions which put paid to the optimism at the time of the listing

Iscor chairman Marius de Waal predicted in his last statement as the head of a state-owned company that global demand for steel would increase at 1% a year and local demand at 2,1% a year in the 1990s In 1991, world steel consumption slumped by at least 5% and demand in SA fell more As sanctions have been lifted, Iscor has been able to compensate to some degree for the drop in local demand for its products, by shifting its sales abroad

The move enables Iscor to operate at full capacity, but sacrifices profit margins because of tumbling world steel prices and rising freight costs This has knocked Iscor's margin on a ton of exported steel to about R700, against more than R1 000 on domestic sales for which prices are regulated One analyst put the company's effective operating margin at a meagre 9% compared with 19% in 1989

LETTERS

PAUL KRUGER. There's lots more waiting to be found in Mozambique's Pande gasfield

Sasol searches the world for gas, oil

S/Times (BUSS) 1/3/92 (260)

1/3/92 By ZILLA EFRAT

SASOL is looking at opportunities for oil and gas exploration in the North Sea, the Far East and Africa.

The synfuel producer's move into exploration is part of its goal to become an international player in petrochemicals and to enter areas where it has a competitive advantage

Sasol managing director Paul Kruger signed an agreement this week with Empressa Nacional de Hidrocarbonetos de Mocambique (ENH) for joint exploration of natural gas in the Pande field in Mozambique

Sasol has also applied for a licence to explore Namibian waters

Rich

Sasol general manager Jan Fourie says the company is talking to several African countries It is considering partnerships with multinationals for exploration in the North Sea if the oil can be produced at competitive costs

Sasol is also involved in negotiations related to rich Asian coal, gas and oil resources, in the heart of the growing Far East petrochemical markets

Mr Fourie says the move into exploration will provide Sasol with competitively priced raw materials closer to its markets

They may be sold as commodities or used as feedstocks to produce higher value added chemicals

Sasol will co-operate with partners who have access to resources, markets, capital or technology to share

International co-operation may be extended to include multibillion-dollar synfuel plants to make added value chemicals, using Sasol's advanced technology

Several feasibility studies to use Sasol technology for converting natural gas to liquid fuels and chemicals have been done

The company is examining several projects based on natural gas as a feedstock Synfuel and chemical plants the size of Sasol 2 or 3 may be built abroad, especially in the Pacific Rim

Sasol's exploration drive is aimed at securing the feedstocks needed for its growing export markets

Exports are expected to grow by more than R800-million in the next three to four years from R500-million in 1991

Sasol has established marketing divisions in Hong Kong and in Birmingham, United Kingdom It is setting up one for Africa

It has offices in London and Germany and agents in a host of countries

Mr Fourie says the Mozambique deal, signed this week, will have advantages for all involved.

The Pande field offers inexpensive gas because the reserve is not deep This gas could be sent to SA through a pipeline and sold to Sasol's gas division Gascor Gascor serves more than 700 industries on the Witwatersrand

The gas could also be used as a feedstock for value-added chemicals in the existing Sasol plant. Sasol may also sell the gas from Mozambique to future gas markets in Southern Africa

Tourism

Mozambique, which imports its fuel, will use the gas to develop its industry and tourism

Mr Kruger says a third party with gasfield development and production expertise will be brought into the Sasol-ENH venture and exploration could start by the end of the year

The Pande gasfield was discovered in 1961 and further exploration work was conducted by ENH in the past three years, including seismic survey and drilling of wells

Drilling indicates the presence of large gas reserves and geologists are optimistic that more are waiting to be found, says Mr Kruger

Tax greases Sasol

260

SASOL managing director Paul Kruger is grateful his group lifted earnings a share by 15% in these tough times.

The biggest contributor to the improvement was a reduced tax bill in the half-year to December — R209-million compared with R299-million in the first half of the previous year.

Sasol says that in 1991 a prudent over-provision was made in case the development costs at Syferfontein coal mine could not be ring-fenced — offset against the taxable income of the other mining operations.

A favourable ruling has been reached and the interim tax bill for this year is back in line.

S/Times (BUSS)
1/3/92

The net effect of lower tax was to raise taxed profit from R470-million to R540-million. Turnover edged down 1% to under R4-billion and operating income fell 11% to R869-million.

Mr Kruger blames lower refining margins and depressed international prices for petrochemicals on the slump in the world economy. Several foreign petrochemical plants have been closed.

Sasol's Natref refinery recovers about 86% of the crude oil feed as white products whereas a conventional operation yields below 70%.

Synfuels made an excellent contribution to countering cost increases as a result of a "substantial" volume increase of 3%. A weaker exchange rate offset the effect of lower dollar prices for petroleum products.

The chemicals division had a tough time against a backdrop of depressed prices.

Explosives and polymers improved and fertiliser manufacture was rationalised with the closure of the Sasolburg plant. Chemical exports make up about 7% of total turnover.

Mr Kruger is concerned about SA's petrol price at the pump. He believes it should be adjusted to reflect short-term movements in international prices and exchange rates.

On a breakdown of operating profit, 40% came from synfuels, compared with half last year when the oil price was higher. The oil, gas, coal and fuels marketing divisions jointly made 27% and coal mining 12%.

Syferfontein is running well and Mr Kruger says the potential for exporting coal is being looked at. It might involve a second coal terminal at Richards Bay, or the use of slack at the current facilities.

Short-term prospects are linked to the economy, the exchange rate and prices. In the longer run, Sasol's wide-ranging expansions should show good returns. Sasol expects a modest improvement on the whole year.

The shares are R19 and several stockbrokers are punting them.

Editor fears for life after inquiry into grants

(260) (48) ARG 31/3/92

The Argus Correspondent

JOHANNESBURG. — The editor of an industrial newspaper fears his life is in danger because of a campaign he launched to have the names disclosed of recipients of non-repayable government grants worth R41,6 million

Mr Martin Creamer, editor of Engineering News, launched the campaign in a front page editorial of his newspaper after two years of inquiries proved fruitless

Mr Creamer

Taxpayers money, he said, was being given to private businesses as non-repayable grants, but the recipients were not being identified even after projects financed were completed

He called on Trade and Industry Minister Mr Derek Keys to make public full details of all 84 non-repayable grants. Only R2 million was now being publicly acknowledged, he said

"Taxpayers rights are being violated Our objections centre on the government's refusal to allow a free flow of information relating to State expenditure, the fact that the grants are non-repayable, the fact that the recipients' identity is only disclosed when the 'final milestone payment' is made and the fact that if recipients fail to claim that final payment their identities may never be known," he said

Mr Creamer alleged that several large and profitable firms had received far larger amounts than the amounts revealed by the State

The Department of Trade and Industry said last week the release of the names of all companies which had received a subsidy under its R40 million a year electronics innovation support programme (who were previously assured of blanket secrecy) was imminent.

But Mr Creamer made a sworn affidavit to Bedfordview police after receiving what he interpreted as a death threat over the telephone

New controlling body for radio, TV planned

STAR 3/3/92

Political Reporter (260)

A neutral regulatory commission for all radio and TV stations is to be formed, the Government announced yesterday

Home Affairs Minister Gene Louw said the Government was planning to introduce legislation during the current session of Parliament after consultation with all interested parties

"Apart from the licensing of all broadcast services, the other main functions of the Commission for Telecommunication would entail the exploitation, regulation and supervision of terrestrial as well as space telecommunication technology."

The Government yesterday submitted this proposal at a Codesa working group meeting

In a statement, Mr Louw said the proposal would not directly affect the existing SABC's management structures, but would "introduce negotiated standards, norms and codes with which the SABC, like any other established independent and neutral broadcaster and user of electro-magnentic spectrum, will have to comply".

In yesterday's meeting of the Codesa working group, the Government proposed a complaints "tribunal" for broadcasting, chaired by a judge and two assessors

The tribunal would adjudicate in terms of a negotiated set of programme standards, and the universal media ethics in cases not covered by a possible extended media council.

"Such a set of programme standards should also confirm the independence and neutrality of a national public service broadcaster and adequately protect the SABC against interference by the Government or other politicians and against manipulation and intimidation from whatever source

"Such a complaints facility will have to be evaluated after a fair trial period and could form the basis of a permanent commission," the Government said

It added that this proposal did not preclude the SABC during the transition to develop, in co-operation with interested bodies, "mechanisms of advice and consultation on a broadcast programming according to a negotiated code"

ANC slams SABC moves

260

Sowetan 3/3/92

By ISMAIL LAGARDIEN

THE Government cannot make any kind of meaningful change to the SABC while its present management remained intact, the ANC said yesterday

The ANC was responding to a statement by the Minister of Home Affairs, Mr Gene Louw, at Codesa in which he said that legislation would be formulated later this year that would affect the SABC

Louw said that the Government had decided, as a necessity, to establish a "neutral regulatory commission" for all telecommunications

Neutral

The proposed legislation would "not directly affect the existing SABC's management, but will introduce negotiated standards, norms and codes" that would govern all established independent and neutral broadcasters

The ANC's Mr Sakkie Macozoma reacted curtly and strongly against the proposal and dismissed it

Macozoma said he was perturbed by the Government's statement that the legislation would be made "after due consultation with all interested parties"

He said that there was no clarity on exactly who these "interested parties" were - they could only be the parties in the tri-cameral Parliament

But an even greater problem was the refusal (by the Government) to accept that the problem with the SABC was in its management structure

"It (management) was appointed by them (the Government) to use the SABC to further National Party purposes," Macozoma said

Neutral control for broadcasting

(26) CT 3/3/92

JOHANNESBURG. — The government is to establish a neutral body to regulate all broadcasting services

The Minister of Home Affairs, Mr Gene Louw, said yesterday the parliamentary decision had been taken after information collected over the past few years was considered.

The information included the Viljoen Task Group report on broadcasting, and comments on the report

The body, to be called the Commission for Telecommunication, would license all broadcast services. It would also regulate and supervise terrestrial as well as space telecommunications.

The proposal was presented at Codesa yesterday, and initial reactions were mixed, with most delegates saying they wanted to study the proposals further.

● The ANC yesterday rejected enforced power-sharing and minority rights at Codesa, saying these provisions would result in a government effectively becoming a one-party system

Constitutional devices which had the effect of conferring executive power to minority parties posed the danger that the government would become a form of political monopoly, the ANC argued

● Controversy surrounding a clause in Codesa's Declaration of Intent concerning the interpretation of an unitary South Africa was resolved yesterday morning, a delegate said.

At the first plenary session of Codesa in December last year, the Inkatha Freedom Party did not sign the declaration, and voiced several reservations about the wording of the document, including the unitary clause.

"This will make it easier for the IFP now," the delegate said after Monday's meeting, adding that consensus had been reached about the interpretation of the clause. — Own Correspondent and Sapa

Eskom negotiates Eurobond issue

SHERIDAN CONNOLLY

ESKOM is to proceed with a bond issue on the European capital market believed to be worth between DM150m and DM200m.

Eskom executive director of finance and services Mick Davis confirmed yesterday that Eskom was negotiating a new Eurobond issue.

The exact date of the issue had not yet been decided but would probably be within the next two months, he said.

He said rumours on European capital markets yesterday that Eskom's planned bond issue had been delayed because of political uncertainty were pure speculation, although the referendum was "clearly an issue".

It is not yet known what the funds will be used for or who will manage the issue.

Eskom's issue follows the highly successful Eurobond issue by the Development Bank of Southern Africa early last month. Better than expected investor demand lifted the bank issue by 33% to DM200m from an original DM150m with a 10% coupon.

SA first returned to the international arena last September with the launch of a government bond issue denominated in Deutschmarks. This was followed up with a second government issue worth 250-million ecus.

260

Towards the end of last year, a proposed $200m Eurobond issue for the Independent Development Trust had to be withdrawn after opposition from the ANC.

13/2/92

Mwasa, SABC in deadlock over wage negotiations

260

By MATHATHA TSEDU

Sowetan 4/3/92

THE Media Workers Association of South Africa has deadlocked with the SABC over wage negotiations after the corporation claimed it could not afford any increases and withdrew earlier offers

Disclosing this in a statement this week, Mwasa accused the SABC of breaking an undertaking to review wages last October and said the corporation has insisted that it will only review wages after observing what other companies are offering

SABC negotiator Mr Christo Pretorius yesterday confirmed the deadlock with Mwasa and said the SABC was aware of the allegations made by the union.

The corporation was however unwilling to comment as it did not wish to conduct negotiations through the media, he said

Mwasa said in its statement that the SABC had asked that wage negotiations be shelved last year February until the completion of a national recognition agreement

The wages were to have been reviewed last October after the corporation had given workers increases of between 0-4 percent, the union said

But he says De Klerk's reforms are bound to end in chaos "He is trying to do something unnatural, to make us all live together. And he will fail, because we will never do that."

Anita Erasmus owns a small biltong shop in the centre of Pietersburg She says she becomes angry even when she thinks of the referendum, but that she will vote in the "only way possible" — "no"

"I agree with nothing De Klerk has done," Anita says She acknowledges there will be problems if there is a majority "no" vote because reforms have gone so far already "But there will be problems whichever way the vote goes

"We can't say 'yes', because this is the last chance for white people in this country." She had started to say "Afrikaners", but changed to "white people" did she think whites were

in particular.
DARIUS SANAI reports.

now a community?

"Yes, of course we are We must live under our own government and they must live under theirs"

Erasmus, like most of the women I spoke to in Pietersburg, said she was not the type of person to fight in a civil war, but said she would do whatever she had to to stop what she saw as the inevitability of an ANC government "I don't hate the blacks If there's someone I hate it's De Klerk And we are going to stop him"

The men who live and work in Pietersburg, compared with those on nearby farms, tend to be less conservative An estate agency owner, a restaurateur and an accountant all told me they would vote "yes" But all get things more organised" Their "yes" votes would be conditional.

Hans Pieterse, who owns a local car dealership, echoed Bert and Sophie's sentiments by complaining about the mess SA was in But he went on to say he would be voting "no" — and claimed most of his clients, local farmers, would vote "no" too

His comments were very similar to those of a Pietersburg gun shop owner "Things have got to change, we can't go back But the CP knows better what to do for us during the change De Klerk is just giving everything to the blacks"

The older, less affluent generation seems to be what unites Pietersburg and Tzaneen the "no" generation that will vote to fight against what they see as a betrayal of the volk

Report by D Sanai TML 11 Diagonal St Jhb

Film body slams telecommunications move

B Day 4/3/92

GOVERNMENT's decision to establish a Commission for Telecommunications paid lip service to the process of negotiations at Codesa, the Film and Allied Workers' Organisation (Fawo) said yesterday

Fawo general secretary Willie Currie said in a statement that Home Affairs Minister Gene Louw seemed hell-bent on proclaiming legislation regardless of what Codesa might decide about the future of broadcasting in a transitionary period

"If the Minister recognises that a process of negotiation is taking place in SA, he should not merely inform Codesa of a government decision"

According to Fawo there had been broad consensus for over two years that government's authoritarian control over broadcast regulation should be transferred to an independent regulatory body 260 283

It said government's own commission outside of Codesa or interim government processes would have no credibility

Government should make it clear whether the decision-making forum on the future of broadcasting and telecommunications was Codesa or the Department of Home Affairs, Currie said — Sapa

● Comment Page 8

The best boss

KATHRYN STRACHAN

THE search is on for SA's top boss as nominations open for the Best Boss Award

Organisers Edilcom Personnel Consultants and Career Success magazine say they are again looking for a "special boss who, apart from his or her specific skills in the business world, also excels in relations with employees"

Minister Pik Botha.

Trust Feed accused sketches attack

B Day 4/3/92

Own Correspondent

MARITZBURG — Trust Feed trial accused and former SAP special constable Kehla Ngubane denied yesterday that he was a member of Inkatha and said he and the other special constables were trained not to associate themselves with politics

Ngubane is one of seven policemen and former special policemen charged with 11 murders and eight attempted murders in connection with an incident in Trust Feed where men, women and children were shot dead while attending a funeral vigil during the night of December 2, 1988.

Ngubane alleged that former New Hanover station commander, Capt Brian Mitchell, instructed him and three other special policemen to attack a house with "terrorists" at Trust Feed that night

Ngubane said he and co-accused Dumisani Ndwalane were woken at about 1 30am by an "aggressive" Mitchell who instructed them to get their firearms and follow him He dropped them at a junction near Mbongwe's Store and later returned with two other special constables, Thabo Sikhosana and David Khambule

They then proceeded to house 83 in Trust Feed Ngubane said he, Ndwalane and Mitchell went to the back of the house

Mitchell took Ndwalane's firearm "I heard a knock Then I heard a voice enquiring 'Who is that?' Another voice responded 'We are the police' The lamp was then put out A gunshot went off, then gunshots went off all over, also in front"

Ngubane said Mitchell fired a shot through a window into the house, then handed the gun back to Ndwalane and left

"I fired two shots through the back window Ndwalane also fired at the same window I don't know how many shots" Afterwards they picked up the cartridges as they had been instructed to do

The hearing continues

Ex-CE Walter Pugh on fraud charges

SUSAN RUSSELL

FORMER East Rand Colliery CE Walter Pugh appeared in the Rand Supreme Court yesterday on charges of fraudulently obtaining R14,3m in finrands, which he allegedly used to buy and export gold in contravention of exchange control regulations

Pugh, 57, of Craighall Park, Johannesburg, and co-accused Ian Meadows, 45, of Parktown North, Johannesburg, are both charged with 28 counts of fraud and exchange control contraventions

Neither was asked to

Pugh's counsel Max Hodes SC was unavailable because he was busy with the finrand fraud trial of former Interboard chairman Ed Dutton

Pugh also needed time to prepare his defence, which included consultations with people overseas

The judge urged Meadows, who appeared without

BROADCASTING FM 6/3/92 (260)

Rose by another name

Will a "neutral regulatory commission" make any difference to broadcasting and, in particular, to the SABC? It all depends on who appoints the commissioners

In the bureaucratic Home Affairs-speak that is the trademark of Minister Gene Louw, "apart from the licensing of all broadcast services, the other main functions of the Commission for Telecommunication would entail the exploitation, regulation and supervision of terrestrial as well as space telecommunication technology"

The commission "will introduce negotiated standards, norms and codes" for the SABC and other broadcasters, including "new broadcasters who wish to broadcast at local or community level"

What this means is that government is considering allowing competitive broadcasting, but not nationally. The SABC has almost a monopoly with M-Net allowed to provide a service only to subscribers There are no independent radio stations in SA both

FM 6/3/92 (260)

Capital and Radio 702 transmit from homelands (Transkei and Bophuthatswana) that are technically independent

Louw says legislation will be introduced during the current session of parliament, "after due consultation with all interested parties."

However much consultation there is, with the ANC or anyone else, the neutrality of such a commission — commercially and politically — will depend entirely on who is appointed to it.

Neither the NP's track record of appointments to the SABC board, itself neutral in theory, nor the interventionist pronouncements by the ANC have been exactly inspiring. ■

STAR 6/3/92

Eskom boss to head branch of Armscor

260

CAPE TOWN — Eskom chairman Dr John Maree has been appointed to head the Denel group formed as a result of the commercialisation of part of Armscor, Minister for Public Enterprises Dr Dawie de Villiers said yesterday.

Denel is an abbreviation for Detonics and Electronics, and will manufacture high-grade armaments technology.

Dr de Villiers said chairmanship of Denel will be held by Dr Maree in addition to his current responsibilities at Eskom and Nedcor.

Johan Alberts, currently chief executive officer of the Armscor Group, will be managing director of the new group, which starts on April 1 — Sapa.

ISCOR FM 6/3/92 (260)

Planning the next capex splurge

Iscor's capital spending spree of the late Eighties has come home to roost. It must now cope with crippling finance costs and gearing at a record high

Naturally, the steelmaker argues the spending programme was needed to improve technology and increase beneficiation of products And the outlay has put Iscor in a good position to boost profit when international and local steel markets improve

The problem is that there is no sign of that happening this year and it might not take place until well into 1993 Meanwhile, there is little Iscor can do but hold back costs — and that in itself will take some mettle — until better days arrive

The capex programme, which cost R3,5bn over the past three years, is nearing completion, with R800m budgeted to be spent this year and about R500m in the 1993 year But it has cut deeply into profitability Earnings for the six months to December are down 43% to R171m, the lowest level in many years

The debt burden has climbed to R1,2bn in long-term loans and R1,04bn in short-term debt — up 12% in total on the previous six months Finance costs are at a high of R218m, more than double those of the previous interim period

But, while acknowledging the cost has been high and saying further capex will be restricted to "essential replacement and maintenance" over the next year or so, management intends to resume a higher capex programme when markets improve and gearing is down — this time going to the market to help fund the expenditure

That could be as soon as early 1994 Gearing is now 30,2%, not debilitating but high compared with the 3,8% shortly before listing in November 1989 and in view of current profitability

Deputy MD Nols Olivier says that when gearing reaches a more comfortable level, a new capex programme will be instituted and it will probably be financed in part by a new issue of capital.

"We might look at alternative instruments That is being considered," he says "What we won't do is go to investors now and ask them to finance our debt burden We would rather consolidate and contain costs, going to the market when business conditions have improved"

Iscor's Olivier *may go back to the market*

Olivier cannot give a figure for the cost of the future capex programme He says any estimate will depend on markets and requirements But, he says, Iscor has a lot of new projects on the drawing board to upgrade and broaden its product range and to diversify its activities

He does not want to discuss some of these Others are aimed at getting the corporation into less-cyclical markets such as housing, tin plate for the beer and beverages markets and manufacturing secondary products for the export market

"We are already making value-added products such as pipes and wire," he says "We have increased our share of the beer and beverages market to about 21% and plan to capture 30% of this market in the next 18 months," he says

Meanwhile, Iscor will have to work hard to control working capital Besides reducing capex in the short term, an eight-point plan is in place But the vertically integrated nature of Iscor, with part of the supplies and stock coming from within the group, could make that difficult

Converting short-term loans to cheaper medium-term loans is easing the burden Olivier says about R70m short-term debt has been converted "at good rates"

Every R1m saved will help but this alone will not solve the problem of finance costs Reducing stock is also important Stocks are down in real terms on the R2,2bn figure at the June year-end. That is a good long-term strategy, but Iscor really needs to sell more tons into the local market to improve its profitability

The domestic market for steel remains flat, with no encouraging signs of an upturn this year

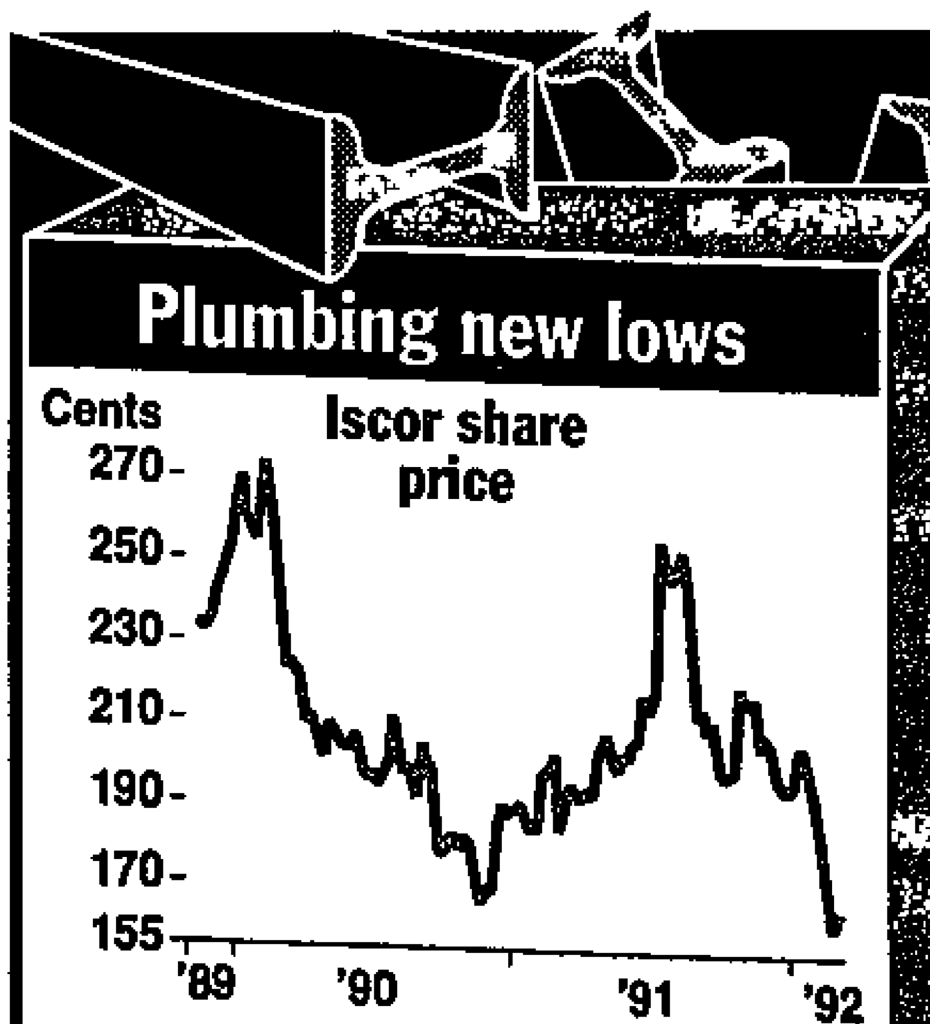
"It's no secret that the local market is still our prime source of income," says finance and business services GM Louis van Niekerk "Exports are important With 52% of total products being exported, we are having to look at the international market with very different eyes We have built up some good contacts there"

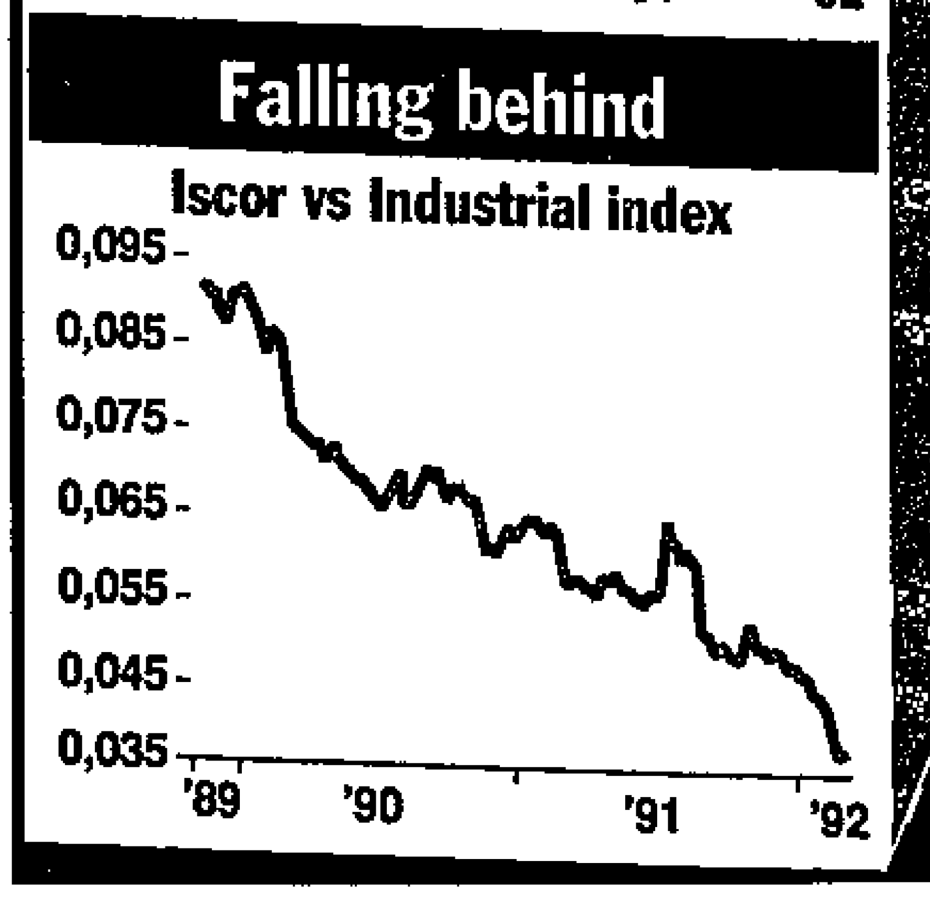
Exports are important in that they help to keep capacity at optimal levels — Van Niekerk says Iscor will continue to concentrate on producing every ton possible, exporting all surpluses — but it is the local market that counts

Iscor's product range and pricing varies greatly Still, it is estimated that a ton of steel fetches about R1 400 on the local market and about R850 on export markets.

Even the less lucrative international prices have knocked Iscor's profits The price of billets dropped 12% to just over $200/t since the beginning of last year. Prices of the more profitable hot-rolled sheet metal fell 20%, to about $260/t, in the same period

"The markets are not going to help us materially in the short term We can concentrate on control of our costs and cash management This we are doing," says Van Niekerk That holding operation will have to





Source I NET

CAPEX CRUNCH

Six months to	Dec 31 '90	Jun 30 '91	Dec 31 '91
Turnover (Rbn)	3,60	3,77	4,16
Operating income (Rm)	329	304	177
Attributable (Rm)	301	316	171
Earnings (c)	16,1	16,9	9,2
Dividends (c)	4,5	6,5	3

continue →

FOX

FM 6/3/92 260

continue for some time before markets improve While Olivier sees no chance of Iscor posting a year-end loss, he does not foresee any improvement in earnings.

Shareholders who invested at the issue price of R2 when Iscor was listed just over two years ago have the choice of selling out of the share now, at a record low of 163c, or waiting for an upturn At this level, the share could rally.

Iscor was punted as a good growth stock when it was listed, but the market view is changing The share is increasingly being seen as cyclical. With the steel industry, as a rule of thumb, running in six- to seven-year cycles, the world price should be close to the bottom now.

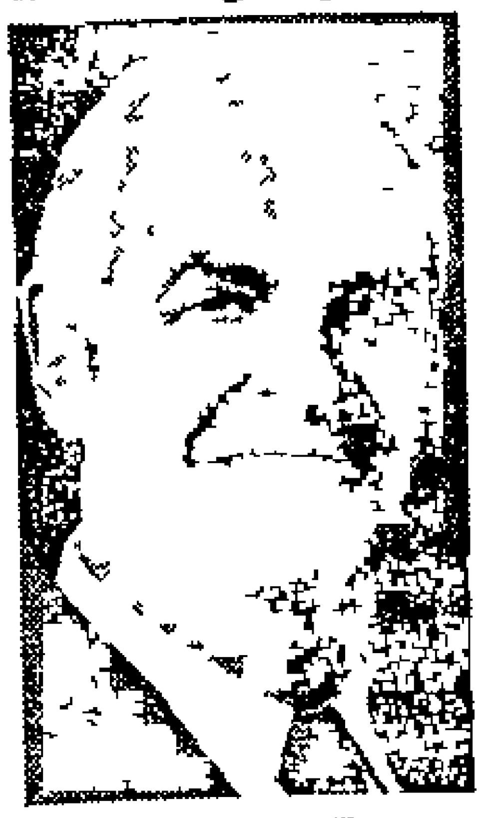
Dramatic movements are unlikely over the next six months An investor would have to take a three-year view on the share *Shaun Harris*

Eskom's Maree (260) Armscor chairman

B/Day 6/3/92 Political Staff

CAPE TOWN — Eskom chairman John Maree has been appointed chairman of the commercialised wing of Armscor

Public Enterprises Minister Dawie de Villiers said yesterday Maree had been appointed chairman of industrial group, Denel (Pty) Ltd, and Armscor group CEO Johan Alberts had been appointed MD



● MAREE

The Denel group, which will start operations on April 1, came into being with the commercialisation of part of Armscor Denel will manufacture high-grade armaments technology

De Villiers said Maree would hold the chairmanship of Denel in addition to his responsibilities at Eskom and Nedcor

"The Cabinet is grateful that a mature and experienced businessmen with the stature of Dr Maree was prepared to accept the appointment," De Villiers said.

Denel's headquarters would be in Pretoria and the company would fall under the Public Enterprises Minister

Maree said last night he had been instrumental in setting up Armscor and had spent three years at its helm He described his appointment as an "exciting prospect"

Coloureds want own wavelength

C Press 8/3/92

By THEMBA KHUMALO

A GROUP called the Advancement and Upliftment of the Coloured People's Talent is to meet SABC chief executive Wynand Harmse this week to demand a radio station which will cater for their community interests. (260)

Group spokesman Lionel Miles said if their demand was not met they would interpret this as "sheer racism" and would ask that all ethnic stations be replaced by one national radio station

"We feel left out in the broadcasting industry because we don't have a radio station that caters for our own interests Every ethnic group in this country has its own radio station, except the coloureds," Miles said.

The group would demand two things from Harmse — that he open another radio station manned by coloureds, and that television should show more coloured faces in its programmes.

Miles said there was lots of talent in his community which needed to be exposed by the broadcasting corporation.

ANC poised to jam Govt airwave plans

STAR 7/3/92 (210)

Stars to shine brightly for FW

CAROLINE HURRY

IF it was good enough for US President Ronald Reagan, then should it be good enough for us too? Maybe

A Johannesburg astrologer has consulted her charts to see if she can get a glimpse of the possible outcome of the referendum

According to Mel Berman, South Africa will vote "yes" — but not by the landslide majority the State President would like There will be plenty of "no" votes and abstentions, she says, and she believes there may even be bloodshed "behind the scenes"

"Alliances are taking place behind our backs and much is being hidden from the public The relationship of Pluto, the planet of death, to Saturn and Mars, indicates both uprisings and the death of existing structures

See Page 6

"South Africa will be irrevocably changed by the referendum and, while changes will be far-reaching, the full historical impact will take a while to be realised

"President de Klerk is certainly the right man for the job He is a Pisces with Sagittarius rising and Moon in Capricorn, which indicates a certain level of conservatism

"This is nicely balanced by Uranus in Taurus which shows he is not afraid of changing structures and puts his money where his mouth is. He has already made changes in South Africa that no other leader was prepared to risk.

"In its most positive aspect, Pisces is the sign of a visionary for peace, while his Sagittarian ascendant shows an ability to see the bigger picture, understand trends but avoid precipitous action and try to make things happen as non-violently as possible," she says

According to South Africa's chart, a revolution is brewing in existing structures with Neptune and Uranus moving through South Africa's 11th house

Never before, says Ms Berman, have we been as open to different groups with the most startlingly opposite views This also means the majority of South Africans will no longer sit back and "play victim"

On the day of the referendum, the planets Mars, associated with violence and war, and Saturn, which rules political, economic and business structures, are seven degrees apart They are both in the sign of Aquarius which should bring about a revolution to change existing structures so that the equality of all is acknowledged

"The position of Mars at 21 degrees also symbolises the agonies involved in cleansing ego-oriented minds," says Ms Berman "The referendum chart has a Pisces Sun which rules the principle of the oneness of all Aries is the ascendant which indicates new beginnings while the Moon in Virgo is associated with the healing of wounds relating to the masses, families and philosophies

"Uranus and Neptune in Capricorn also symbolise the dissolving of structures to bring about new ideals

"Change that happens now will set a precedent for the integration of different values We have to revolutionise our political and economic structures and also the ways in which we interact with each other

"The chart has a Yod configuration, which is symbolic of the 'Finger of God' or destiny The Yod involves Chiron as an apex planet in the fourth house

"The Yod clearly points out that we have to heal our own issues around security and family by acknowledging that South Africa is the home of all South Africans regardless of race, colour or creed This is the only way to facilitate change as peacefully as possible"

So now you know

THE WAY AHEAD Astrologer Mel Berman predicts a "yes" vote in the referendum. ● Photograph: STEPHEN DAVIMES

THE ANC is expected to table counter-proposals to those laid out on broadcasting control this week by Home Affairs Minister Gene Louw. IAN GRAY reports.

GOVERNMENT proposals for a neutral body to regulate radio and television are likely to face stiff opposition from the ANC, which is to table its own proposals to Codesa this month

Home Affairs Minister Gene Louw this week tabled proposals for a new controlling body and a fresh look at broadcasting Months of investigation are likely to be necessary before legislation can be laid before Parliament, and many more months are likely to pass before it can be implemented

Contention

It will have to cover, among other things, a code of ethics, allocation of frequencies and a techno-socio-economic investigation into all aspects of broadcasting

The ANC has not reacted officially to the proposals submitted on Tuesday, but it is clear that continued operation of the SABC's existing management structures is likely to be the biggest bone of contention

ANC media liaison officer Saki Macozoma says "Many of those people belong to the Broederbond and they are not impartial"

"There has to be a shake-up and new people brought in

"We will not go through an election with the SABC as it is, because we will never get a fair chance"

Mr Macozoma says many among the SABC's ranks are "propagandists, not journalists"

In his announcement this week, Mr Louw said a neutral regulatory body would be established during the current parliamentary sitting to control broadcasting in South Africa

Apart from licensing all broadcast services, it would exploit, regulate and supervise land and space telecommunications technology

The minister said the proposed legislation would not affect existing SABC management structures directly but would introduce negotiated standards, norms and codes with which the SABC, like any other established independent and neutral broadcaster, would have to comply

The Government's proposals include a complaints tribunal for broadcasting, chaired by a judge and two assessors who would adjudicate in terms of a negotiated set of programme standards and universal media ethics in cases not covered by a possible extended Media Council

The programme should confirm the independence and neutrality of a national public-service broadcaster and "adequately protect the SABC against interference by the Government or politicians and against manipulation and intimidation"

The Viljoen Task Group recommended that members of any independent body established to control broadcasting should be drawn from a wide spectrum of society — universities, the Church, performing arts councils, and even from the Government or political parties

Expires

The appointment of the 15-strong board of the SABC will be scrutinised once the Commission for Telecommincations is established However, it appears unlikely that the board will be abolished

The present board's term expires next March No changes are expected before then

The Film and Allied Workers Organisation, which has called for the immediate appointment of an independent broadcast control authority, this week condemned the proposal to establish the commission as "a unilateral attempt to restructure broadcasting" which paid "lip service to the process of negotiations at Codesa"

Sasol is blamed for deaths

WILSON ZWANE

AN INQUEST hearing has found Sasol 3, and four of its engineers, criminally responsible for the deaths of 12 people in a devastating fire at its installation near Secunda on January 30 1989

The accident at Sasol's Synthol plant — which caused damage of R50m — is regarded at the most expensive industrial accident in SA history.

Sasol spokesman Jan Krynauw said his company had taken note of the inquest findings. BDay 9/3/92

The Chemical Workers' Industrial Union (CWIU) said in a statement at the weekend the finding on the accident came a day after seven of the widows had settled their claims against Sasol 3 for a total of more than R1m

The union said inquest magistrate C van Niekerk and two assessors on Friday found that the deaths of the 12 people were caused by the negligence of Sasol 3 and four of its engineers.

"The magistrate found that there was a total disregard of certain regulations contained in the Mines and Works Act in that unsuitably qualified persons were allowed to control and regulate maintenance of the plant," the union said 260

It said it was found that modification to a pipeline, which had ruptured, was not brought to the attention of suitably qualified people who were in a position to assess the consequences of such modification

"The magistrate found that although an

To Page 2

Sasol BDay 9/3/92

260 From Page 1

inspection some 10 months after the modification showed that the pipeline had deteriorated to such an extent that it had to be replaced, no corrective action was taken

"As it was, the court found that the modification led to the failure of the pipeline and the fire," the CWIU said

The union said although it welcomed the finding, laws governing safety and health in the workplace had to be changed so that workers were involved in the setting and maintaining of safety standards

The union also demanded the prosecution of Sasol 3.

"The matter, of course, will go to the attorney-general for his perusal," Krynauw said, declining to comment further

Former Transvaal Attorney-General Don Brunette said it took up to a month for inquest reports to reach the attorney-general's office

Radio station to fight for permanent licence

(210) CT 9/3/92

CAPE TOWN's first independent radio station, CTFM, goes off the air at midnight tonight — but the station's pioneer has vowed to continue the fight for permanent broadcasting rights.

CTFM was only granted a temporary licence by the government to operate during the Cape Festival

"I didn't fight for 12 years for a 10-day radio station," Mr John Grierson, the managing director of CTFM, said last night

The station has been broadcasting from the Waterfront and was well-received by both listeners and radio critics.

"We have been responsible, popular with our listeners, and there is nothing to suggest that our existence could cause the SABC to fall into the sea," he said

Mr Grierson said he had applied to the Minister of Home Affairs and Broadcasting, Mr Gene Louw, for full broadcasting rights, but had "still not received a reply".

"We understand that frequencies are limited and there is a need for control. But it's taken far too long for local independent radio stations to be given the green light."

Mr Grierson also dismissed suggestions that his station should broadcast from transmitters in the homelands — as Radio 702 and Capital Radio have done from Bophuthatswana and the Transkei respectively — to overcome the government's veto.

Eskom fund buys Natal centre

PETER GALLI 260

THE Eskom Pension Fund has bought the Pavilion shopping centre in Westville, Durban, for R340m from developers Murray & Roberts Properties (Natal) and Retail International, the companies announced yesterday

There was competing interest for the development from other financial institutions, M &R Properties (Natal) MD Chris Lawrence said.

The centre hit the headlines when Johannesburg-based developers Matrix Projects sought a court application to compel the Westville town council to reverse the sale of the land to Murray & Roberts Properties.

It also called for Westville to re-institute the tendering procedure This followed the simultaneous announcement by Westville and the Durban City Council that they were going ahead with plans for their own regional shopping centres, despite sufficient demand for only one

"This matter went to the Supreme Court but was dismissed with costs. Other similar applications were also dropped with costs once the Durban City Council decided not to proceed with its regional shopping complex at Sherwood," Lawrence said.

The 75 000m² centre, under construction at the N3 Westville interchange, will offer about 200 shops, eight Nu-Metro cinemas and restaurants and fast food outlets.

The Pavilion, which comes on-line in October 1993, is about 50% let. Woolworths and Edgars have committed themselves to flagship stores of more than 8 000m² each. OK will launch a 15 000m² Hyperama, while Pick 'n Pay will take a 5 500m² supermarket and Game a 4 000m² store.

Eskom Pension Fund property development adviser Jan Mostert said. "The Pavilion will strengthen the fund's geographically diversified portfolio of shopping centres."

BD 23/09/92

Govt's R150 takes on benchmark stock's role

BDay 10/3/92

260

SHARON WOOD

GOVERNMENT's R150 stock had overtaken the Eskom E168 stock as the benchmark in the domestic capital market, market analysts said yesterday

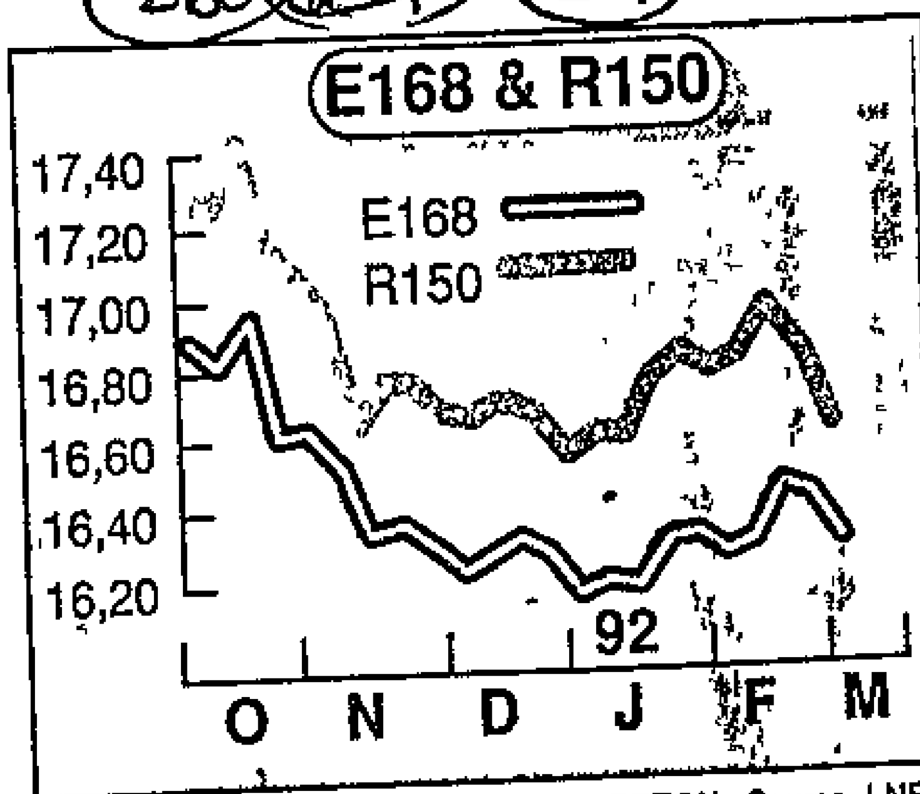
Volumes traded in the R150 in February had been higher than in the E168 for the first time In September last year, E168 volumes had been double government's R150 stock

A Reserve Bank spokesman said the R150 had, to a great extent, replaced the E168 as the benchmark stock This was a result of the Bank's market-making activities in the past few weeks

Professional traders who had previously traded in E168 were now trading in R150 and volumes had risen considerably, he said

"The gap between the two stocks has closed and will probably close even more," he said The interest differential between the R150 and E168 was 32 points yesterday, compared with a differential of between 50 and 55 points during the past few months

"Big investors are mainly in the R150 and more than half of the E168 issue is held by foreigners, who do not trade actively in the stock but rather buy and hold"



Graphic LEE EMERTON Source I NET

Simpson McKie analyst Marilyn Visser said the differential had narrowed very quickly, but this could be a result of manipulation ahead of the Budget

Government's funding requirement for the year, which would be announced in the forthcoming Budget, would give a pointer to the future size of the differential, she said A large funding requirement could see the differential between the two stocks increase again Visser did not expect the differential to narrow further

The Reserve Bank spokesman said a large funding requirement would not be financed by the R150 because the R32bn issue of the stock was already very large It would issue other government paper and keep the R150 as a market-making stock

Eskom spokesman Gerhard Ramage said Eskom was not worried about the size of the gap between the two stocks because its only concern was to get funds as cheaply as possible

Ivor Jones analyst James Greener said the R150 had already become the benchmark, because it was the largest trading stock

SABC faces a wage strike

Sowetan 11/3/92

260

By MATHATHA TSEDU

THE SABC is faced with a strike by Media Workers' Association of South Africa members if a deadlock over wage negotiations is not resolved at a conciliation meeting

Disclosing this in a statement this week, Mwasa accused the SABC of breaking an undertaking to review wages last October and said the corporation has insisted that it will only review wages after observing what other companies are offering.

SABC negotiator Mr Christo Pretorius yesterday confirmed the deadlock with Mwasa and said the SABC was aware of the allegations made by the union.

The corporation was however unwilling to comment, saying it did not wish to conduct negotiations through the media, he said

Mwasa said the SABC had asked that wage negotiations be shelved in February last year until the completion of a national recognition agreement

Wages were to have been reviewed last October after the corporation had given workers increases of between zero and four percent

The corporation refused to review the wages last October but later relented, only to again refuse to look into the wages, claiming that the state of the economy did not allow any increases then, the union said

"It is disappointing that a company like the SABC does not seem to understand bilateral relations which have nothing to do with the performance of other companies The dispute still has to go to a conciliation board before a strike ballot can be conducted No date has been set for the hearing.

IDC investigating new satellites

B/Day 11/3/92 (260)

EDWARD WEST

THE Industrial Development Corporation (IDC) is investigating the viability of new satellite services on behalf of potential users and the local electronics industry, IDC MD Carel van der Merwe said yesterday.

The IDC was still awaiting feedback from potential users in order to complete a demand survey. When this was done the IDC would ask potential international satellite suppliers such as Intelsat for proposals, including the provision of leasing capacity, he said

Satellite Applications Centre operations manager Ike Marais said yesterday there was a growing realisation in the electronics industry that SA needed its own satellite service This could involve buying transponder space on an existing satellite or approaching an international supplier to build and launch a satellite on SA's or southern Africa's behalf

He said SA did not have the ability to manufacture a satellite although a small one was being assembled in Stellenbosch

At present SA leases the services of four remote sensing satellites, the European Intelsat organisation and a Soviet communications satellite

Rightwingers meet SABC chief Harmse

Leaders of three right-wing organisations met SABC chief Wynand Harmse yesterday as the battle over television coverage of the referendum campaign hotted up 260

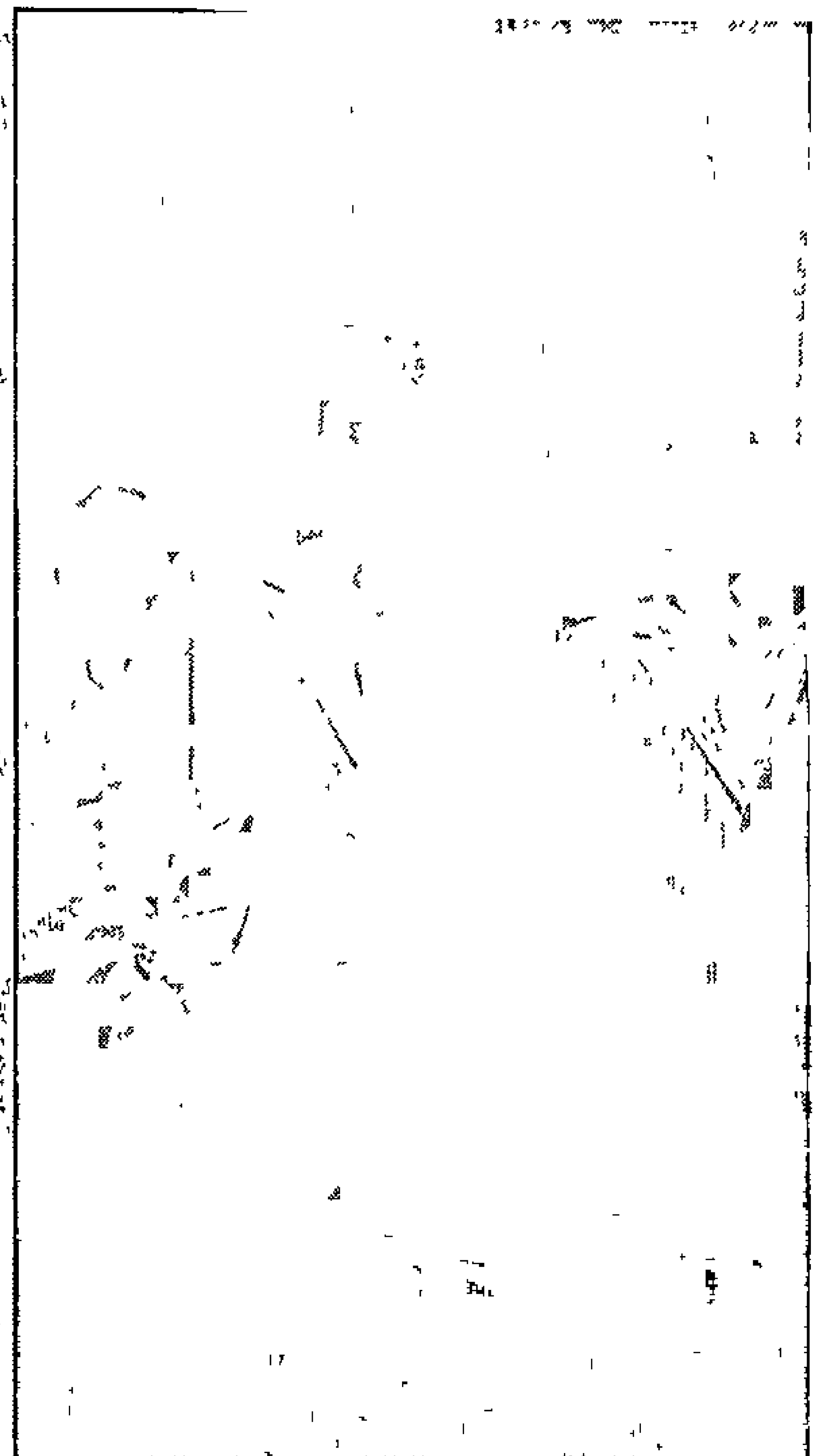
The meeting followed right wing allegations that the SABC, among other things, had stopped screening referendum debates because "yes" campaigners were being "trounced" STAR 12/3/92

The organisations — the HNP, the Oranje Werkers and Quo Vadis SABC — yesterday voiced their concerns about the treatment of the right wing on TV

After the meeting at the SABC, the rightwingers claimed they had been given an assurance that live TV debates would be screened during the remainder of the referendum campaign

SABC's Editor-in-Chief, Television, Johan Pretorius told The Star that live debates were being scaled down but not cancelled — Political Reporter

Report by E Waugh, 47 Sauer St, Jhb)



Protest . . . rightwingers Tim van der Westhuizen (left), Kays Smit (centre) and Johannes van den Berg discussed right-wing publicity during a referendum debate at the SABC yesterday. Picture: Stephen Davimes

STATE DEVELOPMENT AGENCIES

Three cooks in the kitchen

FM 13/3/92

260

It is time to review their structure and functions

The Nationalists came to power with little or no faith in the wealth-creating powers of the free market To this was added an obsession with industrial self-sufficiency motivated partly by economic nationalism and partly by (ultimately justified) fear of sanctions

The result was the misallocation of resources into self-sufficiency projects with an inadequate or even negative return on capital invested

One major legacy is the huge asset base of the Industrial Development Corp (IDC) — admittedly founded before 1948, but greatly enlarged during this government's tenure The IDC has notably operated as government's main vehicle for financing Sasol, other major projects such as Foskor, Alusaf, Atlantis Diesel Engines (ADE), and Saiccor

There are two other development agencies the Small Business Development Corp (half-owned by the State) and the Development Bank of Southern Africa (DBSA)

Their future must be considered jointly, though each has its own financial structure, declared mission and corporate culture — and different political overtones

The IDC was established by Act No 22 of 1940 to promote industrial development Its 1991 balance sheet shows total funding of nearly R5,4bn and an operating income before tax of R466m The balance sheet gives no details of holdings in subsidiaries or of minority interests, but MD Carel van der Merwe says taking quoted interests at market value would bring asset value to about R8bn-R9bn

Though the IDC's functions include the provision of export finance and R&D, directed in particular to the beneficiation of minerals to add value for export, it has become effectively a State-owned industrial conglomerate

Its largest holding was until recently the 29,7% public-sector stake in Sasol (assuming all this was held via the IDC) Ten per cent of Sasol's equity has now been placed with the State Pension Fund, so the IDC's holding was down to around 20%, pre-rights issue The IDC advanced R500m to Mossgas fully secured but this has been repaid

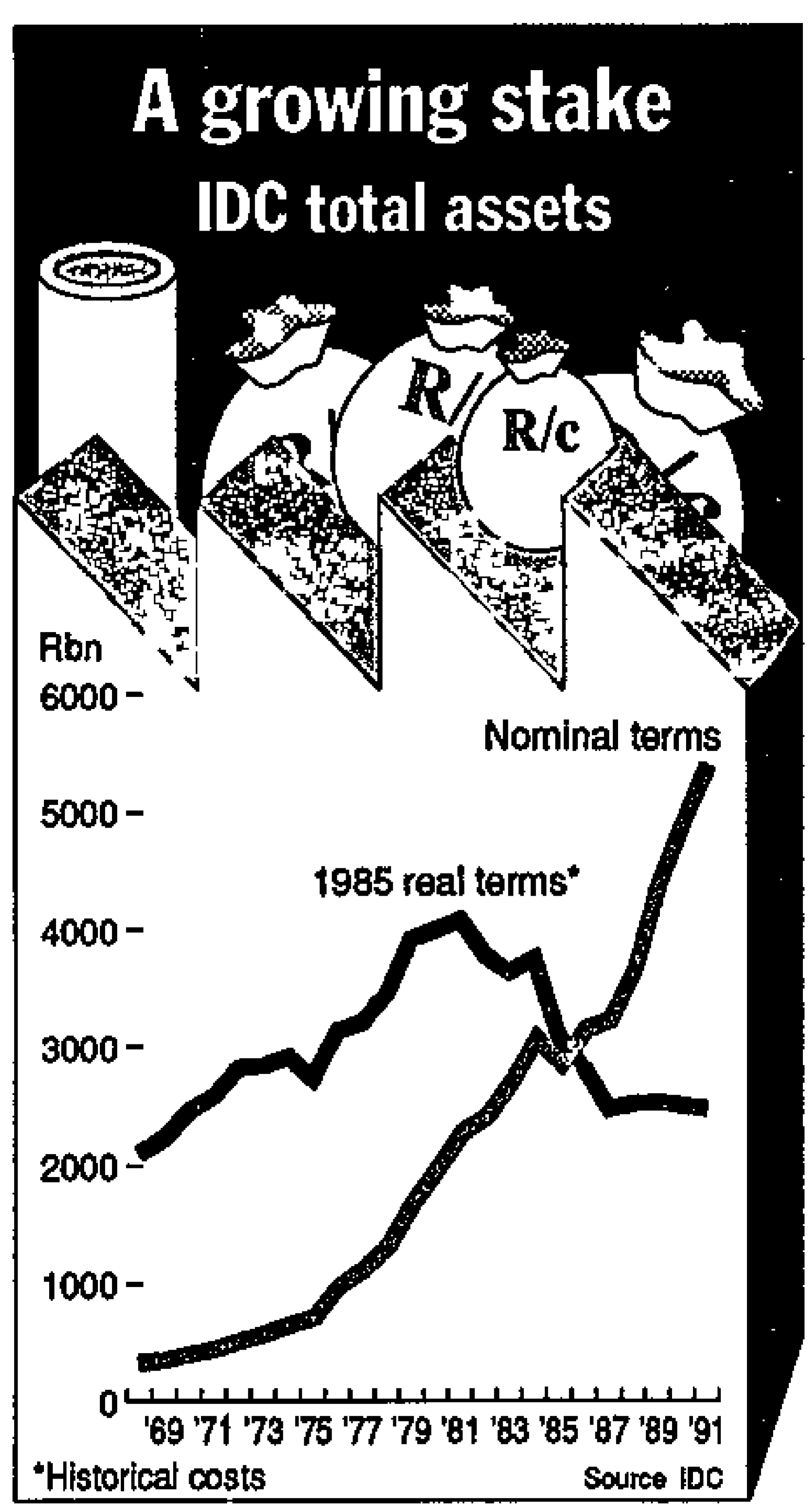
It also controls the listed investment companies, Industrial Selections and National Selections, which have significant holdings in Bankorp, Impala, C G Smith and C G Smith Foods, Palabora, Sasol and Sappi The 51% stake in this pair, explains Van der Merwe, arose out of the need to create investment vehicles for holding unquoted ventures with foreign partners, the quoted portions of their holdings arose incidentally

The latest directors' report says the IDC has resources to mobilise some R10bn for industrial development over the next six years — through the gradual realisation of passive holdings — to which new projects of the order of R30bn could be geared

As sole shareholder, government has directed the IDC to pay out substantial accumulated profits as dividends, that are directed to the DBSA The first dividend of R500m was paid in the financial year to June 30 1991, the second will be paid at the end of financial 1992 However, it has been agreed with government that proceeds from any future sale of IDC investments will be retained for financing new ventures

In a policy statement dated February 6 1991, government and the IDC made a broad commitment to follow free-market principles Government promised not to act as entrepreneur in the establishment of major industries, nor use the IDC for these tasks, "except under exceptional circumstances " Government also promised not to introduce fresh capital into the IDC, which would have to use its existing assets on a revolving basis to develop new ventures

The IDC claims that all projects now being considered "show acceptable projected economic returns, are internationally competitive world-scale operations and have reasonable prospects for implementation." These are brave words but they beg some important questions about past ventures



The most ambitious prospective project is the Columbus stainless steel venture, promoted by Samancor and Highveld Steel & Vanadium This will cost an estimated R4bn and have to be sustained by major tax concessions A final decision to proceed is expected this financial year Other possible mineral beneficiation schemes involve alumina, magnesia and potash

The IDC (wisely) decided not to take up a 20% stake in Mossgas, as the Central Energy Fund has mobilised enough funds to finance it But it is evaluating the establishment of a cracker there Van der Merwe assures that a cracker will be established only if additional gas reserves can be confirmed to provide the raw material, and says the IDC rejects as uneconomic a cracker based on imported naphtha (a fraction of crude oil) — a proposal long-touted by some chemical companies

The IDC is also active in industrial finance In the 1991 year its authorisations increased by 41% to R1,18bn This increase largely related, firstly, to the success of the import finance scheme that gives industrialists access to competitively priced, medium-term foreign credit for capital equipment imports Secondly, to new low-interest incentive schemes to promote multi-shift production and the creation of new production capacity for exports

The IDC also supports commercial banks in the supply of medium-term finance to foreign purchasers of SA capital goods One such venture is the Lesotho Highlands Water Scheme This role is expected to grow in the changed regional political environment

The IDC board, consisting mainly of prominent private-sector people, prides itself on applying strict business principles in evaluating new ventures

However, some of the dangers associated with State ownership of a large pool of development capital are more subtle than Van der Merwe concedes Sasol's profitability rests to an extent on the collapse of the rand at a lucky moment during the construction of the Secunda synfuel plants, and a floor price for petrol which is a form of protection

Even though the rand collapsed for reasons of economic mismanagement, it is always possible for an irresponsible government — apart from protection for local output — to accommodate the production costs of an import replacement or export industry by deliberate depreciation of the currency

It could also start industries to provide

continued

THE REFERENDUM FM 13/3/92

Look behind the lies

The intervention of former State President P W Botha in the referendum campaign is unfortunate and potentially damaging It must be exposed

The timing and the terms of Botha's announcement that he would be voting "no" next Tuesday suggest that the Big Crocodile has been biding his time in his retirement lair at the Wilderness, waiting for the moment when his revenge on the National Party and his successor could be exacted with the greatest possible effect If not, why did he not keep his intentions to himself, just as he has until now refrained from criticising De Klerk's rule? And why did Botha set out his reasons in such careful detail, using emotional words like "suicide"?

The negative force of Botha's announcement does not lie in his intention to vote "no" What is really damaging to De Klerk is that Botha argues that it is possible to vote "no" without supporting the Conservative Party And Botha is logically quite correct (as the *FM* pointed out in this space last week), even if he is morally wrong.

It is a seductive argument It no doubt has considerable appeal to thousands of voters who normally would have nothing to do with CP leader Andries Treurnicht and his non-policies — or some of the thuggish characters with whom he has formed an official alliance

But these are doubtful voters who are, understandably, fearful for the future They worry about crime, about a declining standard of living and schooling, about job security, about their property and pensions They feel threatened by the African National Congress and especially by its Communist Party ally. They have a sense of things slipping away, getting out of control

They are *gatvol* with De Klerk, the Nats, the communists, Chris Hani, Model C schools and suburban hijack murders And they want to express their resentment by voting "no" next Tuesday

We confess a certain understanding for their emotional exhaustion, the people who intend to vote "yes" feel it too

But the great flaw in the *gatvol* reasoning is that none of the things that are upsetting people will go away if De Klerk is ousted from power On the contrary, everything will get very much worse And there is a good case for arguing that the major problems facing the country were caused largely by the Nats' incompetence and selfishness since 1948, under P W Botha and his four predecessors.

There is a wistful note in the calls from the Right Whatever words they use, there is a common emotional pull Remember the good old days of law and order, of growth and prosperity, of low crime? Remember when the black man knew his place and the Indians and coloureds were docile? Remember when the Nats had a policy to give each *volk* its own territory? Well, says the CP, we will take you back to those days — though we aren't quite sure how we'll do it

The CP is telling lies Not only is it impossible to turn the clock back, but that wonderful past is an illusion Even the Sixties, with high growth and relative stability, now presents itself simply as the period when the lid was clamped on before the kettle began to boil

For at least 15 years until De Klerk released Nelson Mandela and unbanned the ANC, the government had uneasily been trying to suppress the black revolt that was inevitable without real negotiations The signs were there in the early Seventies, Soweto finally exploded in 1976 (courtesy of one Andries Treurnicht, the Minister who arrogantly insisted that black children be taught some subjects through the medium of Afrikaans) The townships have never really been peaceful since, only a nonracial government will restore them to normality

And there was the war in Namibia and Angola It became so unpopular at home that the government finally felt compelled to instruct its commanders, about to undertake a major battle, to accept no casualties at all The war was a drain on the country's resources and morale, it threatened to become Vietnam for a country that, unlike the US, did not have the resources to recover De Klerk's promised reforms made up one of the cards that SA was forced to play in exchange for a deal to get the Cubans out of Angola As a result, he was able to give independence to Namibia — and bring the troopies home

Botha and his predecessors were tough on communism (as well as several civil freedoms), now there is no need to be tough on communism It is collapsing of its own accord Only the jargon remains whoever takes power in any future government cannot afford to pay more than the briefest lip-service to it

There remains the accusation that De Klerk is giving everything away to the blacks This is not true. what he is doing is negotiating to retain as much as possible while his position — that is, the position of the whites — is still strong enough To be sure, his position is not impregnable and his approach contains risks — but the alternative was to go into siege internationally and civil war internally

And that is precisely the alternative which is being offered, behind its lies, by the CP The referendum question must be taken in context, nobody should be gulled into falling for Botha's sophistry

Everyone should know by now what a majority "no" vote will mean sooner rather than later sanctions, no sports tours, violence, war, economic ruin, chaos — in short, the Low Road in its most rutted, pot-holed form

We're all *gatvol* — but that is no excuse to take the cowardly option P W Botha's voice is a voice of failure, bitterness and personal vengeance Like the false appeal of the Sirens, it can only lead us to wreck ourselves on some very horrible rocks ■

 FM 13/3/92 (260)

jobs with little regard to efficiency (remember Iscor in the Thirties) and fill high-level positions as patronage for the party faithful Now is the time to address these concerns, with a government with a newly acquired free-market philosophy in the saddle

Even if the IDC's support roles can be appropriately carried on by a State-owned corporation, what is to be done with its accumulated R9bn pool of investments?

One solution would be to liquidate passive holdings as fast as is prudent, and declare the proceeds as dividends to the State as sole shareholder Van der Merwe objects that this would merely dissipate the hard-won pool of investment capital and relax budgetary constrains upon the State

Another might be to place the industrial assets into a new public company, which could be privatised reasonably soon, giving government gradual access to the capital locked in, and creating an entity with strong private-sector shareholding

Perhaps the least controversial of the three sisters is the SBDC, which is closely associated in the public eye with the enthusiastic and dedicated personality of CE Ben Vosloo It has the mission of lending to small but profitable and promising businesses Activities also include the provision of affordable business premises (such as the well-known Pennyville) for small businesses, development services and work on deregulation

Capital and reserves were R659m at the end of financial 1990 (of which R506m was represented by operational assets of loans and business premises) Advances have grown steadily and consistently since its foundation in 1981 There have been no major lending disasters, presumably because it lends only in small packages

The SBDC has achieved public recognition in particular for its promotion of black small business, not only through the provision of finance and premises, but also through advice, training and deregulation

DBSA — LATEST FIGURES

	1991 Rm	1992 Rm
Capital employed	3 880	4 811
Development fund	2 400	2 901
Capital market loans	671	994
Development loans	3 441	4 234

Source DBSA

In our difficult social circumstances, there can be no doubt that such a body does vital work in inducting blacks into the mechanisms of the free market Strong participation by the private sector is itself a strong safeguard against the SBDC becoming a politicised bureaucratic empire

The DBSA, founded in 1983, was designed to work like a regional version of the World Bank SA and the TBVC countries were founders and are represented on the board of governors Acting CE André la Grange says it supports a wide range of projects for borrowers, including regional governments and development agencies, with emphasis on rural and agricultural development, urban development (not housing), mass infrastructural development, and business and entrepreneurial development

He agrees there is overlap with other developmental agencies but says bodies such as the Urban Foundation and Independent Development Trust are now supporting, along with the DBSA, an independent investigation into possible rationalisation La Grange also points out that private-sector and development experts are represented on the board, to which the DBSA council has delegated operational powers

The DBSA has reportedly achieved great credibility with the international banking community for technical effectiveness and freedom from contamination by the political philosophy of apartheid This could stand it in good stead Some international assistance by governments to the new SA could well be channelled through the DBSA

The high administrative profile of blacks is also a plus factor, both in terms of political acceptability and as a training ground in finance A further possible role for the DBSA might be as a political lightning conductor, to channel funds subscribed by the financial sector for black development, as a counter to pressures for nationalisation or generally directed lending

La Grange agrees rationalisation and redefinition of the development sector needs immediate attention He feels the role of other public- and private-sector agencies, including the Strategic Oil Fund, Independent Development Trust, SA Housing Trust, Urban Foundation and Kagiso Trust must also be re-evaluated In fact, government commissioned a report in 1990 on the very issue of rationalising the development agencies — which has not been acted upon

Are they essential vehicles of upliftment or cashguzzling bloated bureaucracies?

The present state of affairs within the development agencies undoubtedly reflects a commitment of resources, both human and financial, which is wasteful and carries major dangers of statist manipulation. This is most blatantly true of the IDC

Trouble is, their task will be all the more necessary in the new SA The dilemma is to make funds available for development in a way which minimises waste and corruption — that requires a degree of supervision and control — but without allowing the controlling structure to become a Parkinsonian behemoth with a momentum of its own

We need rapid rationalisation of the development agencies with firm adherence to free-market principles and efforts through Codesa to protect the economy from future State misallocation of resources ■

SABC promises staff pay rise

S Times 15/3/92

By CLAIRE ROBERTSON

AFTER a week of threatened wildcat strikes and a breakdown in pay talks, the SABC has told workers they are to get a pay increase this month

In a letter handed to all staff as they left the Auckland Park headquarters in Johannesburg on Friday, group chief executive Wynand Harmse announced that the board had approved the rise, with amounts to be negotiated.

A demand by the Media Workers' Association of SA, with about 800 SABC members, for a R1 500 across-the-board increase was rejected last month by the corporation, which offered between four and seven percent

Mwasa declared a dispute over this and related issues, and the matter was referred to the Department of Manpower for conciliation proceedings.

At this, talk of a wildcat strike flared among Mwasa members, and it was reported that television and radio services faced a blackout over the crucial referendum and budget days this week. The union denied any involvement.

Now Mwasa and management are to hold an urgent meeting tomorrow at the union's request.

"There was no strike planned in the first place," said shop steward Vincent Mfundisi.

He said further action after tomorrow's meeting would depend on the mood of the workers

260

Chant against 'commie' slant

C/Press 19/3/92 (260) 3[illegible]P

ABOUT 100 protesters accusing the SABC of a "communist" slant staged a peaceful demonstration at the corporation's headquarters in Johannesburg yesterday. An SABC spokesman said the protesters, linked to rightwing organisations, set alight a television set to dramatise their cause

Reports by CP Reporters, CP Correspondents and Sapa

NEV

Wildcat strike leaves radio stations off air

STAR 18/3/92 260

By Peter Wellman

A wildcat strike by mainly black SABC workers around the country affected at least four radio services yesterday before it was called off late in the afternoon pending further pay talks.

The Media Workers Association of SA (Mwasa) earlier said about 1 300 workers were involved, but the strike was spreading and up to 3 000 members, ranging from labourers to programme presenters, were expected to join

Workers in Johannesburg, Cape Town, Port Elizabeth, Pietersburg and Bloemfontein had joined in, said the union

The SABC gave no figures but said the Sotho, Venda, Tsonga and Lebowa services had been affected Mwasa said Radio Xhosa was off the air and only taped music was being played

Vincent Mfundisi, an Mwasa national co-ordinator said that at Auckland Park headquarters the stoppage occurred after Mwasa had demanded a R1 500 across-the-board increase and management had then offered 7 percent.

The strike began spontaneously after Mwasa officials reported to members about Monday's pay talks with management, and about 500 Auckland Park employees staged a spirited sit-in on the lawn in bright sunshine from lunchtime

'Political'

"They have lost patience," said Mr Mfundisi "We have had no increase for 18 months, and have been in these negotiations since last October"

The SABC said "Salary negotiations, which began on Friday last week after the SABC board gave certain mandates to management regarding salary increases, are continuing"

The corporation said the strike was 'political", but Mwasa said it was purely connected to wage negotiations

Some whites joined the strike, sitting near posters saying "Referendum yes, 7% no"

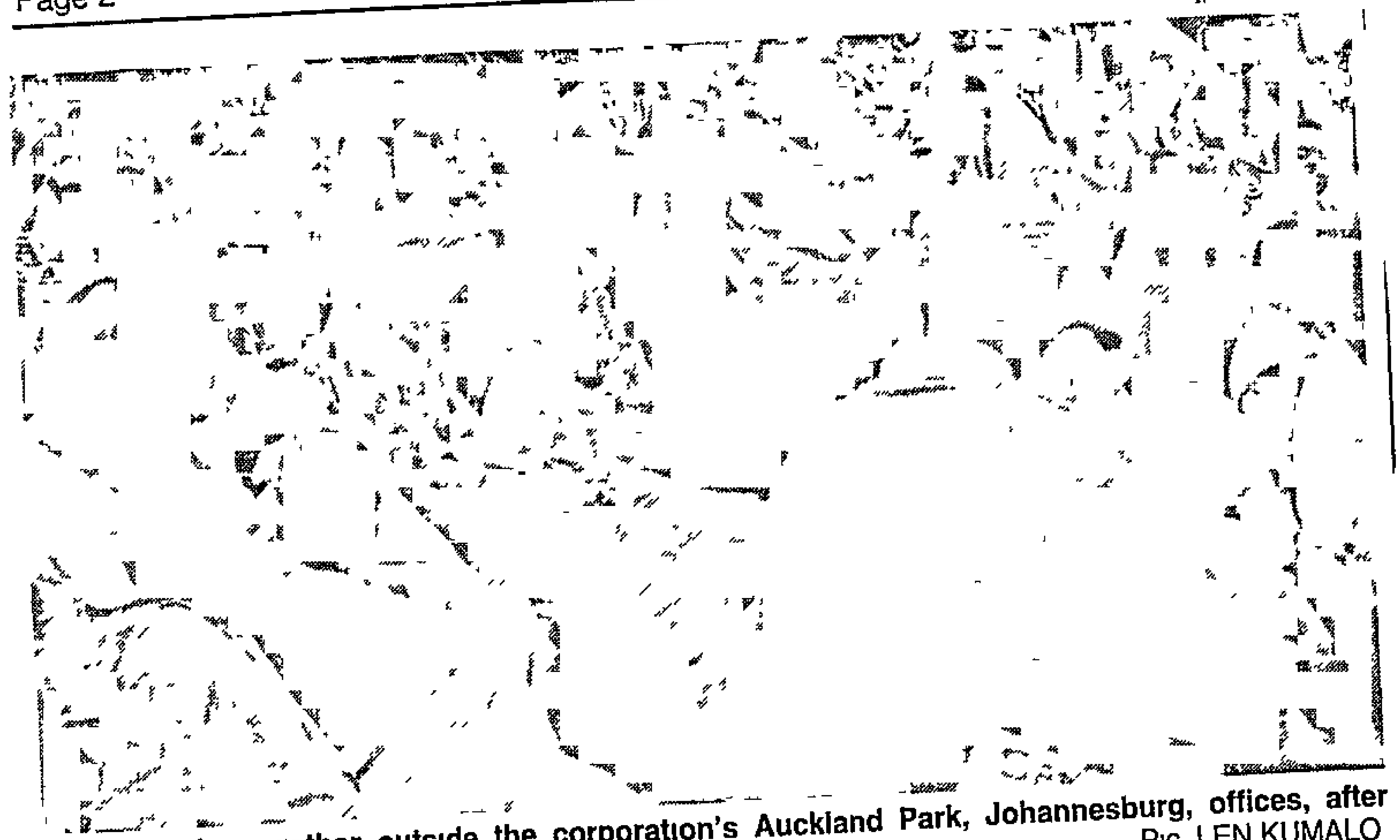
Workers demanded that SABC labour relations officer Christo Pretorius address them, but he refused shortly before the strike was called off

Mwasa official Tsidiso Ralitabo said pay talks would continue today and there would be a report-back to members at noon tomorrow

No workers were locked out, and there was no police presence

About 100 workers downed tools in Port Elizabeth, reports Ecna. However, the general manager of the SABC's eastern Cape broadcasting, Steyl Bouwer, said the strike did not affect referendum coverage

"About 15 percent of the total staff are on strike A small percentage of those on strike are involved in broadcasting," he said No decision had yet been made on what action would be taken against the strikers



SABC workers gather outside the corporation's Auckland Park, Johannesburg, offices, after downing tools yesterday. Pic LEN KUMALO

Radio stations off air during strike

Sowetan 18/3/92

260

Sowetan Correspondent

A WILDCAT strike by mainly black SABC workers around the country affected four radio services yesterday before it was called off in the afternoon, pending further pay talks.

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The corporation said the strike was "political", but Mwasa denied this and said it was purely connected to wage negotiations

Some whites joined the strike, sitting near posters reading "Referendum yes, 7 no"

Workers demanded SABC labour relations officer Christo Pretorius address them but he refused

Mwasa official Tsidiso Ralitabo said pay talks would continue today and there would be a report-back to members at noon tomorrow

Whether, with reference to his reply to Question No 27 on 27 March 1990 and Question No 55 on 15 March 1991, any persons have been detained, arrested, charged and/or convicted in connection with the alleged murders of 16 persons, whose names have been furnished to the South African Police for the purpose of the Minister's reply, if not, why not, if so, (a) what are the names of the persons (i) detained, (ii) arrested, (iii) charged and/or (iv) convicted in connection with each of these alleged murders and (b) in respect of what date is this information furnished?

B332E

The MINISTER OF LAW AND ORDER

No, nobody has yet been charged or convicted for the alleged murders, because no evidence could be obtained to connect anybody with the cases

(a), (i), (ii) and (iv) Fall away

(b) 9 March 1992

Note

As a result of Mr Dirk Coetzee's confession regarding the murder on Griffiths Mxenge, a warrant for his arrest was issued The warrant of arrest was cancelled on 1 October 1991 by the Attorney-General of Natal Alfred Nofomela, who was condemned to death, also alleged that he was involved in the murder of Griffiths Mxenge The Attorney-General of Natal intended to institute charges against Nofomela, but the charge has been preliminary withdrawn Nofomela also appeared before the Harms Commission in connection with his and Dirk Coetzee's allegations The ruling of the Judge is common knowledge

Prostitution

135 Mr M J ELLIS asked the Minister of Law and Order

(1) How many women were arrested for prostitution during the course of 1991,

(2) whether these women were tested for sexually transmitted diseases, if not, why not, if so, how many of them were found to be HIV-positive?

B339E

The MINISTER OF LAW AND ORDER

(1) 2 061

(2) No, the South African Police has no authority to subject women to such tests

Investigation: Ibhayi Town Council/Municipal Police Force

142 Mr E W TRENT asked the Minister of Law and Order

(1) Whether, with reference to the reply to Question No 17 on 14 May 1991, the investigation into the affairs of the (a) Ibhayi Town Council and (b) Ibhayi Municipal Police Force has been completed, if not, (i) why not and (ii) when is it anticipated that it will be completed, if so, what are the findings,

(2) whether any interim reports have been received, if so, what are the relevant details,

(3) whether (a) any charges have been laid as a result of the above investigation and (b) any of those charged have appeared in court, if so, (i) (aa) what charges and (bb) against whom have they been laid and (ii) what are the names of those who have appeared in court,

(4) whether any of these persons have been convicted, if not, why not, if so, what are their names?

B355E

The MINISTER OF LAW AND ORDER

(1), (2), (3) and (4)

Because of the number of cases involved and the various stages of the investigation, it is not possible to answer the question point by point but rather as a whole

The investigation of the following cases has already been completed

New Brighton CR(A) 28/8/90 — fraud
New Brighton CR(A) 29/8/90 — fraud
New Brighton CR(A) 38/8/90 — corruption
New Brighton CR(A) 327/1/91 — fraud
New Brighton CR(A) 328/1/91 — fraud
New Brighton CR(A) 329/1/91 — fraud
New Brighton CR(A) 282/1/92 — extortion
New Brighton CR(A) 30/8/90 — fraud
New Brighton CR(A) 31/8/90 — fraud
New Brighton CR(A) 326/1/91 — fraud
Louis le Grange Square CR(A) 491/1/91 — fraud

(In my reply to Question No 17 on 14 May 1991 the case reference was given as Louis le Grange Square CR(A) 479/1/91)

The investigation of the cases Algoa Park CR(A) 5/9/88, New Brighton CR(A) 34/8/90 and New Brighton CR(A) 35/8/90—fraud—has been completed The Attorney-General declined to prosecute

Regarding the cases New Brighton CR(A) 279/3/88—corruption against the Town Council and New Brighton CR(A) 36/8/90—corruption against an employee of the Town Council, the investigation has not been completed

— The reason why the investigation has not been completed, is because the accounting records of the Town Council of Ibhayi is being audited by an auditing firm at present Their final report has not been submitted According to the auditing firm it will still be a considerable time before the audit is completed, as the books of Ibhayi were not kept up to date

— It is not possible to determine when the investigation of the two cases will be completed

The investigation of the following cases has not been finalized

New Brighton CR(A) 324/2/92—fraud—goods obtained with false Town Council order forms

New Brighton CR(A) 438/2/92—fraud—tender documents forged

In order not to delay the police investigation, the relevant auditing firm has already submitted two interim reports which show alleged fraud and corruption, and the investigation is nearly completed

In the cases New Brighton CR(A) 28/8/90, 29/8/90, 38/8/90, 327/1/91, 328/1/91, 329/1/91 and 282/1/92 *supra* the accused have been charged

— They have already appeared in court However, the allegations against them were provisionally withdrawn on instructions from the Attorney-General

— The cases New Brighton CR(A) 30/8/90, 31/8/90, 326/1/91 and Louis le Grange Square CR(A) 491/1/91 *supra* is with the Attorney-General at present for his decision

In the following cases the accused have already been found guilty and sentenced

New Brighton CR(A) 32/8/90—the State versus Philda N Msimango—fraud

New Brighton CR(A) 33/8/90—the State versus Mxolix F Sosi—fraud

In the case Louis le Grange Square CR(A) 522/9/90 Jacobus Johannes Nieman was charged with corruption He was acquitted as the State could not prove corruption to the satisfaction of the court

Ore-berth, Port Elizabeth

143 Mr E W TRENT asked the Minister for Public Enterprises: 260

(1) (a) What is the capital investment of South African parastatal bodies in the ore-berth in Port Elizabeth Harbour and (b) in respect of what date is this information furnished,

(2) (a) what is the life-span of the mechanized system currently in use at this ore-berth, (b) when is it due for refitting and (c) how much will this refitting cost?

B356E

The MINISTER FOR PUBLIC ENTERPRISES

The Managing Director of TRANSNET LIMITED has furnished the following information in reply to the hon member's question

(1) (a) R21,9 million

(b) As on 11 February 1992

(2) (a) The remaining economic life-span is approximately 15 years

(b) Refitting/maintenance is done on a continuous basis

(c) Approximately R3 million is budgeted under operating expenditure for refitting/maintenance per year

Port Elizabeth Airport

144 Mr E W TRENT asked the Minister for Public Enterprises

cont --->

Labour radio show starts next month

B/Day 18/3/92 260

DIRK HARTFORD

SABC radio — in conjunction with Cosatu — will launch a prime time 15-minute labour magazine programme next month

SABC radio CE Carel van der Merwe said the programme would have an audience of 8,5-million adults on nine African language stations and two regional Cape stations

Nactu and employers' organisation Saccola are among other bodies which have been approached to support the programme, Van der Merwe said

Cosatu and other supporting organisations will contribute to the content of the programme, but editorial control and production will be in the hands of the SABC.

In addition, the programme will be sponsored by the supporting organisations. Neither Van der Merwe nor Cosatu would be drawn on the financial details of sponsorship

But Van der Merwe said there would be a contract with each sponsor; sponsors would get credit on the air and the SABC, which was putting "a lot of money" into the programme, would be making it at cost.

The labour programme — which will be produced in a mix of languages with actuality and educational material — will start with dummy runs in April Its viability will be reviewed at the end of SABC's financial year in September.

Van der Merwe said the programme would help improve communication and understanding between employers and workers, as well as keep the public informed on labour issues

Cosatu said a survey of its members had shown nearly 70% were illiterate and radio was the most powerful mass communication medium for black industrial workers.

Van der Merwe said if it was successful it could be carried on other slots — like Radio Today — so that it reached employers as well as workers. SABC had the potential to reach 13-million adult listeners daily if all its stations were utilised.

He said talks were going on with other organisations under the unbrella of the ANC-SACP-Cosatu alliance — like the National Education Co-ordinating Committee — about similar radio programmes

SABC services hit by wildcat strike

BDay 18/3/92 260

ABOUT 3 000 SABC employees at offices around the country yesterday started a wildcat strike which could seriously affect a number of radio and television services.

National co-ordinator of the strike Vincent Mfundisi said workers had demanded a R1 500 across-the-board wage increase

Management had refused to increase its 7% across-the-board offer, he said

Negotiations, which began in October last year, had reached deadlock.

About 500 strikers — mostly members of the Media Workers Association of SA (Mwasa) — gathered on the grounds of the SABC's Auckland Park studios yesterday afternoon to demonstrate their anger at management's rejection of their demand.

Taped

According to Mfundisi, the strike had already hit Radio Xhosa, which had played only taped music since midday yesterday

The strikers — including black presenters, journalists, labourers, cameramen, producers and studio crews, as well as a few white employees — were waiting to see what other effects they would have on broadcasts

The SABC said in a statement that if the

KATHRYN STRACHAN

strike continued certain services broadcasting in African languages would be affected.

Radio Xhosa and Radio Zulu are the biggest stations in the country

The SABC was trying to fill the gap by using black managers and white staff from English and Afrikaans stations, Mfundisi said

Sources said that white members of the SA Union of Journalists and the SA Broadcasting Staff Association who refused to do striker's jobs were being threatened with disciplinary action

Mfundisi said the Port Elizabeth studios started the strike at 7 30am yesterday He said the Johannesburg, Durban and Cape Town studios had joined at midday

Bloemfontein employees were also expected to join the strike

The SABC said another meeting between the union and management would be held today

Its statement said the strike was "rumoured to be political"

Mfundisi denied this, saying that the action was over a wage issue It was management, he said, which had chosen dates close to the referendum for negotiations.

One of the 500 SABC strikers who demonstrated outside the Auckland Park studios yesterday against the wage increase offered by management. Picture BRIAN HENDLER

Deadlock over SABC wage talks

STAR 19/3/92

SABC management and disenchanted black employees have reached a deadlock in wage negotiations, according to a spokesman for the Media Workers' Association of SA

Mwasa national organiser Vincent Mfundisi said union leaders were yesterday talking to SABC director general Wynand Harmse, after an earlier meeting with the corporation's labour relations officer had not brought the desired results

"If those talks are not fruitful, we'll demand to speak to (Home Affairs Minister) Gene Louw"

Black staffers, including labourers, journalists, producers and studio crews, are demanding a R1 500 per month across-the-board increase, opposed to management's offer of a 7 percent hike.

Mwasa earlier called off a wild-cat strike in the wake of the wage negotiations

Mr Mfundisi said Mwasa Johannesburg representatives were due to stage a sit-in outside Mr Harmse's office yesterday. — Sapa

Electricity for Africa millions

Sowetan 19/3/92 [redacted] [redacted] 260

Sowetan Africa News Service

IVORY Coast and South Africa have signed an agreement which will provide electricity to millions of people in Southern, West and Central Africa

In an agreement with the Ivory Coast, Eskom and its Ivorian counterpart, the Energie Electrique de la Cote d'Ivoire will exchange technical information and consulting services and will co-operate in construction projects, maintenance and staff training

The two countries, according to Eskom, have interests in the proposed development of large, multinational electricity supply schemes in Southern Africa, West and Central Africa

Eskom chief executive Mr Ian McRae said at the signing ceremony on March 13 that economic recovery and wealth creation in Africa were closely bound up in bringing electricity to millions of people who still did not have it

On the same day that the electricity agreement was concluded, South Africa signed an agreement with Swaziland for a joint water scheme, an agreement that will soon be expanded to include Mozambique

The agreement opens the way for new economic development in the Komati Basin, initially through the building of a R328-million dam at Driekoppies in the Eastern Transvaal, on the Lomati River close to the Swaziland border

The Lomati rises east of Badplaas and flows through Swaziland to re-emerge in South Africa

...e fails to ...matically ...d delay, long and ...ugh the 3/92 ...ar "shelf ...eveloping ...e systems ...ystem ca... long and ...er a four... ...ar a path ...ublished

Between 1986 and 1990 student numbers had increased, but since last year the figures had fallen

University of Cape Town first-year figures were also down — by 4,4%

...had almost doubled "There are programmes here that black students prefer, and we offer a lot of African languages," he said

Mwasa calls off wage strike at SABC

BDay 19/3/92

THE Media Workers' Association of SA (Mwasa) yesterday called off a wage strike by 1 300 black SABC employees, shortly before pay negotiations were due to begin

The strike by black labourers, journalists, producers, artists, cameramen and studio crews was called on Tuesday to support a demand for a R1 500 a month across-the-board annual increase after management offered 7%

An SABC media spokesman confirmed that striking employees had returned to work

Talks between Mwasa and SABC labour relations officer Christo Pretorius began yesterday — Sapa

Ban lifted on writings by Buthelezi

BDay 19/3/92

DIRK HARTFORD

WRITINGS by Inkatha president Mangosuthu Buthelezi have been unbanned 16 years after they were published

According to a recent Government Gazette, the first issue of the first volume of the magazine Inkatha, written by Buthelezi, is no longer undesirable.

The gazette lists the author of the publication, which was produced in 1976, as one "Mntwana Mangosothu Buthelezi" Inkatha leaders have been unable to shed light on the publication's content or say why it had been banned

The gazette also unbanned the ANC's In Defence of the African Image and Heritage

The unbanned list includes a feast of Marxist memorabilia, including titles from the former Soviet Union such as The Problems of Building Socialism and the old classic, The ABC of Communism by Nikolay Bukharin

Black consciousness leaders Steve Biko and Barney Pityana's writings in the SA Student Organisation's newsletter of 1973 and the selected speeches of Malcolm X are now also (officially) undesirable

A pamphlet by the Natal Indian Congress, the only ethnic organisation among the ranks of the ANC-aligned Where Are We Going? has also been unbanned

Despite all the glastnost Frank Mayville's The Joys of Oral Sex and Erin Caine's Amazons were both declared undesirable, as was a Brief History of the Revolutionary Activities of Comrade Kim Il Sung, once required reading in Khmer Rouge re-education camps.

h 20 1992

SABC workers ask ANC, PAC for help

STAR 20/3/92 (260)

By Peter Wellman

SABC media workers yesterday asked the ANC and Pan-Africanist Congress to lend extra muscle to their pay demands after rejecting an average 11 percent pay rise.

Both organisations have backed the workers, whose nine negotiators staged a brief sit-in at the Auckland Park headquarters on Wednesday night

The administrative secretary of the Media Workers Association of SA (Mwasa), Themba Hlatshwayo, said the offer, increased from 7 percent, was made during 15 hours of talks over two days, but "did not even match the inflation rate". Poor performers were now offered 7 percent, with a 13 percent limit, he said.

Mwasa had reduced its demand from R1 500 across the board to a 30 percent average increase, with the maximum increase of R1 200, and minimum wages up from R935 to R1 500.

A conciliation board hearing had been set for March 27, he said. There would be a meeting the day before, when a day's pay for an illegal strike by about 1 300 SABC workers on Tuesday would be negotiated, Mr Hlatshwayo said.

ANC spokesman Gill Marcus said "We have had discussions with Mwasa, and are meeting them again. We are obviously sympathetic to their position.

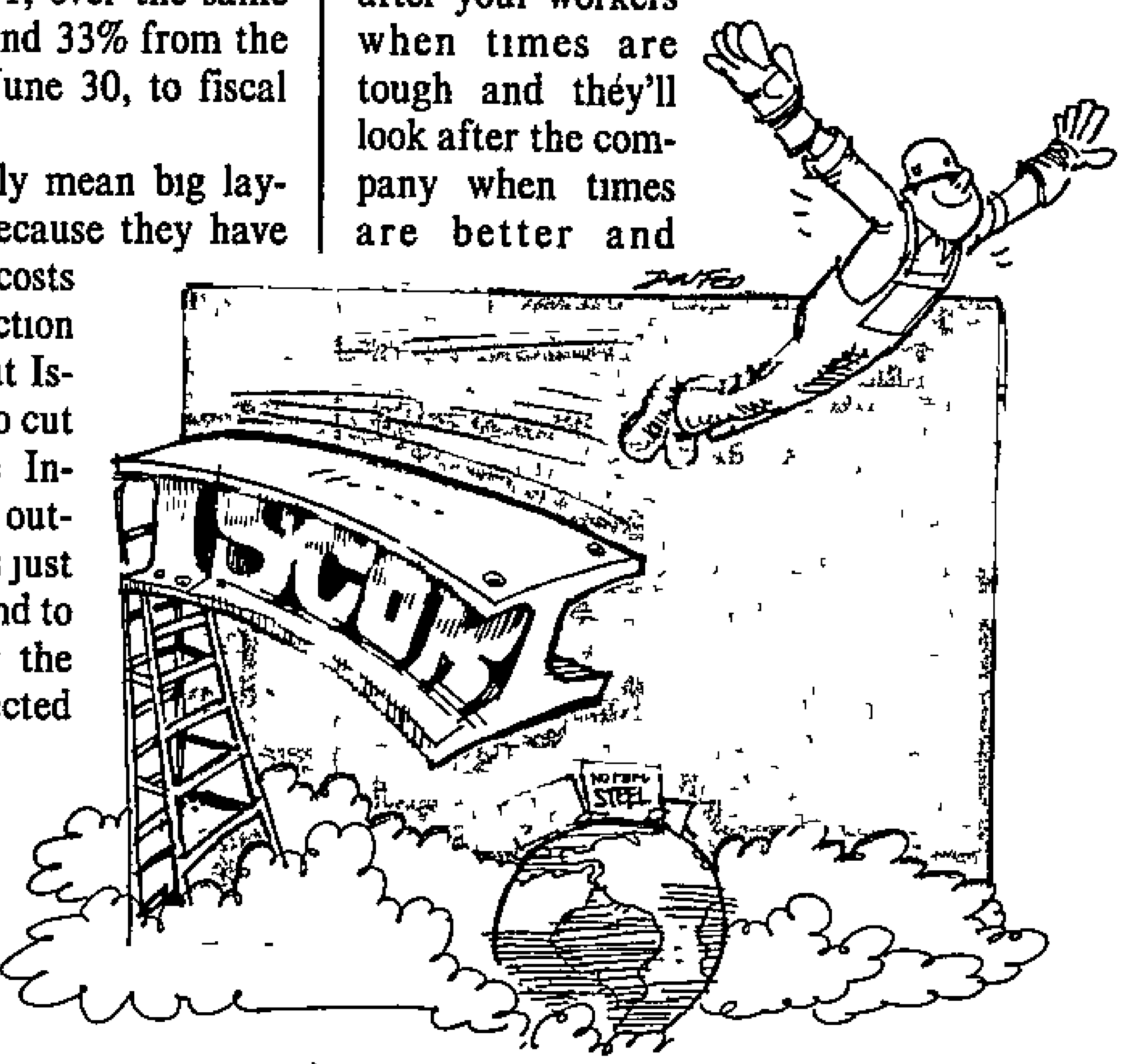
The PAC confirmed an approach from Mwasa, and spokesman Carter Seleka said: "We supported their strike earlier this week and will give them all necessary support"

ISCOR

Bucking the trend (260) FM 20/3/92

Local and international demand for steel is dropping and Iscor and other producers are being hit hard. Iscor's profits fell 43% in the six months to December 31, over the same period the previous year, and 33% from the 1990 fiscal year, ending June 30, to fiscal 1991.

Results like these usually mean big lay-offs for steel companies because they have little scope for reducing costs outside of cutting production and mothballing plants But Iscor has resolutely refused to cut production or its workforce Instead, its strategy is to keep output high, even if that means just breaking even on exports, and to keep its staff in place for the next upturn, which is expected next year



MD Willem van Wyk says Iscor won't lay off workers unless the bottom drops out of the steel market and the situation becomes terminal.

World Steel consumption fell from 775 Mt in 1990 to 735 Mt last year, and is likely to drop by even more this year Export prices, of course, are taking a nosedive But Iscor, defying the market, plans to produce 6 Mt in this fiscal year, 10% more than the average for the past five fiscal years and the most since the last production peak, in 1983. This will be good for cash flow but won't boost profits, Van Wyk says

Low international prices, combined with an ambitious capital expenditure programme, dragged profits down to R171m in the first half of the current fiscal year (*Fox* March 6). But thanks to its protected local market, where it can sell steel at about 65% above world prices, Iscor at least showed a profit, while most steel giants overseas posted big losses

In fact, only three of its four major overseas competitors saw profits drop by less than Iscor's in the second half of last year, compared with the same period in 1990. These were Thyssen of Germany, whose profits were down 42%; Bethlehem Steel of the US, with profits 37,9% lower, and Nippon of Japan, with profits 31,4% lower Kobe Steel of Japan was the only steelmaker to show growth, with a 1,1% increase in profits

At the other end of the scale, two US companies saw huge increases in losses. Armco's losses soared by 1 415% and Inland's losses jumped by 1 188% British Steel just stayed in the black Its profits fell 99,7%

Many of these companies are laying off workers but when demand picks up it will be costly to reopen shuttered steel mills quickly and difficult to recruit skilled workers or train new ones. Instead, Iscor is following the philosophy of Japanese companies — look after your workers when times are tough and they'll look after the company when times are better and there is competition in the market for their services

The advantage for Iscor is that by keeping output high now, it can quickly satisfy the volatile local market when demand increases, and in past recoveries demand has shot up by 20% almost overnight Meanwhile, Iscor is exporting about 52% of its production to 60 countries, the highest percentage ever. The company sees this export output as a reservoir that it can draw on when local demand warrants it The reason for giving exports second billing is obvious: it grosses an estimated R1 400/t for the steel it sells in SA compared with just R850/t on the export market.

Iscor's record in avoiding lay-offs is all the more remarkable because it was privatised two-and-half years ago, and State-owned companies moving into the private sector are usually so overstaffed that cutbacks are inevitable until they get on a sound footing and begins to grow again

Iscor has cut its workforce Through attrition and voluntary redundancies it has reduced its workforce by 25% since 1983 The group now has 60 000 employees, with half in the steel operation

"If we have too many people at one place, our policy is, firstly, to allow attrition to take its course and not fill vacancies," Van Wyk says "If that doesn't work, we transfer people between centres The next option is to retire people early. The final string in our bow is to offer a retrenchment packet but this is purely voluntary No-one forces anyone to take that option At Vereeniging 350 people thought the package suited them and took it.

"We are pushing out tonnage, but prices are very poor and that hits the bottom line. Our turnover increased by 15,6% over the previous year, but one has higher costs if one sells higher volumes, which isn't a plus factor when prices stay depressed"

He says he believes a shakeout is taking place that will reduce capacity. "Poor prices are the result of people protecting their capacities Several steelmakers are producing all they can to maintain their capacities (with Iscor a prime example) We believe that for economic reasons, they will stop producing as much as they can purely to maintain their capacities Hopefully, that will result in a better balance between capacity and demand, which will result in a healthier industry" He hopes that will happen next year

Meanwhile, indications are that Iscor is blowing the dust off plans to build a semis plant in Saldanha The plans were shelved more than a decade ago but "they're in the drawer now," Van Wyk says "We want to beneficiate our own raw material and export it as steel rather than as iron ore When demand improves we can take those plans out of the drawer" ■

MOTOR INDUSTRY (262) FM 20/3/92

Hide-and-seek numbers

Scarcely had they re-emerged — after nearly four years — than detailed motor industry sales figures were in danger of disappearing again this week Industry officials say any re-imposition of sanctions would cause manufacturers to rethink their decision to reveal detailed sales information

Publication was suspended in 1988 in case the anti-SA lobby was able to use the figures to work out how companies were sidestepping sanctions Some manufacturers used complex resourcing routes to ensure continued supplies of components and technology They feared too much detail could jeopardise their plans

From mid-1988 until the end of last year, the only figures revealed were monthly industry totals for cars and commercial vehicles without a breakdown of any individual company's performance Companies are once again revealing — with differing degrees of pride — exactly how each model is performing in the market

However, they acknowledge that this week's referendum has jangled some nerves. Threats that a "no" vote would bring renewed sanctions have had some executives

continue →

SA extends its links in Africa

Sowetan 20/3/92

260

SOUTH Africa has recently signed two agreements that illustrate its expanding links with the rest of Africa.

Under a co-operation agreement with the Ivory Coast, Eskom and its Ivorian counterpart, the Energie Electrique de la Cote d'Ivoire, will exchange technical information and consulting services They will also co-operate in construction projects, maintenance and staff training.

The two countries, according to Eskom, have interests in the proposed development of large, multinational electricity supply schemes in Southern Africa and West/ Central Africa

Economic recovery

Eskom chief executive Mr Ian McRae said at the signing ceremony on March 13 that economic recovery and wealth creation in Africa were closely bound up with bringing electricity to the millions of people who still did not have it

On the same day as the electricity agreement was concluded, South Africa signed an agreement with Swaziland for a joint water scheme, an agreement that will soon be expanded to include Mozambique

The agreement opens the way for new economic development in the Komati Basin, initially through the building of a R328 million dam at Driekoppies in the Eastern Transvaal, on the Lomati River close to the border with Swaziland

Later a second and larger dam, costing R432 million at today's prices, will be built in Swaziland on the Komati River, at Maguga

At the end of this month South Africa and Swaziland will sign an agreement with Swaziland governing the use of the Komati Basin waters - *Sowetan Correspondent*

Mwasa seeks support

Sowetan 20/3/92

WORKERS at the SABC yesterday asked the ANC and the PAC to lend a muscle in their fight for better pay at the corporation

Both organisations have backed the workers, whose nine negotiators staged a brief sit-in at the corporation's Auckland Park headquarters on Wednesday night

The administrative secretary of the Media Workers of South Africa, Mr Themba Hlatshwayo, said the SABC had increased its offer from 7 percent to 11 percent.

But this was rejected during 15 hours of talks over two days.

Hlatshwayo said the offer was rejected because it did not "even match the inflation rate".

He said the union had reduced its demand from R1 500 across the board to a 30 percent average increase, with the a maximum increase of R1 200, and minimum wages up from R935 to R1 500

A conciliation board hearing had been set for March 27, and Mwasa had agreed to abide by the "letter and spirit" of its recognition agreement with the SABC, Hlatshwayo said.- *Sowetan Correspondent*

AMALGAMATED BANKS OF

CT 20/3/92 (260)

Call to lift veil on govt grants

From LINDEN BIRNS

JOHANNESBURG. — Leading members of SA's engineering fraternity are demanding that Trade and Industry Minister Derek Keys lift the veil of secrecy covering 84 projects paid for with taxpayers' money in the form of non-repayable grants to private companies.

Engineering News reports this week it has sent a 400-signature petition to Keys demanding details of 73 projects on which about R41,6m of taxpayer's funds have been spent so far, and for which another R200m has been earmarked over the next five years.

The publication's editor Martin Creamer said in a statement yesterday that for more than two years Engineering News had requested the names of companies which had received, and would receive, non-repayable grants. So far only sketchy details of the spending of R2m on 11 projects had been forthcoming.

The petition, it was hoped, would elicit further information on the remaining 73 projects. Creamer said the 11 recipients, known so far had claimed only "puny amounts".

"Our objections centre on the refusal by government to allow a free flow of information relating to state expenditure, to the fact that the identity of recipients is revealed to taxpayers only when the 'final milestone payment' is claimed," he said. If recipients did not claim the "final milestone payment", then their identities might never be known, he added.

Department of Trade and Industry chief director for technology and industrial strategy Hennie Smith said last night the funding was part of the Innovation Support Scheme for Electronics, announced two years ago. Through the scheme, Trade and Industry undertakes to put up 50% of the development costs of a project, provided the project was for a new invention which would give a local company a competitive edge in domestic and foreign markets.

"We cannot disclose project details as then competitors would hear about the projects, and the entire purpose of the support scheme would be defeated," Smith added.

TAXING TASK: Policemen in South Africa may also suffer under VAT but this one was not photographed taking part in the protest march in Cape Town this week: He was removing the placard stuck onto his van Photo Yunus Mohamed

SABC staffers bring bosses to table

South 21/3 – 26/3/92 (260)

SHOP STEWARDS and national executive members of the Media Workers Association of South Africa staged a sit-in strike at the SABC's Johannesburg head office this week.

However, Mwasa called off the strike on Wednesday morning when negotiations started with SABC management.

Mwasa general secretary Mr Sithembele Khala said they had decided to stage the sit-in after failed attempts to get a meeting with the SABC board of directors.

"The sit-in is a protest against the SABC's insensitivity and total disregard for the feeling of our members," Khala said.

Mwasa's 1 300 members at the SABC embarked on a wildcat strike on Tuesday to support their demand of a R1 500 across-the-board wage.

The SABC management has offered a seven percent increase and a further four percent merit increase, which has been rejected by the union.

Khala said the Department of Manpower had set a Conciliation Board meeting for March 27, and if the dispute was unresolved they would conduct a ballot for further industrial action.

Mwasa national organiser Mr Vincent Mfundisi said the union was planning to solicit the support of political organisations, including the ANC and the PAC.

He hailed the strike, which reportedly blacked out the SABC's regional radio stations, as a 95 percent success.

In Port Elizabeth, SABC workers also ended their wildcat strike and returned to work on Wednesday morning.

More than 100 workers went on strike in support of the wage demands. — **Sapa and Pen**

TAXING TASK: Policemen in South Africa may also suffer under VAT but this one was not p in the protest march in Cape Town this week: He was removing the placard stuck onto his v

SABC staffers bring bosses

Sow|t 21|3 – 26|3|92

260

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Zambia wants R2,8-billion

Sowetan 23/3/92 (260)

LUSAKA - Zambia will ask Western donors today for more than R2,8 billion to help implement an economic reform programme and fight a drought

"We are asking for the most Zambia has ever asked before," Agriculture Minister Mr Guy Scott said yesterday, the eve of a Paris donors' meeting "But we are counting on the donors to support our struggling democracy "

President Frederick Chiluba ousted Zambia's founding father, Mr Kenneth Kaunda, in elections last October on promises to abandon economic policies Kaunda borrowed from the former Soviet bloc

The new government inherited more than R19,6 billion in debts

Chiluba has adopted Western-prescribed economic reforms, but he needs financial help to make them succeed

Zambia's traditional donors, led by the World Bank and the International Monetary Fund, meet in Paris today and tomorrow to assess Chiluba's needs and make pledges for the coming year

At a donors' conference last month, neighbouring Zimbabwe won promises of more than R2,8 billion for similar economic reforms

One of the pledges Zambia's negotiating team will seek is R840 million to import corn, Deputy Finance Minister Derrick Chipata said The worst drought this century has left Zambia with a severe food shortfall - *Sapa-AP*

Eskom to launch two new bonds on June 30

SHERIDAN CONNOLLY

ELECTRICITY utility Eskom planned to launch two new bonds on the local capital market on June 30, Eskom treasury manager Willem Kok said yesterday. B/Day

The bonds were first announced last November. 24/3/92

Kok said there would be a bond with a 13,5% coupon, maturing in 2020 with an issue size of R20bn, and a zero coupon bond maturing in 2002 with a R6bn limit

He said Eskom was still considering a third medium-term bond, but an announcement was only expected in the second half of the year.

Eskom officials also confirmed they had prepared the debut issue of a DM300m (R530m) bond in international capital markets.

The Eurobond should be issued today, to be lead-managed by Germany's Commerzbank.

Analysts said they expected the bond to be well received in light of improved foreign investor confidence following the positive outcome of the March 17 referendum

A second international bond issue is planned for later this year.

Eskom's Eurobond issue follows the highly successful issue by the Development Bank of SA.

Strong investor demand lifted the bank's issue by 33% to DM200m from an initial DM150m.

'SABC reshuffle unnecessary'

(260)

ARG 25/3/92

JOHANNESBURG. — The government did not regard the restructuring of the SABC Board as practical or necessary to ensure neutral broadcasting, Justice Minister Kobie Coetsee said

Mr Coetsee was reacting yesterday to proposals by the African National Congress on the restructuring of the media in which a new board was suggested for the SABC

Mr Coetsee said the term of office of the present board — until March 1993 — was relatively short and that a negotiated method of appointing a new one seemed to be the advisable route to take — Sapa.

ANC moots interim authority for media

STAR 25/3/92 260

Own Correspondent

C • O • D • E • S • A

The ANC has proposed the creation of an independent communications authority (ICA) and a restructured Media Council to oversee the broadcast and print media during the interim phase leading to the adoption of a new constitution

The proposals were tabled at Codesa at the World Trade Centre in Kempton Park yesterday

As a general principle the ANC accepts that all citizens should have the right of unrestricted access to information and opinion as well as the freedom to publish, broadcast and disseminate information and opinion, the ANC said

The public media should serve society as a whole and be independent of political parties They should be supervised by independent structures broadly representative of society

All media, including privately owned media, should subscribe to a standard of practice agreed upon by the various media

To attain these ends, the ANC proposed that Codesa appoint a media commission consisting of "South Africans of high standing representative of the widest possible spectrum of forces"

The commission would be responsible for monitoring and overseeing government departments and institutions dealing with the media, monitoring the election campaign in co-ordination with the Electoral Commission, and appointing an ICA for broadcast media

The ICA would ensure impar tial control of all broadcasting by regulating the allocation of frequencies, ensuring adherence to defined standards and norms, regulating licensing and re-regulating broadcasting "in a limited way in favour of communities and deprived sectors"

In respect of the print media, the ANC proposed that the Media Council be restructured to make it more representative of society as a whole

The council's tasks should include addressing complaints

Responding to the ANC proposals yesterday, Justice Minister Kobie Coetsee said the Government did not regard the restructuring of the SABC board or its management as practical or necessary to ensure neutral broadcasting

Mr Coetsee said the term of office of the present board — until March 1993 — was relatively short and that a negotiated method of appointing a new board as part of the negotiations process seemed to be the advisable route to take

The Government supported the view that the SABC should be independent and neutral and believed that the SABC was already as independent and neutral as any public broadcaster could be

Mr Coetsee supported the idea of a complaints tribunal, saying this appeared to be a suitable body to deal with problems

Eskom plans to light up 700 000 homes

260

STAR 26/3/92

By Derek Tommey

Eskom has set its sights on providing electricity to 700 000 households in the next five years and will encourage local authorities to provide electricity to a further 2,3 million

This was announced last night by Eskom managing director Dr Ian McRae who also reported a marked improvement in the payment of electricity bills by the residents of Alexandra

He said that between January and September last year, sufficient revenue had been received to cover only 6 percent of the bulk electricity bill But in the five months ended February this year, 77 percent of the bulk bill had been paid

Dr McRae said this followed an agreement between Eskom and the regional services council in September which provided for one-third of the bulk bill being paid by the RSC and two-thirds coming from pre-paid meters, with Eskom receiving a 14 percent agency fee

Until pre-paid meters were installed, users would pay a flat rate of R50 a month

Dr McRae said non-payment of electricity bills by certain local authorities remained a problem

He said Eskom was working on 280 electrification projects It had provided 38 051 households with electricity in 1990 but had a target of 164 000 households this year

Eskom chairman John Maree said the demand for electrical appliances arising from the electrification programme could create work for more than a million people

● Eskom pledges to keep costs down — Page 23

FM 27/3/92 (260)

THE SABC FM 27/3/92

Who's the boss? (260)

An SABC senior legal adviser has been summoned to appear before a disciplinary hearing this week after fraud charges were laid at Brixton police station against Auckland Park's chief legal adviser, Leander Gaum

The employee, Andre le Roux, who reports to Gaum, has also been questioned about SABC internal documents and information pertaining to Gaum's status, which were sent to the Registrar of Financial Institutions

The charges against Gaum were withdrawn and the police docket closed after the SABC instituted action against Le Roux

The disciplinary panel consists of senior personnel manager Fred Coop, Andre Weber (labour relations), Coen Nolte (group manager of commercial services) and SABC psychologist Etienne Joubert Le Roux is conducting his own defence

Coop confirms that the SABC is aware charges against Gaum were laid with Brixton police and adds that there never were any grounds for them.

The matter goes back to 1989 when a report in *The Sunday Star* alleged that Gaum had resigned as a director of the SABC Pension Fund because his credentials, published in the corporation's in-house magazine, "appeared to be incorrect"

The newspaper further alleged that Gaum was apparently previously sequestrated Gaum took legal action against the newspaper and received an apology and an unspecified sum in compensation for damages

According to the report, Gaum's CV, which had been provided to the in-house magazine, incorrectly stated that he had an LLB degree It was also stated that the validity of the election "can justifiably be questioned in view of Mr Gaum's part in perpetrating the error"

Documents anonymously delivered to the *FM* last week reiterated these charges against Gaum The documents included a statement to the Registrar of Financial Institutions, a copy of a letter from the Registrar's office to someone whose name and address had been blanked out, an internal SABC document pertaining to the election of alternative directors of Com-TV (Pty) Ltd, an SABC business venture; and two copies of the Companies Act, which has sections dealing with the grounds for disqualification of directors

The *FM* was able to supply a reference number and date to the Registrar's office A spokesman says the orginal letter had been addressed to Mr A le Roux in Fontainebleau, Randburg

The letter to Le Roux refers to the election of pension fund trustees. According to the letter, Le Roux is informed that the SABC had supplied the Registrar's office with the relevant information According to that information, Gaum had resigned as a director of the SABC Pension Fund

"Thank you very much for your trouble in bringing this matter to the attention of this office and I now trust that you are satisfied with the particulars of this case (*tevrede met die verloop van sake*)"

Detective Sergeant Koot van Wyk of Brixton police says he handled the Gaum docket and that Le Roux had promised him certain documents which he never received. Le Roux had also made a sworn statement concerning Gaum, Van Wyk adds

In his earlier comment Coop said that no-one had been authorised by the SABC to lay charges against Gaum

Le Roux this week confirmed to the *FM* that the hearing will take place "The matter has been postponed for further evidence," was all he was prepared to say *Eddie Botha*

Eskom to connect 700 000 by 1997

S|Times (B455) 29/3/92

260

ESKOM is going all out to electrify 700 000 homes in the next five years. According to the corporation's annual report released this week 38 050 homes were connected to the electricity supply last year, and the plan is to connect a further 164 000 this year.

It is proceeding with the programme even though loss of revenue due to non-payment of accounts amounted to R291-million last year The figure is expected to rise to R390-million this year Repayment has, however, improved in recent months.

Capital expenditure in the current financial year is expected to be about R2,8-

By DON ROBERTSON

billion This will be on electrification schemes and the completion of new power stations to which the organisation committed itself in the early '80s

Between R700-million and R800-million of the capital requirements will be raised overseas, with a further R2-billion from local capital and money markets

Capital expenditure in the mid-1990s will decline because of surplus generating capacity The annual report states that foreign loans will begin to play a greater role as a source of funds than in recent times

Total debt was R27,2-billion at the end of the year compared with R26,6-billion, but finance charges dipped marginally to R3,2-billion from R3,3-billion

Eskom plans to reduce the

IAN McRAE

cost of electricity to industries by 20% in real terms in the next five years after a 14% decline in the past four years It says local electricity prices are among the cheapest in the world

This, says chief executive Ian McRae, will enable large users of electricity such as major manufacturing industries to compete successfully on international markets

The lower tariffs are expected to stimulate the export of raw materials and manufactured goods, and encourage new investment in energy-intensive industries

Reliability

This has all been made possible by a substantial improvement in operation efficiency Administration costs rose by only 7,1%, manpower expenses moved up by 9%, while the staff complement fell to 46 600 from 50 000 in 1991 Productivity has increased, with electricity output generated by each employee having risen by more than 100% since 1985

At the same time, water and coal consumption per unit of electricity has been reduced and plant reliability has risen substantially

Announcing much improved results for the year to December, Mr McRae says this boon to the consumer and industry has been made possible by savings of R198-million last year Efforts to keep coal prices down and savings on interest charges also helped Last year net income improved to R988-million from R845-million in the previous year, from turnover which rose to R11,7-billion from R10,7-billion This pushed accumulated reserves at the end of the year to R10,5-billion from R9,6-billion

Executive director of finance and services Mick Davis says the increase in income of R143-million was made up largely by an increase in sales and productivity improvements

The balance-sheet was also strengthened, and fixed assets increased by R1,3-billion while the debt-equity ratio improved from 2,68 to 2,49

Sales of electricity rose by 1,8% last year compared with a budgeted 0,3% and an increase of 1,4% in the previous year A further downturn in the economy towards the end of last year and difficulties experienced in the mining industry, which uses about 25% of electricity generated, could mean that sales will rise by only 1% to 1,5% in 1992

Although demand increased by 1,8%, installed capacity rose by 7,6% and 5 061Mw of capacity was in reserve storage or mothballed This is expected to be sufficient to meet demand up to the year 2000

RBCT may allow Sasol in

S Times (Buss) 29/3/92 (260)

By IAN ROBINSON

REBEL coal exporter Sasol could be welcomed into the fold of the Richards Bay Coal Terminal (RBCT)

Sasol clashed with the RBCT when it took the lead in promoting the construction of a second coal terminal — the Red terminal — at Richards Bay

Sasol is one of a group of aspirant coal exporters which are not members of the RBCT — or who have only small allocations — who are seeking additional export capacity

A Sasol representative is chairman of the Coal Export Joint Venture, which, with Portnet, is investigating the second terminal

It is understood that the terminal would have an annual capacity of 8-10 million tons and would cost R500-600-million

A second terminal has been strongly opposed by the larger coal exporters — Amcoal, Randcoal and Trans Natal — which fear that such a terminal would lead to excessive coal exports and depress prices

Furthermore, they are concerned that the rail rates paid by the new exporters would not take into account the fact that they had not contributed to the construction of the line

Sasol is considering the export of approximately three million tons a year of coal from its Syferfontein mine from 1995, and at present has no access to export facilities at Richards Bay

A speaker at the 1992 Coal Indaba at Mintek in Johannesburg during the week suggested that Sasol's exports might be accommodated through expanding the RBCT's capacity, and Sasol would no longer need access to a second terminal

Present annual capacity at the RBCT is 53-million tons, and it may be possible to expand this capacity to 56-million tons without major capital expenditure

RBCT may give Sasol an outlet for coal exports

260

S1 Times (Buss) 29/3/92

By IAN ROBINSON

ASPIRANT coal exporter Sasol could be welcomed into the fold of the Richards Bay Coal Terminal (RBCT)

Sasol is considering the export of approximately 3 million tons of coal a year from its Syferfontein mine from 1995

Sasol clashed with the RBCT when it took the lead in promoting the construction of a second coal terminal — the "Red" Terminal — at Richards Bay

Sasol is one of a group of potential coal exporters who are not members of the RBCT — or who have only small allocations — who are seeking additional export capacity and have formed the Coal Export Joint Venture to investigate the second terminal together with Portnet

Fears

It is understood that the terminal would have an annual capacity of 8-10 million tons and could cost up to R700-million

A second terminal has been strongly opposed by the big three coal exporters and major RBCT shareholders — Amcoal, Randcoal and Trans Natal — who fear that such a terminal would lead to excessive coal exports and depress prices

Furthermore they are concerned that the rail rates paid by the new exporters would not take into account the fact that they had not contributed to the construction of the line

There is also concern that a second coal terminal used by small exporters could damage the economics of the port which was designed for bulk exports and minimum parcel sizes

Originally it was proposed that a second coal terminal would be sited at Durban.

However, according to industry sources, Sasol's exports may be accommodated through expanding the RBCT's capacity and Sasol would no longer need access to a second terminal

Present annual capacity at RBCT is 53 million tons and it may be possible to expand this capacity to 56 million tons without major capital expenditure

The admission of Sasol to the RBCT would depend on whether it was able to buy out an existing shareholder's share or a share in the terminal's future expansion It would also be subject to approval by the majority of the existing shareholders.

Any one of the three shareholders could block a proposal to admit a newcomer

A spokesman at Sasol confirmed that the company was investigating three possibilities to secure capacity for coal exports which are existing facilities, and/or the expansion of existing facilities and/or the creation of new facilities In all cases Sasol is involved with other parties

A Portnet spokesman said that a group was currently involved in a feasibility study concerning the export of coal and other mining products through Richards Bay

This group includes Portnet and Iscor but the spokesman declined to name the other parties

Millions at stake in bitter battle over Ithuba deal

SABC CHARITY LOTTERY ROW

260

S Times 29/3/92

Barnard fury over second-best Karin

Boycott threat shocks banquet guests

By STEPHANIE HULL

ENRAGED Chris Barnard, 69, protested loudly organisers after his wife, Karin, 28, had come second to TV presenter Doreen Morris, 36, as South Africa's Best Dressed Woman

After the winner's name was announced at a banquet in Johannesburg on

Sunday Times Reporters

A MAJOR row has erupted over a move by the SABC to establish a national lottery, promoted by a private company, to rival the welfare-run Viva Trust and its M-Net link.

At stake is the control of hundreds of millions of rands in funds for dozens of charities. Viva contributes towards 80 percent of South Africa's welfare agencies.

The country's major charities — including the biggest single welfare organisation, Operation Hunger — have waged a bitter battle to stop the SABC appointing Ithuba Promotions as the lottery organiser They fear this would exclude all other welfare lottery games being promoted on the SABC and cut funds to needy causes

Secret

The welfare organisations are highly critical of the secrecy surrounding the deal They also question the high-flying style of Ithuba director Gareth Pyne-James, compared with other welfare fundraisers

Mr Pyne-James confirmed that he

SABC charity lottery row

S/Times 29/3/92 260

cluding the biggest single welfare organisation, Operation Hunger — have waged a bitter battle to stop the SABC appointing Ithuba Promotions as the lottery organiser They fear this would exclude all other welfare lottery games being promoted on the SABC and cut funds to needy causes

Secret

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Mr Pyne-James confirmed that he earns R17 000 a month — three times the salary paid to Operation Hunger's Ina Perlman — has an expense account credit card for entertaining, and two cars for his own and his wife's personal use.

He was the founder of a British cancer charity called Search 88, which initially drew support from royalty and business interests It later collapsed, leaving debts of thousands of pounds

So intense did the dispute over the lottery become that the welfare groups threatened last month to get a court interdict against the SABC unless it consulted them before signing any contract with Ithuba

An exchange of letters reveals that the SABC is at loggerheads with Operation Hunger; the SA National Council for Child and Family Welfare, the National Cancer Association, the SA Council for the Aged, Disabled People of SA, the National Councils for Mental Health, the Blind, the Deaf and the Physically Disabled, the Development Fund for Disabled People, Nicro, and the SA National Epilepsy League.

But, in the face of SABC pressure, the welfare lobby appears to have failed, according to a probe by Viva-appointed investigative journalist Martin Welz.

Late this week, TV1 head Quinton Green said the SABC had reached an "in principle decision" at a meeting on Wednesday with a seven-member committee representing a range of welfare organisations.

Monopoly

Before telling the committee about its plans for Ithuba, the SABC demanded they sign a pre-prepared secrecy agreement After an angry exchange, Mr Green and SABC chief legal adviser Leander Gaum settled for a verbal secrecy undertaking

"This committee of seven has indicated their acceptance of Ithuba," Mr Green told the Sunday Times.

The appointment of an organisation to run the lottery "will not be done without the agreement of the people for whom we're collecting funds", he said.

However, according to reliable sources, there was

□ To Page 2

□ From Page 1

no negotiation at Wednesday's meeting about any alternative to Ithuba

Instead, the SABC advised the welfare delegation they had 14 days to make up their minds, the sources said Welfare organisations will meet on April 9 to debate the issue.

"We asked them all to expedite matters," Mr Green said

The chairman of the Ithuba Trust, Johannesburg stockbroker Bill Yeowart, said "Our new contract with the SABC was agreed to in front of some of the welfare representatives who were previously seen vilifying us, but who now seem to be coming to the party."

Leader of the welfare committee Syd Eckley told the Sunday Times. "Organised welfare cannot decide for the SABC who the facilitator will be. I have accepted we are not in a position to control that.

"But I'd like to give the public the assurance that we'll not give them a deal if it's not in the best interests of the underprivileged." An Ithuba deal would give the company a monopoly on the national broadcasting network to operate a lottery which Mr Pyne-James claims should generate R200-million in its first year and up to R1-billion the next.

Mrs Perlman was scathing both about the SABC's role and what she described as "expensive and boring" TV extravaganzas for charity.

"It does seem extraordinary that a government broadcasting corporation, run with taxpayers' money, is entitled to be so extremely secretive and so insistently selective in who it deals with and who not," she said.

"It is extraordinary that the Viva Trust, representing welfare needs of South Africans across the colour spectrum and which already runs the most successful game competitions, is threatened with exclusion, while the SABC insists on going with an organisation that represents a very small section of welfare, and which is minimally representative across colour lines."

The committee which met with the SABC was elected by the nation's 25 biggest welfare groups to negotiate, not conclude, any agreements.

At least a dozen of these charities have already told the SABC of their total opposition to a private company getting the lottery rights.

When the welfare bodies learnt the SABC was proposing to sign a contract with Ithuba on February 14, they instructed attorneys to threaten the SABC with a court interdict to prevent them from signing without consulting the welfare bodies, the Red Cross and the SA Institute of Fundraisers.

SABC director-general Wynand Harmse gave a written undertaking on February 14 that "no agreement whatsoever will be concluded with Ithuba without prior consultation with welfare".

Dr William Rowland, executive director of the National Council for the Blind, said in his reply to the SABC at the time, that the threatened interdict was "born of desperation".

"It seemed as though nothing short of legal action would ensure fair and meaningful consultation," he said.

EXPOSED: R750m state bid to take over SBDC

(260)

S\Times 29|3|92

By CHARLENE SMITH

A SECRET R750-million bid by the government's Industrial Development Corporation to take over the private-sector Small Business Development Corporation has been abandoned after the Sunday Times uncovered the scheme

Mr Derek Keys, the minister responsible for the IDC, advised the corporation's chairman, Mr Koos van Rooy, to withdraw the offer after the Sunday Times had made inquiries about the highly secret negotiations

The offer was withdrawn on Friday afternoon.

Astonished

Had the takeover been successful, industry sources said this week, it could have affected future job creation.

Spokesmen for the 140 private-sector companies that control the SBDC were astonished this week to hear of the takeover bid.

The IDC — which holds 50 percent of SBDC shares but does not control the corporation — insists it only wanted to assist the cash-strapped SBDC.

But business analysts believe the IDC had other motives. it was trying to empire-build

Documents in the possession of the Sunday Times show how the IDC intended to gain full control

It wanted to dominate the board of directors, strip the SBDC chairman of his casting vote and reduce the power of the private-sector shares in the corporation

It proposed, in three meetings with the SBDC in December and February, that A and B class shares should be converted into ordinary shares to be held 50.50 by the IDC and the private sector. This would effectively end the controlling position of the private-sector shareholders

On February 27, an additional offer was made to give the SBDC R750-million over five years at an interest rate of four percent

SBDC chairman Dr Anton Rupert rejected each bid. He has, however, declined to comment

Mr Carel van der Merwe, managing director and chief executive officer of the IDC, said the R750-million offer had not been a takeover bid but merely an attempt to assist the SBDC

He said the offer failed "because we could not agree on a package that mutually suited us It was a way of applying profits from our normal activities There was no question of a takeover or interfering with the daily management of the SBDC"

The SBDC, meanwhile, remains in a parlous financial position

Criticised

The government has cut off nearly all its funding and some sources believe this was done to force it to accept the IDC offer — despite the government's stated commitment to privatise public corporations

Dr Ben Vosloo, managing director of the SBDC, said the failure of the bid meant "we are now out in the cold".

"We will have to cut back on our activities, and perhaps approach the government again to assist us"

He criticised the scant attention the government was giving to the development of entrepreneurs and job creation The SBDC, which has an annual

□ To Page 2

Bid to grab SBDC

S\Times (260)

□ From Page 1

29|3|92

growth rate of 20 percent — and which has helped 310 000 people find employment through the formation of small and medium enterprises — is experiencing cash-flow problems.

In last year's government budget the SBDC received R100-million. However, this year it received R3,6-million, which the Minister of Finance, Mr Barend du Plessis, explained by saying that negotiations were under way between the IDC and SBDC.

Nonetheless, the SBDC is the only development agency in the country that generates income — a healthy R100-million a month, although its outflows are R250-million each month as it extends loans to small businesses in the creation of economic growth.

Its control by the private sector has ensured a non-political approach by the SBDC. However, there are fears that if the IDC bid had been succesful the firmer government link would have continued to prevent the SBDC from attracting foreign investmors, who are still wary of direct links with government agencies.

SABC denies charity bias

JOHANNESBURG — The SABC yesterday denied it was favouring a particular welfare organisation

This follows a newspaper report that a proposed SABC charity lottery promoted by a private company would "exclude all other welfare lottery games being promoted on the SABC and cut funds to needy causes"

(260) CT 31/3/92

In a statement yesterday, the SABC said it did not want anything to do with the distribution of money raised by fund-raising projects involving itself, but would like to leave this to a trust. It is understood Ithuba Promotions has been selected

IDC denies planning SBDC takeover

B Day 31/3/92

SHERIDAN CONNOLLY

THE Industrial Development Corporation (IDC) was not involved in a clandestine takeover of the Small Business Development Corporation (SBDC), IDC MD Carel van der Merwe said yesterday.

He dismissed a weekend report which claimed the IDC had negotiated a "highly secret" deal in a bid to gain control of the SBDC, in which it held a 50% stake on behalf of the state. The report claimed the IDC wanted to dominate the SBDC directors and reduce the 50% balance of private-sector shares in the corporation

Van der Merwe said in an interview the SBDC had estimated that to maintain an average growth rate of 20% a year, about R750m would be needed over the next five years Because it was unlikely that financing of such proportions would be available from the SBDC's private-sector shareholders or direct from the state, the IDC had submitted proposals to the SBDC for the provision of a five-year loan to assist in financing its requirements, he said.

"The offer was not a takeover bid but was instead an attempt to make it possible for the SBDC to pursue its important task of fostering the small business sector where the potential for job creation is highest, and to enable the IDC to make an increasing contribution to development," Van der Merwe said

He said the IDC had submitted proposals which recommended that the artificality of the capital structure of the SBDC be removed This involved a change in the two classes of shares in the SBDC — the 50-50 partnership between private-sector shareholders and the IDC's stake

Not secret

260

A change in the capital structure would, however, have seen private-sector shareholders retain their equal say in the partnership, in spite of the fact that the IDC's contribution to the funding of the SBDC would be larger

Van der Merwe said the negotiations were "definitely not secret" and said even the SBDC's major private-sector shareholders had been aware of the IDC's proposal IDC chairman Koos van Rooy had met SBDC chairman Anton Rupert more than once to discuss the proposal.

After discussions with the SBDC and the Trade and Industry Minister, the IDC concluded it would not be possible to reconcile the requirements of the various parties to the needs of the SBDC and the terms on which it is willing to take up finance".

Van der Merwe said the state had made special annual contributions to the SBDC from the Budget since 1985 In the latest Budget speech, Finance Minister Barend du Plessis had said negotiations between the IDC and the SBDC were under way in order to enable a further transfer of funds to be made to the SBDC's development fund "for the maintenance and expansion of small business development initiatives"

The IDC had, over the past five years, provided R70m to the SBDC as additional share capital on behalf of the state, he said The SBDC was not "cash-strapped" as had been implied, and the SBDC's funding requirements were part of its long-term planning needs, he added

The value of SBDC funds stood at R798,8m as at 31 March 1991 The IDC-/state had contributed R590,3m (73,9%) to the SBDC compared with the private sector's R161,1m (20,2%) contribution.

Marais in labour talks

B/Day 31/3/92

NEWS IN BRIEF

Broadcasting proposal

GOVERNMENT yesterday submitted to Codesa expanded proposals for a neutral broadcasting body (260)

Government suggested a five-man independent commission be appointed by the State President "To assist in the protection of their neutrality and independence, they should be appointed for terms of up to five years at a time".

The ANC wants the body to be appointed by Codesa

Iscor sacks 600 more workers

(260) STEPHANE BOTHMA

ISCOR yesterday dismissed 600 Durnacol miners who refused to work — bringing to 1 400 the number fired since last Tuesday.

The Durnacol mine management also said it would not allow night shift workers to go underground until the NUM provided an undertaking that workers would comply with their duties.

In dismissal notices, management said strikers were acting contrary to service obligations, instructions to work and to a court order directing them to act within the Labour Relations Act.

The 600 employees had been dismissed after they refused to report for the morning shift or refused to work once underground, an Iscor spokesman said

The NUM had been asked to give a written undertaking night shift workers would comply fully with contractual duties before being allowed underground. "Failure to do so will be a repudiation of their obligations and will be accepted as such and their services terminated accordingly," the spokesman said. B/Day

The NUM had until yesterday afternoon to comply. 31/3/92

The 600 workers dismissed yesterday had until late last night to present personal and mitigating circumstances to management

Sapa reports mine management as saying yesterday workers had refused to work until pay demands were met, but NUM officials said they went on strike to demand the reinstatement of 800 employees dismissed last week.